

Form 62-103F1

Required Disclosure under the Early Warning Requirements

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

This report is filed to update information disclosed in earlier reports dated December 30, 2015, March 6, 2018, December 13, 2019 and February 13, 2020 (the “Previous Reports”).

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Participating Preferred Shares and Subordinate Voting Shares of Power Corporation of Canada (“PCC”).

The name and address of the head office of PCC is as follows:

Power Corporation of Canada
751 Square Victoria
Montréal, Québec H2Y 2J3

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable. See Item 6, below.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Desmarais Family Residuary Trust (the “Trust”)
759 Square Victoria, Suite 520
Montréal, Québec H2Y 2J7

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

December 31, 2020. See Item 6, below.

2.3 State the names of any joint actors.

The Trust exercises control over Pansolo Holding Inc. (“Pansolo”) which, directly and indirectly, currently owns, in aggregate, 54,697,962 Participating Preferred Shares of PCC and 48,363,392 Subordinate Voting Shares of PCC.

Item 3 – Interest in Securities of the Reporting Issuer

- 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.**

See Items 3.4 and 6, below.

- 3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.**

See Item 6, below.

- 3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

- 3.4 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

Immediately before and after the occurrence that triggered the requirement to file this report, the Trust exercised control over Pansolo which, directly and indirectly, owns 54,697,962 Participating Preferred Shares and 48,363,392 Subordinate Voting Shares in the aggregate, representing 99.70% and 7.77%, respectively, of the outstanding shares of such classes and 50.84% and 15.22%, respectively, of the votes associated with, and quantity of, the total outstanding voting shares of PCC.

- 3.5 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities referred to in Item 3.4 over which**

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.4, above.

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

See Items (b), (d) and (g) in the Previous Report dated December 30, 2015 with respect to the Trust’s shared control with Paul Desmarais Jr. over 15,000,000 Subordinate Voting Shares and with André Desmarais over 14,000,000 Subordinate Voting Shares.

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the**

material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

Not applicable.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**

- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

See Item 6, below. The Trust currently has no plans or intentions with respect to the matters listed in Items (a) to (k) above. The Trust may, from time to time, directly or indirectly, take such actions in respect of holdings in securities of PCC as it may deem appropriate, in light of the circumstances then existing, including the purchase of additional Participating Preferred Shares or Subordinate Voting Shares or the disposition of all or a portion of its direct or indirect shareholdings in PCC, subject in each case to applicable securities laws and the terms of such securities.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

As of December 31, 2020, under customary commercial credit facilities of Pansolo, Pansolo has, directly and indirectly, pledged 54,697,962 Participating Preferred Shares and 17,363,392 Subordinate Voting Shares of PCC to certain Canadian bank lenders as security for its obligations thereunder.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

See Item 6, above.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

[signature page follows]

DATED this 31st day of December, 2020.

THE DESMARAIS FAMILY RESIDUARY TRUST

By: (signed) "Paul Desmarais Jr."
Paul Desmarais Jr.
Trustee

By: (signed) "André Desmarais"
André Desmarais
Trustee