

EXECUTIVE COMPENSATION – COMPENSATION DISCUSSION AND ANALYSIS

1.0 Compensation Governance

1.1 Human Resources and Compensation Committee

In 2015, the HRCC was composed of Richard Guay (Chair), Joey Saputo and André Bérard. No member of the HRCC is an officer, executive or employee of the Corporation or of a subsidiary of the Corporation. All members of the HRCC are independent within the meaning of National Instrument 52-110 *Audit Committees*.

The mandate of the HRCC consists of monitoring the performance assessment, succession planning and compensation of the Chief Executive Officer (“CEO”), the CFO (“CFO”) and the three next most highly-compensated executive officers of the Corporation and its subsidiaries (collectively, the “Named Executive Officers” or “NEOs”) and reviewing human-resources practices generally. Other responsibilities include: (i) appointing the executive officers of the Corporation upon recommendation of the CEO; (ii) reviewing the performance evaluations of the NEOs; (iii) recommending the NEOs’ compensation levels to the Board of Directors; and (iv) retaining consulting services of outside experts for advice on executive compensation matters.

1.2 The HRCC’s Role Regarding Compensation

The HRCC monitors and assesses the performance of the NEOs and determines compensation levels on an annual basis. In its assessment of the annual compensation of the NEOs, the HRCC takes into consideration the median compensation paid by other Canadian and American companies of comparable size and the absolute and relative performance of the Corporation relative to such other companies. In addition, the HRCC takes into account other relevant factors such as pension benefits and costs. During the 2015 financial year, the HRCC held four *in camera* sessions without members of management present at which the HRCC discussed, among other things, the compensation of the President and CEO.

The following table sets out the respective roles of the HRCC and management with regards to compensation decisions:

Compensation decisions	HRCC	Management
Philosophy and policy	<ul style="list-style-type: none"> • Work with management to develop compensation philosophy and policy and review, approve and adopt the philosophy and policy. 	<ul style="list-style-type: none"> • Develop, recommend and implement compensation philosophy and policy. • Monitor actual practice to ensure consistency with philosophy and policy and propose changes as appropriate.
Plan design	<ul style="list-style-type: none"> • Review, approve and adopt plan objectives, plan type, eligibility, vesting provisions (including performance conditions) and other provisions such as change of control, death, disability, termination with/without cause, resignation, etc. 	<ul style="list-style-type: none"> • Work with HRCC to develop plan design. • Implement plan design.
Performance targets	<ul style="list-style-type: none"> • Review, approve and adopt TransForce performance targets. • Receive division-level performance targets for information. 	<ul style="list-style-type: none"> • CEO recommends TransForce performance targets for Board of Directors’ approval. • CEO cross-calibrates and approves division-level performance targets.
Performance evaluations	<ul style="list-style-type: none"> • Conduct CEO performance evaluation. • Receive performance evaluation information for succession planning purposes. 	<ul style="list-style-type: none"> • Conduct performance evaluations for direct reports and inform the HRCC for succession planning purposes.
Individual salary increases and incentive awards	<ul style="list-style-type: none"> • Approve compensation for NEOs and long-term incentive eligible groups. 	<ul style="list-style-type: none"> • CEO recommends compensation for NEOs and all long-term incentive eligible groups to the HRCC for approval.

The members of the HRCC have experience in executive compensation either as officers or directors of public companies. The Board of Directors considers that the members of the HRCC together have the knowledge, the experience and the right profile in order to fulfill the HRCC mandate. As of December 31, 2015, none of the HRCC members was CEO of a public company.

The following table sets out the HRCC members, their experience in executive compensation and their competencies and experience in compensation policies and practices decision making:

Committee members	Independent	Direct experience in executive compensation	Competencies and experience in compensation policies and practices decision-making
Richard Guay	Yes	√	√
Joey Saputo	Yes	√	√
André Bérard	Yes	√	√

1.3 Compensation Consultant

The HRCC has the authority to retain independent consultants to advise the HRCC on compensation policy issues.

During the 2014 and 2015 financial years, Willis Towers Watson, formerly known as Towers Watson, was retained by the HRCC to review the compensation of executive positions and other matters relating to executive compensation.

The HRCC is not required to pre-approve other services that Willis Towers Watson or its affiliates provide to the Corporation at the request of management.

Executive Compensation-Related Fees

(a) Executive Compensation-Related Fees

“Executive Compensation-Related Fees” consist of fees for professional services billed by each consultant or advisor, or any of its affiliates, that are related to determining compensation for any of the Corporation’s directors and/or executive officers. Willis Towers Watson billed the Corporation \$39,212 in Executive Compensation-Related Fees in the fiscal year 2014 and \$32,635 in 2015.

(b) All Other Fees

“All Other Fees” consist of fees for services that are billed by each consultant or advisor mentioned above and which are not reported under “Executive Compensation-Related Fees”. No other work was performed by Willis Towers Watson for the Corporation during the fiscal year 2014 or 2015.

Because of the policies and procedures that Willis Towers Watson and the HRCC have established, the HRCC is confident that the advice it receives from the individual executive compensation consultant is objective and not influenced by Willis Towers Watson’s or its affiliates’ relationships with the Corporation.

1.4 Managing Compensation Risk

The Corporation’s compensation policies and practices encourage behaviour which aligns with the long-term interests of the Corporation and its shareholders. The HRCC ensures that the policies, practices and plans respect applicable laws and continuously seeks improvement in compensation risk management monitoring. In 2011, the HRCC mandated a consulting firm to conduct a compensation risk assessment and to identify any material risks. The Corporation’s compensation policies and practices were hence reviewed based on several criteria such as the governance of the plans, the nature and mix of performance measures, the weighting of the compensation elements within the pay mix and the goal-setting process. Further to this review, the HRCC was satisfied that there are no risks arising from the Corporation’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

1.5 Clawback Policy

On March 2, 2015, the Corporation adopted a clawback policy with effect from January 1, 2015. This policy is designed to set the guidelines for recovery of performance-based compensation of senior executives of the Corporation, including NEOs, in the event that, after the effective date, (i) the financial statements of the Corporation are restated as the direct or indirect result of fraud or illegal misconduct on the part of one or more executives, and (ii) the amount of any performance-based compensation paid to any such executive for the year(s) in question would have been lower had it been calculated based on such restated financial statements for the year(s) in question.

1.6 Anti-Hedging Policy

On March 2, 2015, the Corporation adopted an anti-hedging policy with effect from January 1, 2015. The policy prohibits directors and other senior executives of the Corporation from using derivatives or other financial instruments to retain legal ownership of their shares in the Corporation while reducing their exposure to changes in the Corporation's share price.

1.7. Succession Planning

As part of the succession planning the management has concluded, with the approval of the HRCC, an agreement with Willis Towers Watson to initiate a formal succession plan. This process will allow the Corporation to identify within its executive team the key individuals whose talents may be developed. An initial report of this process will be submitted to the HRCC by December 2016.

2.0 Determining Compensation

2.1 Compensation Philosophy and Program Objectives

Compensation is designed to attract, motivate and retain high-performing senior executives. The compensation program is intended to reward overall operational performance and surplus cash creation and is closely linked to corporate performance (pay-for-performance philosophy). The compensation program aligns the executives' interests with those of the Corporation's shareholders by providing them with equity-based incentive plans and the opportunity for total compensation that is competitive with the compensation received by executives employed by a group of comparable companies.

2.2 Benchmarking Practices and Positioning

The Corporation's compensation philosophy for the President and CEO is to position base salary, total target cash compensation (base salary and target short-term incentives) and total target direct compensation (total target cash compensation and long-term incentives) at the 75th percentile of the Corporation's comparator group. This target positioning is intended to reflect the President and CEO's role as founder of the Corporation. For the other NEOs, the Corporation's target positioning is to align base salary, total target cash compensation and total target direct compensation at the median of the market, with the possibility to reach the upper quartile for strong performance.

The composition of the comparator group is reviewed periodically by the HRCC, to ensure its continued relevance. The comparator group is comprised of Canadian and American companies of similar size from various industries to reflect the scope of the executive roles, as well as other Canadian and American companies with which the Corporation competes for executive talent within the same industry.

The comparator group is comprised of eight Canadian companies and eight American companies (see list below) with annual revenues between \$1 billion and \$8 billion (median revenues are in line with those of TransForce) and also meeting one or more of the following criteria:

- Operating in one of the following sectors:
 - transportation/waste management
 - large distribution network (e.g. retail/trade or consumer products)
 - industrial/utilities
- Autonomous
- Publicly traded
- Entrepreneurial culture

- Growth by acquisitions

Revenue size is considered relevant in selecting comparators given the correlation between pay levels and company size. The industry sector is considered relevant in selecting comparators, as the Corporation competes directly with these organizations for customers, revenue, executive talent and capital. The nature of the organization (i.e., autonomous, publicly traded, entrepreneurial, growth by acquisitions) is considered relevant as an indicator of the level of complexity, job scope and responsibility associated with senior executive positions.

The comparator group is comprised of the following companies:

- Old Dominion Freight Line Inc.
- Swift Transportation Company
- JB Hunt Transport Services Inc.
- Con-way Inc.
- Landstar Systems Inc.
- Hub Group Inc.
- Ryder System Inc.
- Progressive Waste Solutions Ltd.
- Republic Services Inc.
- Mullen Group Ltd.
- Toromont Industries Ltd.
- Dorel Industries Inc.
- Linamar Corporation
- Gibson Energy Inc.
- Canadian Pacific Railway Limited
- Finning International Inc.

2.3 Compensation Elements

The Corporation's executive compensation program is structured so as to have three main components: base salary, short-term incentives (bonuses), and long-term incentives, including stock options and performance contingent restricted share units. The following table sets out the Corporation's plans by component of compensation and discusses how each component relates to the Corporation's overall executive compensation objective.

Compensation element	Form	Performance period	Objective
Base Salary	Cash	Annual	Immediate cash incentive for the Corporation's executive officers and should be at levels competitive with the comparator group that competes with the Corporation for business opportunities and executive talent. Ensure internal equity and competitiveness.
Short-term incentive plan	Cash based on performance	Annual	Encourage and reward performance over the financial year compared to predefined goals and objectives and reflect progress toward company-wide performance objectives and personal objectives. Reflect a pay for performance philosophy (corporate, business unit and individual performance).
Long-term incentive plan	Stock options (50%)	7-year option term 10-year option term ⁽¹⁾	Ensure that the executive officers are motivated to achieve long-term growth of the Corporation and continuing increases in shareholder value and provide capital accumulation linked directly to the Corporation's performance.
	Performance contingent restricted share units (50%)	3 year cliff vesting	Both long-incentive vehicles are subject to performance conditions at the date of grant or award. The minimum grant is set at 25% of the target awards. Therefore, 75% of long-term incentives are subject to performance conditions.
Pension plans	Pension plan (defined benefits, defined contribution or RRSP)	Ongoing	Attract and retain highly-qualified executives by providing market-competitive benefits for income security in retirement.
Health and other benefits and perquisites	Health, dental, life and disability insurance plans Car allowance	Ongoing	Attract and retain healthy and high-performing executives by providing market-competitive benefits and perquisites.

(1) For grants before fiscal year 2011.

The variable components of the Corporation's executive compensation program are designed to closely link the compensation of the Corporation's NEOs, senior executives and management employees with the performance of the Corporation and its subsidiaries (pay-for-performance philosophy).

2.3.1 Base Salary

In approving the base salary of the NEOs, including the President and CEO, the HRCC takes into consideration the salaries paid to senior executives of other Canadian and American companies holding positions of similar importance, scope and complexity. The HRCC reviews the base salary of each NEO on a regular basis so that it may recommend to the Board of Directors that appropriate adjustments be made thereto in order to ensure that the salaries of the Corporation's NEOs remain competitive as per the compensation program objectives.

2.3.2 Short-Term Incentive Plan

NEOs and other senior executives of a Group or Division within the Corporation are eligible to receive an annual bonus under a short-term incentive plan ("STIP"). The STIP provides an opportunity to receive an annual cash payment based on the degree of achievement of objectives set by the Board of Directors upon recommendation by the HRCC. The objectives of the STIP are to reward achievement based on the Corporation's financial performance and strengthen the link between pay and performance.

The following table sets out the performance weightings and the potential STIP payouts as a percentage of base salary for the NEOs in 2015:

Name	Target payout as a percentage of base salary	Financial objectives ⁽¹⁾		Individual / Non-financial strategic objectives
		Performance indicator	Weighting	Weighting
Alain Bédard	200%	Revenues, Operating Earnings, EBITDA, EBITDAR and Cash flow ⁽²⁾	60%	40%
Gregory W. Rumble ⁽³⁾	75%	Business Unit Operating Earnings and Corporate Operating Earnings	100%	0%
Brian Kohut	75%	Business Unit Operating Earnings	80%	20%
Robert O'Reilly	70%	Business Unit Operating Earnings	80%	20%
Jean-François Dodier	60%	Business Unit Operating Earnings	80%	20%

(1) A minimum performance threshold of 80% is required to receive a STIP payout under the financial objectives.

(2) Performance indicators for the President & CEO are based on corporate financial measures.

(3) Mr. Rumble was appointed as Executive Vice-President and CFO of the Corporation on May 1, 2015.

For the CEO, the STIP is based as to 60% on financial objectives of the Corporation and as to 40% on non-financial strategic objectives. For the Executive Vice-President and CFO, Gregory W. Rumble, 66.67% of the 2015 STIP is based on attainment of budgeted Operating Earnings in his business unit, which was guaranteed in 2015, and 33.33% is based on Corporate Operating Earnings. For other executives, 80% of the 2015 STIP is based on attainment of budgeted Operating Earnings in their respective business units and 20% is based on individual objectives. In order to be eligible to receive any payout under the STIP in respect of the financial-objectives component, a minimum performance threshold of 80% of the budgeted Revenues/Operating Earnings/Earnings before interest, taxes, depreciation and amortization ("EBITDA")/Earnings before interest, taxes, depreciation, amortization and rent ("EBITDAR")/Cash flow measures is required. The Board of Directors, upon recommendation by the HRCC, may modify actual STIP awards either upwards or downwards taking into consideration exceptional circumstances as deemed appropriate. The overall mix of financial objectives reflects the Corporation's balanced focus on top-line growth as well as bottom-line profitability. As well, for other NEOs, the STIP performance indicators recognize the importance of the strong entrepreneurial culture and the autonomy of each entity within the Corporation.

For the fiscal year 2015, the HRCC approved the payment of an aggregate of \$3,651,750 under the STIP for the NEOs.

Target performance goals in 2015

The following table sets out the impact of the Corporation's financial performance on the compensation earned by the NEOs during fiscal year 2015.

Chief Executive Officer

Corporate metrics ⁽¹⁾	Target objectives in \$000's ⁽⁴⁾	Achievement in 2015 ⁽⁵⁾
Revenues ⁽²⁾	3,821,437	TransForce met 99.2% of its target Revenues objectives
EBITDAR	653,352	TransForce met 100.2% of its target EBITDAR objectives
EBITDA	534,864	TransForce met 99.5% of its target EBITDA objectives
Operating Earnings	328,729	TransForce met 98.6% its target Operating Earnings objectives
Cash flow ⁽³⁾	364,009	TransForce met 98.4% of its target Cash flow objectives

(1) Excluding rig moving services' results.

(2) Revenues before fuel surcharge.

(3) Cash flow from operating activities before net change in non-cash operating working capital.

(4) The CEO is not eligible for over-achievement performance payment and at least 95% of each objective is required for full performance payment.

(5) Results exclude significant acquisitions and rig moving services but include Waste Management segment's activities, which were presented as a discontinued operation in the consolidated financial statements for the fiscal year ended December 31, 2015.

For the CEO, the following non-financial objectives were also identified and measured in 2015:

Objectives	Achievement in 2015
Identify acquisition opportunities and when acquired and integrated, accomplish financial and non-financial objectives.	The objectives were met at 100%
Continuously support cost management improvements through effective internal accounting controls.	The objectives were met at 100%
Develop a compelling vision for organizational effectiveness that will build a strong team of highly-experienced operators that will capitalize on the capabilities of TransForce to respond to a turbulent economic environment.	The objectives were met at 100%

Executive Vice-President & CFO

Corporate metrics ⁽¹⁾	Target objectives in \$000's ⁽²⁾	Achievement in 2015 ⁽³⁾
Operating Earnings	328,729	TransForce met 98.6% its target Operating Earnings objectives

(1) Excluding rig moving services' results.

(2) The Executive Vice-President and CFO is not eligible for over-achievement performance payment and at least 95% of each objective is required for full performance payment.

(3) Results exclude significant acquisitions and rig moving services but include Waste Management segment's activities, which were presented as a discontinued operation in the consolidated financial statements for the fiscal year ended December 31, 2015.

Executive Vice-President & CFO	Metrics (Business Unit)	Objectives in \$000's	Main segment of activity ⁽¹⁾	Achievement in 2015 ⁽²⁾
Gregory W. Rumble	Operating Earnings	67,019	Specialized Truckload	Objectives met at 91%

(1) This is the main segment of activity. However, not all divisions within a segment of activity are within the scope of the Executive Vice-President and CFO.

(2) Full payment was guaranteed for 2015.

Other NEOs

NEOs	Metrics	Objectives in \$000's	Main segment of activity ⁽¹⁾	Achievement in 2015
Brian Kohut	Operating Earnings	75,321	Package and Courier (Canada)	Objectives met at 99%
Robert O'Reilly	Operating Earnings	41,931	Less-Than-Truckload	Objectives met at 31% ⁽²⁾
Jean-François Dodier	Operating Earnings	16,468	Truckload	Objectives met at 144%

(1) These are the main segment of activities of the respective NEOs. However, not all divisions within a segment of activity are within the scope of the respective NEOs.

(2) Although the target has not been achieved, the Board approved a special payment of \$28,000.

2.3.3 Long-Term Incentive Plans

Long-Term Incentive Policy

In 2014, the HRCC reviewed its long-term incentive policy. As a result, the HRCC decided to modify the Corporation's policy based on the following principles and features:

- (a) 50% of the long-term incentives will remain in the form of annual stock option grants;
- (b) 50% will be in the form of Performance Contingent Restricted Share Unit ("PCRSUs") annual awards, the value of which track the value of the Corporation's shares; and
- (c) All grants or awards of both types of long-term incentive vehicles will be contingent upon meeting the following performance condition at the time of grant or award:
 - Earnings Before Interest and Taxes ("EBIT") of the Corporation.

The performance grid is presented in the following table:

Stock Options and PCRSUs granted by level of performance	
Level of attainment of EBIT objective in relation to target	Percentage of Stock Options and PCRSUs granted or awarded in relation to target grant or award
Below 80%	25%
Between 80% and 90%	Between 60% and 90%
Between 90% and 100%	Between 90% and 100%
Between 100% and 110%	Between 100% and 110%
Above 110%	125%

Determination of grant and award sizes for 2015

The following table sets out the level of attainment of the performance measure for purposes of the 2015 grant:

Financial Indicators	Target Objective in \$000's ⁽¹⁾	Achievement in \$000's	Level of attainment of target	Percentage of LTI to be granted or awarded as percentage of target
EBIT ⁽²⁾	295,377	290,767	98.4%	98.4%

(1) The financial objective was measured over a reference period from July 1, 2014 to June 30, 2015.

(2) Include discontinued operations.

Performance Contingent Restricted Share Units

On July 24, 2014, the Board of Directors established the Performance Contingent Restricted Share Unit Plan for officers and employees of the Corporation and its subsidiaries (the "PCRSU Plan"). The following is a description of certain features of the PCRSU Plan:

- (a) the Board of Directors of the Corporation may from time-to-time by resolution award PCRSUs to officers and/or employees of the Corporation and its subsidiaries;
- (b) the maximum period during which a PCRSU may be vested is three years from the date on which it is awarded;
- (c) during the three-year term, the Corporation, as determined by the Board, may credit to the participant's name an additional fraction of a PCRSU with identical terms and conditions, at the same time as dividends are paid to holders of shares of the Corporation, the aggregate amount which the participant would have received as dividends if the participant had held a number of shares of the Corporation equal to the number of share units credited to the participant's account;

- (d) PCRSUs awarded under the PCRSU Plan are not transferable other than by will or by the laws of succession of the domicile of a deceased PCRSU participant;
- (e) no PCRSU awarded under the PCRSU Plan can be pledged, charged, transferred, assigned or otherwise encumbered or disposed of, on pain of nullity;
- (f) if a PCRSU participant's employment with the Corporation is terminated for cause or the participant resigns from his/her employment, any PCRSU not vested prior to the time of delivery by the Corporation to such PCRSU participant of a letter of termination of employment with the Corporation shall immediately lapse and become null and void upon such delivery;
- (g) if a PCRSU participant takes a normal retirement (as defined in the Plan), the PCRSUs held by the participant shall be adjusted proportionally to the number of days worked during the period that begins on the date of the award set out in the Notice of Award and which ends of the applicable Deemed Date of Termination, by multiplying the number of PCRSUs held by the Participant by a fraction, the numerator of which is the number of days elapsed from the date of the award to the Deemed Date of Termination and the denominator of which is 1,095. The resulting number of adjusted PCRSUs shall be the number of PCRSUs that shall be redeemed on the applicable Deemed Date of Termination and all other PCRSUs become null and void;
- (h) if a PCRSU participant dies or becomes, in the determination of the Board of Directors, permanently disabled, while employed by the Corporation, the PCRSUs held by the participant shall be adjusted proportionally to the number of days worked during the period that begins on the date of the award set out in the Notice of Award and which ends of the applicable Deemed Date of Termination, by multiplying the number of PCRSUs held by the Participant by a fraction, the numerator of which is the number of days elapsed from the date of the award to the Deemed Date of Termination and the denominator of which is 1,095. The resulting number of adjusted shall will be the number of PCRSUs that shall be redeemed on the applicable Deemed Date of Termination and all other PCRSUs become null and void;
- (i) upon a PCRSU participant's employment or office with the Corporation terminating or ending otherwise than by reason of retirement, death, permanent disability, resignation or termination for serious reason, the PCRSUs held by the participant shall be adjusted proportionally to the number of days worked during the period that begins on the date of the award set out in the Notice of Award and which ends of the applicable Deemed Date of Termination, by multiplying the number of PCRSUs held by the Participant by a fraction, the numerator of which is the number of days elapsed from the date of the award to the Deemed Date of Termination and the denominator of which is 1,095. The resulting number of adjusted PCRSUs shall be the number of PCRSUs that shall be redeemed on the applicable Deemed Date of Termination and all other PCRSUs become null and void;
- (j) PCRSUs awarded pursuant to the PCRSU Plan are redeemed in "stock bought in the open market" less required statutory deductions;
- (k) in the event of any reorganization, change in the number of issued and outstanding shares by reason of any stock dividend, stock split, reverse stock split, recapitalization, merger, consolidation, combination or exchange of shares or other similar corporate change, an equitable adjustment shall be made by the HRCC, by adjusting (i) the kind of shares deliverable under the Plan, (ii) the number and/or kind of shares underlying outstanding PCRSUs, (iii) the factors and manner in which the settlement amount of a PCRSU is to be determined, or (iv) any other term or condition of the PCRSUs. Such adjustment shall be final and binding on all parties;
- (l) if within twelve months of a change of control, (i) a participant's employment with the Corporation is terminated without cause; or (ii) a participant voluntarily terminates his or her employment following a change in the participant's position, conditions or location of employment, or responsibilities, then in such event all of the participant's unvested PCRSUs shall vest on the last day of active employment of the participant, notwithstanding the provisions of paragraphs (f), (g), (h) and (i) above. The redemption price of each PCRSU shall correspond to the volume weighted average price for the five trading days preceding such last day of active employment and the Corporation shall make payment to the participant in accordance with the rules of the PCRSU Plan, as adjusted. However, if a Participant maintains employment in a position equivalent to the position he or she held before the change of control, the vesting of the PCRSUs shall follow its normal course in accordance with the PCRSU Plan; and

- (m) the Board of Directors of the Corporation may make the following types of amendments to the PCRSU Plan without seeking approval from the shareholders of the Corporation: (i) amendments of a “housekeeping” or ministerial nature, including any amendment for the purpose of curing any ambiguity, error or omission in the PCRSU Plan or to correct or supplement any provision of the PCRSU Plan that is inconsistent with any other provision of the PCRSU Plan; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX); (iii) amendments necessary in order for PCRSUs to qualify for favourable treatment under applicable taxation laws; (iv) amendments respecting administration of the PCRSU Plan; (v) any amendment to the “vesting” provisions of the PCRSU Plan or any PCRSU; (vi) any amendment to the early termination provisions of the PCRSU Plan or any PCRSU, whether or not such PCRSU is held by an “insider” of the Corporation, provided such amendment does not entail an extension beyond the original expiry date; (vii) the addition or modification of the redemption feature, payable in shares of the Corporation bought in the market; (viii) amendments necessary to suspend or terminate the PCRSU Plan; and (ix) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law.

2012 Stock Option Plan

On April 26, 2012, the Board of Directors of the Corporation established the 2012 Stock Option Plan for officers and employees of the Corporation and its subsidiaries (the “**2012 Plan**”). The shareholders of the Corporation approved the 2012 Plan on April 26, 2013. The 2012 Plan incorporates amendments adopted by the Board of Directors on February 28, 2013, and July 24, 2014, respectively.

The 2012 Plan replaces the 2008 Stock Option Plan of the Corporation, in that no further stock options will be granted under the 2008 Plan. The following is a description of certain features of the 2012 Plan, as required by the TSX:

- (a) the Board of Directors of the Corporation may from time-to-time by resolution grant options to purchase common shares to officers and/or employees of the Corporation and its subsidiaries, provided that the total number of shares to be issued under the 2012 Plan does not exceed the number set out in paragraph (b) below. Options may be granted by the Corporation only pursuant to resolutions of the Board of Directors;
- (b) the maximum number of common shares that can be issued upon the exercise of options granted under the 2012 Plan is 5,979,201, representing 6.1% of the issued and outstanding shares of the Corporation as of the close of business on March 16, 2016;
- (c) no option may be granted under the 2012 Plan to any optionee unless the aggregate number of common shares: (i) issued to “insiders” within any one-year period; and (ii) issuable to “insiders” at any time, under the 2012 Plan, or when combined with all of the Corporation’s other security-based compensation arrangements, could not exceed 10% of the total number of issued and outstanding common shares of the Corporation. For the purpose of the 2012 Plan, the term “insider” means “reporting insiders” as defined in National Instrument – 55-104 *Insider Reporting Requirements and Exemptions*;
- (d) no single person can hold at any time options covering more than 5% of the number of issued and outstanding shares of the Corporation from time-to-time. In addition, it will not be permitted to issue to an “insider” or to any associate of an “insider”, within a one-year period, upon the exercise of options granted pursuant to the 2012 Plan, a number of shares exceeding 5% of the number of issued and outstanding shares of the Corporation from time-to-time;
- (e) the exercise price of options granted under the 2012 Plan is fixed by the Board of Directors at the time of the grant of the options, but cannot be less than the volume weighted average trading price of the common shares of the Corporation on the TSX for the last five days on which the common shares traded on the TSX immediately prior to the day on which the option is granted;
- (f) the maximum period during which an option may be exercised is seven years from the date on which it is granted, subject to the condition that if an option is to expire during a period when the optionee is prohibited by the Corporation from trading in the shares of the Corporation pursuant to its rules of conduct and other policies, or within ten business days of the expiry of such “blackout period”, the term of such option will be automatically extended for a period of ten business days immediately following the end of the “blackout period”;
- (g) at the time of granting an option, the Board of Directors, at its discretion, may set a “vesting schedule”, that is, one or more dates from which an option may be exercised in whole or in part;

- (h) options granted under the 2012 Plan are not transferable other than by will or by the laws of succession of the domicile of a deceased optionee;
- (i) no option granted under the 2012 Plan can be pledged, charged, transferred, assigned or otherwise encumbered or disposed of, on pain of nullity;
- (j) if an optionee's employment with the Corporation is terminated for serious reason, any option not exercised prior to the time of delivery by the Corporation to such optionee of a letter of termination of employment with the Corporation shall immediately lapse and become null and void upon such delivery;
- (k) if an optionee takes a normal retirement (as defined in the Plan), the optionee shall be entitled to exercise his rights under such option and continue benefiting from his rights during the three years following the commencement of his retirement or prior, until the expiration of the term of the option, whichever occurs earlier. At the end of such three-year period, the option term shall be deemed to have lapsed;
- (l) if an optionee takes early retirement (as defined in the Plan), dies or becomes, in the determination of the Board of Directors, permanently disabled, while employed by the Corporation, any "vested" option or unexercised part thereof granted to such optionee may be exercised by the optionee or the person to whom the option is transferred by will or the laws of succession and distribution only for that number of common shares which the optionee was entitled to acquire under the option at the time of his retirement, death or permanent disability, as the case may be. Any such "vested" option may be exercised within one year after the optionee's retirement, death or permanent disability, as the case may be, or prior to the expiry of the term of the option, whichever occurs earlier. Any "unvested" options at the time of retirement will become null and void upon retirement, death of permanent disability;
- (m) upon an optionee's employment or office with the Corporation terminating or ending otherwise than by reason of retirement, death, permanent disability or termination for serious reason, any option or unexercised part thereof granted to such optionee may be exercised by the optionee only for that number of common shares which the optionee was entitled to acquire under the option at the time of delivery by the Corporation to the optionee of a letter of termination of the optionee's employment or office with the Corporation. Any such "vested" option may be exercised within 30 days after such delivery or prior to the expiry of the term of the option, whichever occurs earlier;
- (n) the 2012 Plan does not provide for financial assistance from the Corporation to option holders;
- (o) options granted under the 2012 Plan may be exercised by the "cash exercise" or "cashless exercise" method. An optionee may use the "cash exercise" method in respect of certain shares subject to an option and simultaneously use the "cashless exercise" method in respect of other shares subject to the same option;
- (p) under the "cash exercise" method, an option granted under the 2012 Plan may be exercised by the optionee (or his personal representatives or legatees) giving notice in writing to the Secretary of the Corporation at its head office, which notice must specify the method of exercise and the number of shares in respect of which the option is being exercised and which must be accompanied by full payment, by cash or certified cheque, of the purchase price for the number of shares specified. Upon such exercise of the option, subject to paragraph (r) below, the Corporation will forthwith cause the transfer agent and registrar of its common shares to deliver to the optionee (or his personal representatives or legatees) a certificate in the name of the optionee representing in the aggregate such number of shares as the optionee (or his personal representatives or legatees) shall have then paid for and as are specified in such written notice of exercise of option;
- (q) under the "cashless exercise" method, an option granted under the 2012 Plan may be exercised by the optionee (or his personal representatives or legatees) giving notice in writing to the Secretary of the Corporation at its head office, which notice must specify the method of exercise and the number of shares in respect of which the option is being exercised and which must be accompanied by full payment, by cash or certified cheque, of the purchase price for the number of shares specified. Upon such exercise of the option, subject to paragraph (r) below, the Corporation will forthwith cause the sale of the number of shares in respect of which the option is being exercised directly on the open market. The proceeds from the sale of the shares will be used first to pay any commissions or fees in connection with such sale and, upon written instructions from the optionee, to repay any loan incurred by the optionee in connection with the exercise of the option, as the case may be. The balance of the proceeds will be paid to the optionee;

- (r) if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise of an option by an optionee, then the optionee must, concurrently with the exercise of the option:
 - (i) pay to the Corporation, in addition to the exercise price for the options, sufficient cash as is determined by the Corporation, in its sole discretion, to be the amount necessary to fund the required tax remittance;
 - (ii) authorize the Corporation, on behalf of the optionee, to sell in the market, on such terms and at such time or times as the Corporation determines, in its sole discretion, such portion of the common shares being issued upon exercise of the option as is required to realize cash proceeds in an amount necessary to fund the required tax remittance; or
 - (iii) make other arrangements acceptable to the Corporation, in its sole discretion, to fund the required tax remittance;
- (s) in the event that the Corporation proposes to amalgamate or merge with another company (other than a wholly-owned subsidiary of the Corporation), or to liquidate, dissolve or wind-up, or in the event that an offer to purchase common shares of the Corporation is made to all shareholders of the Corporation, other than the offeror or offerors, the Corporation has the right, upon written notice to each optionee holding options under the 2012 Plan, to permit the exercise of all options outstanding under the 2012 Plan within a 20-day period following the date of such notice and to determine that upon the expiry of such 20-day period, all options terminate and cease to have effect;
- (t) if within twelve months of a change of control (as defined below), (i) an optionee's employment with the Corporation is terminated without cause; or (ii) an optionee voluntarily terminates his or her employment following a change in the optionee's position, conditions or location of employment, or responsibilities, then in any such event all of the optionee's unvested options shall vest on the last day of active employment of the optionee and shall be exercisable within 30 days after the last day of active employment or prior to the expiration of the term of the option, whichever occurs earlier. However, if an optionee maintains employment in a position equivalent to the position he or she held before the change of control, the vesting of the options shall follow its normal course in accordance with the 2012 Plan. For the purpose of this paragraph, "change of control" means the occurrence of any of the following events: (i) the sale of all or substantially all of the assets of the Corporation on a consolidated basis, in one transaction or a series of related transactions, to a person that is at arm's length from the Corporation, such that, for greater certainty, an internal reorganization shall not constitute a change of control; (ii) a merger, reorganization or other similar transaction pursuant to which the holders of the Corporation's outstanding voting rights immediately prior to such transaction do not own a majority of the outstanding voting rights of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, or (iii) any person or a group of persons acting jointly or in concert becoming the beneficial owner, directly or indirectly, of shares carrying at least a majority of the outstanding voting rights of the Corporation;
- (u) approval by the shareholders of the Corporation is required for the following amendments to the 2012 Plan: (i) amendments to the number of shares issuable under the 2012 Plan, including an increase to a maximum percentage or number of shares; (ii) any amendment to the 2012 Plan that increases the length of the "blackout" extension period; (iii) any amendment which reduces the exercise price or purchase price of an option, whether or not such option is held by an "insider" of the Corporation; (iv) any amendment extending the term of an option beyond its original expiry date, whether or not such option is held by an "insider" of the Corporation, except as otherwise permitted by the 2012 Plan; and (v) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX); and
- (v) the Board of Directors of the Corporation may make the following types of amendments to the 2012 Plan without seeking approval from the shareholders of the Corporation: (i) amendments of a "housekeeping" or ministerial nature, including any amendment for the purpose of curing any ambiguity, error or omission in the 2012 Plan or to correct or supplement any provision of the 2012 Plan that is inconsistent with any other provision of the 2012 Plan; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX); (iii) amendments necessary in order for options to qualify for favourable treatment under applicable taxation laws; (iv) amendments respecting administration of the 2012 Plan; (v) any amendment to the "vesting" provisions of the 2012 Plan or any option; (vi) any amendment to the early termination provisions of the 2012 Plan or any option, whether or not such option is held by an "insider" of the Corporation, provided such amendment does not entail an extension beyond the original expiry date; (vii) the addition of any form

of financial assistance by the Corporation for the acquisition by all or certain categories of eligible participants of shares under the 2012 Plan, and the subsequent amendment of any such provisions; (viii) the addition or modification of a cashless exercise feature, payable in cash or shares of the Corporation; (ix) amendments necessary to suspend or terminate the 2012 Plan; and (x) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law.

2008 Stock Option Plan

On May 12, 2008, the Board of Directors established the 2008 Stock Option Plan (the “**2008 Plan**”) for officers and employees of the Corporation and its subsidiaries. The shareholders of the Corporation approved the 2008 Plan on April 24, 2009. The 2008 Plan incorporates amendments adopted by the Board of Directors on April 24, 2009, July 22, 2009, August 19, 2009, December 8, 2010 and May 17, 2011, respectively.

On April 26, 2012, the Board of Directors adopted the 2012 Plan, in replacement of the 2008 Plan. Since April 26, 2012, all stock options granted by the Corporation have been granted under the 2012 Plan and no further stock options have been or will be granted under the 2008 Plan. The 2008 Plan continues to apply to the options currently outstanding thereunder and such options continue to be exercised in accordance with the 2008 Plan.

The purpose of the 2008 Plan is to provide officers and employees with a proprietary interest through the granting of non-transferable options to purchase common shares of the Corporation and also to attract, retain and motivate key employees who share primary responsibility for the management, growth and protection of the Corporation’s business.

The following is a description of certain features of the 2008 Plan, as required by the TSX:

- (a) the 2008 Plan is administered by the Board of Directors of the Corporation, which delegates this responsibility to the HRCC;
- (b) the maximum number of common shares that can be issued pursuant to the 2008 Plan is equal to 10% of the number of issued and outstanding shares of the Corporation from time to time. Shares in respect of which options are not exercised, due to the expiration, termination or lapse of such options, are available for options to be granted thereafter;
- (c) no option may be granted to any optionee under the 2008 Plan unless the aggregate of the shares: (i) issued to “insiders” within any one-year period; and (ii) issuable to “insiders” at any time, under the 2008 Plan, or when combined with all of the Corporation’s other security-based compensation arrangements, could not exceed 10% of the total number of issued and outstanding common shares of the Corporation. For the purpose of the 2008 Plan, the term “insider” has the same meaning as in the *Securities Act* (Ontario);
- (d) a single person cannot hold at any time options in respect of more than 5% of the number of issued and outstanding shares of the Corporation from time-to-time. In addition, the 2008 Plan does not permit the issuance to an “insider” or to any associate of an “insider”, within a one-year period, of a number of shares exceeding 5% of the number of issued and outstanding shares of the Corporation from time-to-time;
- (e) the option exercise price is fixed by the Board of Directors of the Corporation at the time of granting an option. The exercise price cannot be less than the volume weighted average trading price of the common shares of the Corporation on the TSX during the last five days on which the shares traded on the TSX immediately prior to the day on which the option is granted;
- (f) at the time of granting an option, the Board of Directors, at its discretion, may set a “vesting schedule”, that is, one or more dates from which an option may be exercised in whole or in part. In such event, the Board of Directors is not under any obligation to set a “vesting schedule” in respect of any other option granted under the 2008 Plan;
- (g) the term of an option may not exceed seven years from the date the option is granted. However, if an option is to expire during a period in which an optionee is prohibited by the Corporation from trading in the Corporation’s shares pursuant to the policies of the Corporation, or within ten business days of the expiry of such “blackout period”, the term of such option will be automatically extended for a period of ten business days immediately following the end of the “blackout period”;

- (h) if an optionee's employment with the Corporation is terminated for serious reason, any option not exercised prior to the time of delivery by the Corporation to the optionee of a letter of termination of employment with the Corporation shall immediately lapse and become null and void upon such delivery;
- (i) if an optionee takes normal retirement (as defined in the 2008 Plan), the optionee will be entitled to exercise his rights under such option and continue benefiting from his rights during the three years following the commencement of his retirement or prior, until the expiration of the term of the option, whichever occurs earlier. At the end of such three-year period, the option term shall be deemed to have lapsed. If an optionee takes early retirement (as defined in the 2008 Plan), dies or becomes, in the determination of the Board of Directors, permanently disabled, while employed by the Corporation, any option or unexercised part thereof granted to such optionee may be exercised by the optionee or the person to whom the option is transferred by will or the laws of succession and distribution only for that number of shares which he was entitled to acquire under the option at the time of his retirement, death or permanent disability, as the case may be. Any such "vested" option shall be exercisable within one year after the optionee's retirement, death or permanent disability, as the case may be, or prior to the expiration of the term of the option, whichever occurs earlier;
- (j) upon an optionee's employment or office with the Corporation terminating or ending otherwise than by reason of retirement, death, permanent disability or termination for serious reason, any option or unexercised part thereof granted to such optionee may be exercised by him only for that number of shares which he was entitled to acquire under the option at the time of delivery by the Corporation to the optionee of a letter of termination of the optionee's employment or office with the Corporation. Any such "vested" option shall be exercisable within 30 days after such delivery or prior to the expiration of the term of the option, whichever occurs earlier;
- (k) any option granted under the 2008 Plan shall not form part of an optionee's compensation from the Corporation for purposes of determining any severance payment, indemnity in lieu of reasonable notice, or other payment to the optionee in the event of termination of the optionee's employment or office by the Corporation;
- (l) if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise of an option by an optionee, then the optionee must, concurrently with the exercise of the option:
 - (i) pay to the Corporation, in addition to the exercise price for the options, sufficient cash as is determined by the Corporation, in its sole discretion, to be the amount necessary to fund the required tax remittance;
 - (ii) authorize the Corporation, on behalf of the optionee, to sell in the market, on such terms and at such time or times as the Corporation determines, in its sole discretion, such portion of the Shares being issued upon exercise of the option as is required to realize cash proceeds in an amount necessary to fund the required tax remittance; or
 - (iii) make other arrangements acceptable to the Corporation, in its sole discretion, to fund the required tax remittance.
- (m) options may be exercised through the "cash exercise" or "cashless exercise" method, or a combination of these two methods. There is no financial assistance available to optionees under the 2008 Plan;
- (n) the Board of Directors may make the following types of amendments to the 2008 Plan without seeking shareholder approval: (i) amendments of a "housekeeping" or ministerial nature, including any amendment for the purpose of remedying any ambiguity, error or omission in the 2008 Plan or to correct or supplement any provision of the 2008 Plan that is inconsistent with any other provision of the 2008 Plan; (ii) amendments necessary to comply with the provisions of applicable law (including the rules, regulations and policies of the TSX); (iii) amendments necessary in order for options to qualify for favourable treatment under applicable taxation laws; (iv) amendments respecting administration of the 2008 Plan; (v) any amendment to the "vesting" provisions of the 2008 Plan or any option, it being understood that in the event of the amendment to the "vesting" provisions of an option, the Board of Directors will not be under any obligation to amend the "vesting" provisions of any other option; (vi) any amendment to the early termination provisions of the 2008 Plan or any option, whether or not such option is held by an "insider", provided such amendment does not entail an extension beyond the original expiry date; (vii) the addition of any form of financial assistance by the Corporation for the acquisition by all or certain categories of eligible participants of shares under the 2008 Plan, and the subsequent amendment of any such provisions; (viii) amendments necessary to

suspend or terminate the 2008 Plan; and (ix) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law;

- (o) shareholder approval will be required for the following types of amendments: (i) amendments to the number of shares issuable under the 2008 Plan, including an increase to a maximum percentage or number of shares; (ii) any amendment to the 2008 Plan that increases the length of a “blackout extension period”; (iii) any amendment which reduces the exercise price or purchase price of an option, whether or not such option is held by an “insider”; (iv) any amendment extending the term of an option held by an “insider” beyond its original expiry date, except as otherwise permitted by the 2008 Plan; and (v) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

No further stock options can be granted under the 2008 Plan.

The following table sets out the guideline LTI award, the target number of options and/or PCRSUs that can be granted or awarded and the number of actual stock options granted and PCRSUs awarded to NEOs under the 2015 grant:

Name	Guideline LTI award (% of base salary)	Target grant of options (#) ⁽¹⁾ (50% of the guideline)	Actual option grant (#) ⁽²⁾⁽⁴⁾	Target award of PCRSUs award (#) ⁽¹⁾ (50% of the guideline)	Actual Award of PCRSUs (#) ⁽³⁾
Alain Bédard	200%	340,674	335,356	52,748	51,924
Gregory W. Rumble ⁽⁵⁾	90%	34,974	34,428	5,415	5,331
Brian Kohut	90%	49,547	48,773	7,671	7,552
Robert O'Reilly	90%	46,632	45,904	7,220	7,108
Jean-François Dodier	90%	42,552	41,888	6,588	6,486

(1) Target number of stock options and PCRSUs that can be awarded in 2015 if the target financial objective is fully met.

(2) Option grant size = $\frac{\text{Average Base Salary} \times \text{LTI guideline level} \times 50\% \times \text{Performance Factor}}{\text{Reference grant price} \times \text{Black-Scholes valuation ratio}}$

(3) PCRSU award size = $\frac{\text{Average Base Salary} \times \text{LTI guideline level} \times 50\% \times \text{Performance Factor}}{\text{Reference grant price}}$

(4) For the 2015 stock option grants, a Black-Scholes valuation ratio of 15.5% and a reference grant price of \$24.93 were used. The reference grant price is based on the volume weighted average trading price of the common shares of the Corporation on the TSX for the last five days on which the shares traded on the TSX immediately prior to the day on which the option is granted.

(5) Mr. Rumble received awards based on the period from January to June 2015.

Stock Options Issued and Outstanding

In 2015, stock options in respect of a total of 915,485 common shares with an exercise price of \$24.93 were granted on July 23, 2015 to a total of 55 optionees, representing 0.9% of the issued and outstanding common shares at December 31, 2015.

The table below sets out the number of options granted, outstanding and available for grant under the 2012 Plan and 2008 Plan, as at December 31, 2015:

Measure of Dilution	# of options			Total % of shares outstanding
	2008 Stock Option Plan	2012 Stock Option Plan	Total	
<i>Options outstanding</i> the total number of options outstanding at the end of the year, including the annual grant	1,998,494	2,935,428	4,933,922	5.1%
<i>Options available for grant</i> the number of options in reserve that are available for grant at the end of the year	0 ⁽¹⁾	2,822,529	2,822,529	2.9%
<i>Overhang</i> the number of options outstanding plus the number of options in reserve that are available for grant in the future	1,998,494	5,757,957	7,756,451	7.9%

⁽¹⁾ As indicated in the Section entitled “2008 Stock Option Plan”, stock options currently outstanding under the 2008 Plan may continue to be exercised in accordance with the 2008 Plan. However, no further stock options have been or will be granted under the 2008 Plan and all stock options granted by the Corporation since April 26, 2012 have been granted under the 2012 Plan.

2.4 Executive Stockholding Policy

Effective January 1, 2014, executive officers, including NEOs, are required to maintain stock ownership levels that meet or exceed the following guidelines:

- Chief Executive Officer: 5.0 X annual base salary
- Executive Vice-Presidents: 2.0 X annual base salary
- All Other Designated Executives: 0.5 X annual base salary

NEOs must retain at least 100% of Gain Shares (as this term is defined below) resulting from the exercise of stock options until the stock ownership requirement is met. “**Gain Shares**” means the net number of shares left subsequent to the sale of shares used for payment of the options being exercised and of any tax withholding obligations.

NEOs who were subject to the original “Executive Stock Holding Policy” effective January 1, 2011 are required to meet the required level of stock ownership applicable to their position within two years from the Effective Date. New NEOs designated on or after the Effective Date will have five years from the date of designation to meet the required level of stock ownership.

The following types of equity instruments are included in determining stock ownership for purposes of this policy:

- (a) For at least 50% of the targeted ownership requirement:
 - shares, directly owned by the NEO or owned jointly with an immediate family member residing in the same household;
 - shares indirectly owned by the NEO, through an holding company in which the Designated Executive directly or indirectly owns shares;
 - shares held in trust for the benefit of the NEO or jointly with an immediate family member of the NEO.
- (b) For the other 50% of the targeted ownership requirement:
 - 75% of the in-the-money value of vested but unexercised stock options;
 - 50% of unvested share units.

Unvested stock options are not eligible in determining stock ownership for purposes of this policy.

The following table sets out the minimum share ownership requirement of each NEO and related information:

Name	Minimum ownership requirement ⁽¹⁾ (\$)	Date for compliance	Common shares ⁽²⁾		Other equity instruments ⁽³⁾		Value of total holdings as at December 31, 2015 (\$)	Compliant as at December 31, 2015
			Value as at December 31, 2015 (\$)	Minimum ownership reached (at least 50% of requirement)	Value as at December 31, 2015 (\$)	Minimum ownership reached (maximum 50% of requirement)		
Alain Bédard	6,575,000 ⁽⁴⁾	January 1, 2016	99,954,091	Yes	19,961,900	Yes	119,915,991	Yes
Gregory W. Rumble	1,200,000 ⁽⁵⁾	January 1, 2020	531,225	In progress	63,351	In progress	594,576	In progress
Brian Kohut	850,000 ⁽⁵⁾	January 1, 2016	355,850	In progress	1,550,461	Yes	1,906,311	In progress
Robert O'Reilly	800,000 ⁽⁵⁾	January 1, 2016	689,860	Yes	1,541,939	Yes	2,231,799	Yes
Jean-François Dodier	670,000 ⁽⁵⁾	January 1, 2016	73,828	In progress	1,404,412	Yes	1,478,240	In progress

(1) Includes shares, 100% of DSUs, 50% of unvested PCSUs and 75% of in-the-money value of vested but unexercised stock options.

(2) Includes shares and 100% of DSUs.

(3) Includes 50% of unvested PCSUs and 75% of in-the-money value of vested but unexercised stock options.

(4) Five times annual base salary as at December 31, 2015.

(5) Two times annual base salary as at December 31, 2015.

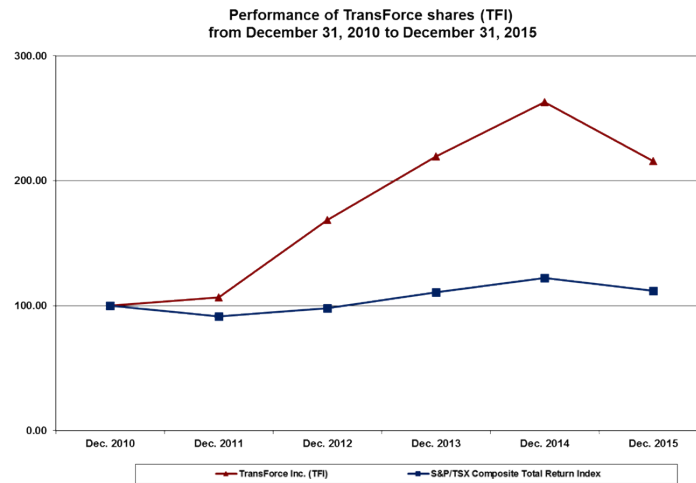
2.5 Rules of conduct of insiders respecting trading of securities of the Corporation

The Rules of Conduct of the Corporation provide that executives may trade in the Corporation's shares only within predetermined trading periods and may not trade in the Corporation's shares if they are aware of undisclosed material information. Executives are also instructed to avoid frequent trading in a way which arouses suspicion that speculation is taking place, and to obtain the approval of the Corporation before trading in the Corporation's securities in all circumstances.

While the Corporation does not have a policy specifically prohibiting the purchase of financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by NEOs or directors, to the knowledge of the Corporation, none of the NEOs or directors has purchased such financial instruments.

2.6 Performance Graph

The following graph compares the total return of a \$100 investment in the common shares of the Corporation made on December 31, 2010 with the cumulative return of the S&P TSX Capped Equity Index for the period ended December 31, 2015.



2.7 Trend and NEO Compensation Relative to Total Shareholder Return

The trend in the compensation of the NEOs has to some extent followed, although is less pronounced than, the trend of increasing Total Shareholder Return over the last five years as per the table below:

Financial year ended December 31	2011	2012	2013	2014	2015
Variation in total compensation for all NEOs ⁽¹⁾ (in percentage)	14%	31%	-22%	31%	33% ⁽²⁾
Total Shareholder Return (in percentage)	7%	57%	30%	19%	-18%

(1) Variation in total compensation is calculated based on the NEO's aggregate compensation as disclosed in the Corporation's management proxy circulars.

(2) Increase due to new Executive Vice-President/CFO compensation.

2.8 Cost of Management Ratio

The following table sets out the total cost of compensation to the NEOs expressed as a percentage of EBIT and as a percentage of the Corporation's equity market capitalization for the fiscal years ended December 31, 2015, 2014 and 2013:

Financial year ended December 31	Total cost of compensation to NEOs ⁽¹⁾ (\$)	Total cost of compensation to NEOs/ EBIT ⁽²⁾ (%)	Total cost of compensation to NEOs/ Total equity market capitalization (%)
2015	13,658,270 ⁽³⁾	4.9	0.6
2014	9,980,872	4.4	0.3
2013	7,392,356	4.2	0.3

- (1) The annual salary of Alain Bédard, President and CEO, and other portions of his annual compensation are paid in U.S. dollars as Mr. Bédard is a resident of the United States. The figures shown in this column are in Canadian dollars and are based on the average Bank of Canada noon exchange rates for 2015, 2014 and 2013, respectively. See “Summary Compensation Table” and notes (1), (3), (6), (7) and (8) thereto below, relating to Mr. Bédard’s compensation.
- (2) EBIT from continuing operations.
- (3) Increase due to new Executive Vice-President/CFO compensation.

3.0 Summary Compensation Table

The following table sets out all annual and long-term compensation earned by the NEOs for services rendered in all capacities to the Corporation and its subsidiaries during the fiscal years ended December 31, 2015, 2014 and 2013:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
Alain Bédard President and CEO	2015	1,681,490 ⁽¹⁾	1,294,465	1,295,866	3,362,981 ⁽³⁾	—	1,170,900	96,539 ⁽⁶⁾	8,902,241
	2014	1,159,725 ⁽¹⁾	824,240	824,250	2,307,852 ⁽³⁾	—	306,000	1,830,379 ⁽⁷⁾	7,252,446
	2013	1,081,395 ⁽¹⁾	—	1,973,846	1,427,441 ⁽³⁾	—	341,900	138,264 ⁽⁸⁾	4,962,846
Gregory W. Rumble ⁽⁴⁾ Executive Vice-President and CFO	2015	600,000	132,902	133,035	400,000	—	—	58,743 ⁽⁶⁾	1,324,680
Alain Raquepas ⁽⁵⁾ CFO	2015	92,884 ^(5.1)	—	—	—	—	—	331,298 ⁽⁶⁾	424,182
	2014	175,000	—	—	—	—	—	17,103 ⁽⁷⁾	192,103
Brian Kohut Executive Vice-President	2015	425,000	188,271	188,466	318,750	—	12,685	38,827 ⁽⁶⁾	1,171,999
	2014	395,833	132,463	132,469	264,063	—	12,465	22,291 ⁽⁷⁾	959,584
	2013	350,000	—	249,223	210,000	—	12,135	21,141 ⁽⁸⁾	842,499
Robert O’Reilly Executive Vice-President	2015	400,000	177,202	177,380	84,000	—	12,685	38,373 ⁽⁶⁾	889,640
	2014	370,833	123,639	123,638	143,500	—	12,465	22,074 ⁽⁷⁾	796,148
	2013	300,000	—	182,589	36,000	—	12,135	20,821 ⁽⁸⁾	551,544
Jean-François Dodier Executive Vice-President	2015	365,000	161,696	161,862	219,000	—	—	37,970 ⁽⁶⁾	945,528
	2014	335,000	105,186	105,190	201,000	—	—	34,215 ⁽⁷⁾	780,591
	2013	300,000	—	184,687	90,900	—	—	32,973 ⁽⁸⁾	608,561

- (1) Mr. Bédard’s 2015, 2014 and 2013 salaries, in the respective amounts of USD\$1,315,000, USD\$1,050,000 and USD\$1,050,000, were paid in U.S. dollars as Mr. Bédard is a resident of the United States. The figures shown in the table above are in Canadian dollars and are based on the average Bank of Canada noon exchange rates for 2015 (1.00 USD = 1.2787 CAD), 2014 (1.00 USD = 1.1045 CAD) and 2013 (1.00 USD = 1.0299 CAD), respectively.
- (2) Options were issued pursuant to the 2012 Plan (see section 2.3.3 above for more details on the 2012 Plan). Option-based awards have been valued using the Black-Scholes option valuation methodology, which was selected by the Corporation as it is the most widely-adopted and used option-valuation method. The following table sets out the assumptions used to determine the Black-Scholes value for years 2015, 2014 and 2013.

	2015	2014	2013
Risk-free interest rate	0.73%	1.69%	1.65%
Stock volatility	24.85%	26.88%	36.97%
Expected option life	4.5 years	4.5 years	4.5 years
Expected dividend yield	2.68%	2.36%	2.51%

- (3) Mr. Bédard’s 2015, 2014 and 2013 non-equity annual incentive plan compensation, in the respective amounts of USD\$2,630,000, USD\$2,089,500 and USD\$1,386,000, was paid in U.S. dollars as Mr. Bédard is a resident of the United States. The figures shown in the table above are in Canadian dollars and are based on the average Bank of Canada noon exchange rates for 2015 (1.00 USD = 1.2787 CAD), 2014 (1.00 USD = 1.1045 CAD) and 2013 (1.00 USD = 1.0299 CAD), respectively.
- (4) Mr. Rumble was appointed as Executive Vice-President and CFO of the Corporation on May 1, 2015.
- (5) Mr. Raquepas joined the Corporation on July 7, 2014. Mr. Raquepas’ annualized salary for 2014 and 2015 was \$350,000. On March 2, 2015, the Corporation announced the departure of Mr. Raquepas as CFO. Alain Bédard acted as CFO until the appointment of Gregory W. Rumble on May 1, 2015.
- (5.1) Includes two weeks in lieu of notice and accrued vacation.
- (6) In 2015, Mr. Bédard received \$33,523 for long-term disability insurance premiums, USD \$24,000 for an annual car allowance and USD \$25,281 for sport club membership. The aggregate figure shown in the table above is in Canadian dollars; the payments made in U.S. dollars have been converted to Canadian dollars based on the average Bank of Canada noon exchange rate for 2015 (1.00 USD = 1.2787 CAD). Mr. Rumble received a car allowance of \$19,200 and a contribution of \$16,465 to a Registered Retirement Savings Plan (“RRSP”). In 2015 Mr. Raquepas received a car allowance of \$2,000, a contribution of \$3,029 to a DPSP and an amount of \$325,000 in connection with his departure. Mr. Kohut received an annual car allowance of \$13,200. Mr. O’Reilly received an annual car allowance of \$13,200. Mr. Dodier received an annual car allowance of \$13,200 and a contribution of \$12,685 to a Deferred Profit Sharing Plan (“DPSP”).

- (7) In 2014, Mr. Bédard's compensation for his role as member of the Board of Directors was USD \$79,850. Mr. Bédard did not receive additional compensation for his role as Chairman of the Board of Directors. He also received \$33,523 for long-term disability insurance premiums, USD \$24,000 for an annual car allowance and USD \$23,000 for sport club memberships. In addition, the HRCC awarded Mr. Bédard a special bonus in the amount of USD \$1,500,000, in recognition of his achievements in 2014. The aggregate figure shown in the table above is in Canadian dollars; the payments made in U.S. dollars have been converted to Canadian dollars based on the average Bank of Canada noon exchange rate for 2014 (1.00 USD = 1.1045 CAD). From July 7, 2014, to December 31, 2014, Mr. Raquepas received a car allowance of \$6,000 and a contribution of \$6,731 to a DPSP. Mr. Kohut received an annual car allowance of \$13,200. Mr. O'Reilly received an annual car allowance of \$13,200. Mr. Dodier received an annual car allowance of \$13,200 and a contribution of \$12,465 to a DPSP.
- (8) In 2013, Mr. Bédard's compensation for his role as member of the Board of Directors was USD \$77,700. Mr. Bédard did not receive additional compensation for his role as Chairman of the Board of Directors. He also received \$33,523 for long-term disability insurance premiums and USD \$24,000 for an annual car allowance. The aggregate figure shown in the table above is in Canadian dollars; the payments made in U.S. dollars have been converted to Canadian dollars based on the average Bank of Canada noon exchange rate for 2013 (1.00 USD = 1.0299 CAD). Mr. Kohut received an annual car allowance of \$13,200. Mr. O'Reilly received an annual car allowance of \$13,200. Mr. Dodier received an annual car allowance of \$13,200 and a contribution of \$12,135 to a DPSP.

4.0 Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets out information with respect to all unexercised option-based and share-based awards granted to NEOs outstanding as at December 31, 2015:

Name	Option-based awards	Share-based awards							
		Number of securities underlying		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽³⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
		Total granted options ⁽¹⁾ (#)	Unexercised options (#)						
Alain Bédard	July 31, 2009	922,000	600,000	6.32	July 31, 2019	10,374,000	—	—	—
	July 29, 2010	496,800	496,800	9.46	July 29, 2020	7,029,720	—	—	—
	August 1, 2011	383,100	383,100	14.28	August 1, 2018	3,574,323	—	—	—
	July 26, 2012	418,600	418,600	16.46	July 26, 2019	2,992,990	—	—	—
	July 25, 2013	376,200	376,200	20.18	July 25, 2020	1,290,366	—	—	—
	July 24, 2014	172,560	172,560	25.14	July 24, 2021	—	33,783	797,617	—
	July 23, 2015	335,356	335,356	24.93	July 23, 2022	—	52,270	1,234,084	—
Gregory W. Rumble ⁽⁴⁾	July 23, 2015	34,428	34,428	24.93	July 23, 2022	—	5,366	126,703	—
Alain Raquepas ⁽⁵⁾	—	—	—	—	—	—	—	—	—
Brian Kohut	July 31, 2009	63,200	26,367	6.32	July 31, 2019	455,885	—	—	—
	July 29, 2010	37,200	37,200	9.46	July 29, 2020	526,380	—	—	—
	August 1, 2011	36,000	36,000	14.28	August 1, 2018	335,880	—	—	—
	July 26, 2012	53,300	53,300	16.46	July 26, 2019	381,095	—	—	—
	July 25, 2013	47,500	47,500	20.18	July 25, 2020	162,925	—	—	—
	July 24, 2014	27,733	27,733	25.14	July 24, 2021	—	5,429	128,184	—
	July 23, 2015	48,773	48,773	24.93	July 23, 2022	—	7,602	179,489	—
Robert O'Reilly	July 31, 2009	58,400	39,400	6.32	July 31, 2019	681,226	□	□	—
	July 29, 2010	33,700	33,700	9.46	July 29, 2020	476,855	□	□	—
	August 1, 2011	32,700	32,700	14.28	August 1, 2018	305,091	□	□	—
	July 26, 2012	39,300	39,300	16.46	July 26, 2019	280,995	□	□	—
	July 25, 2013	34,800	34,800	20.18	July 25, 2020	119,364	□	□	—
	July 24, 2014	25,884	25,884	25.14	July 24, 2021	—	5,068	119,645	—
	July 23, 2015	45,904	45,904	24.93	July 23, 2022	—	7,155	168,937	—
Jean-François Dodier	July 31, 2009	38,600	38,600	6.32	July 31, 2019	667,394	□	□	—
	July 29, 2010	22,500	22,500	9.46	July 29, 2020	318,375	□	□	—
	August 1, 2011	33,700	33,700	14.28	August 1, 2018	314,421	□	□	—
	July 26, 2012	39,300	39,300	16.46	July 26, 2019	280,995	□	□	—
	July 25, 2013	35,200	35,200	20.18	July 25, 2020	120,736	□	□	—
	July 24, 2014	22,022	22,022	25.14	July 24, 2021	—	4,311	101,788	—
	July 23, 2015	41,888	41,888	24.93	July 23, 2022	—	6,529	154,154	—

- (1) The “vesting schedule” for these options provides that one-third of the options will vest on each of the first three anniversaries following the date of grant.
- (2) This amount is calculated based on the difference between the closing price of the Corporation’s shares on the TSX on December 31, 2015 (\$23.61) and the option exercise price.
- (3) The value of PCRSUs awarded to the NEOs is based on the closing price of the Corporation’s shares on the TSX on December 31, 2015 (\$23.61), multiplied by the number of PCRSUs awarded.
- (4) Mr. Rumble was appointed as Executive Vice-President and CFO of the Corporation on May 1, 2015.
- (5) On March 2, 2015, the Corporation announced the departure of Mr. Raquepas as CFO of the Corporation.

Incentive plan awards – value vested or earned during the year

The following table sets out the value of options vested or bonus earned by NEOs during the fiscal year ended December 31, 2015:

Name	Option based awards – Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽¹⁾ (\$)
Alain Bédard	1,246,011	—	2,630,000 ⁽²⁾
Gregory W. Rumble ⁽³⁾	—	—	400,000
Alain Raquepas ⁽⁴⁾	—	—	—
Brian Kohut	165,552	—	318,750
Robert O'Reilly	128,784	—	84,000
Jean-François Dodier	124,325	—	219,000

(1) These amounts represent amounts earned under the STIP.

(2) The value earned during the year as non-equity incentive plan compensation for Mr. Bédard is paid in U.S. dollars.

(3) Mr. Rumble was appointed as Executive Vice-President and CFO of the Corporation on May 1, 2015.

(4) On March 2, 2015, TransForce announced the departure of Mr. Raquepas as CFO.

5.0 Pension Plan Benefits

5.1 Defined Benefit Plan

Chief Executive Officer of the Corporation

Alain Bédard participates in a non-contributory defined benefit pension plan. In addition, Mr. Bédard has entered into a supplementary executive retirement agreement (“**SERP**”) whereby he receives one year of pensionable service under his SERP for every year he serves as an officer of the Corporation, one of its subsidiaries or an associated company as of January 1, 2004. In addition, service for the period between January 1, 1997 and January 1, 2004 has been recognized as credited past service under the SERP.

Retirement eligibility is a function of Mr. Bédard’s age and service. The Board may credit additional years of service towards retirement eligibility, pension benefit calculation or both, through a special arrangement. Mr. Bédard is eligible to receive SERP benefits as of age 55.

Pension benefits are calculated based on pensionable service and pensionable earnings. Pensionable earnings include salary. The annual average of Mr. Bédard’s best consecutive 36 months of pensionable earnings is used to calculate his pension.

Mr. Bédard will receive 3% of his average pensionable earnings for each year of pensionable service as his total pension benefit under the pension plan and SERP. The pension is payable for life. A surviving spouse will receive 60% of the pension that is payable to Mr. Bédard. Should Mr. Bédard elect to retire before his normal retirement age of 65, his pension will be reduced by 3% for each year by which his retirement age precedes age 65.

Based on current final average earnings and projected pensionable service, the estimated annual pension benefits payable to Mr. Bédard under the pension plan and SERP are as set out in the following table:

Pension Plan Table

	(at age 63)	(at age 64)	(at age 65)
Years of Pensionable Service	19.333	20.333	21.333
Pension Plan	\$35,642	\$38,532	\$41,422
SERP	\$584,967	\$635,009	\$687,100
Total	\$620,609	\$673,541	\$728,522

The following table sets out a reconciliation of the accrued obligation in respect of pension arrangements applicable to Mr. Bédard, from December 31, 2014 to December 31, 2015, as well as his number of years of pensionable service as at December 31, 2015:

Name and principal position	Number of years of pensionable service (#)	Annual pension benefits payable (\$)		Accrued obligation at start of year (\$)	Compensatory change (\$)	Non compensatory change (\$)	Accrued obligation at year end (\$)
		At year end	At age 65				
Alain Bédard President and CEO	19	603,431	728,522	8,499,500	1,170,900	413,300	10,083,700

Additional information with respect to the valuation method and assumptions used to calculate the accrued obligation at year end is presented in the notes to the Corporation's consolidated financial statements for the fiscal year ended December 31, 2015.

5.2 Defined Contribution Plan

In 2015, Brian Kohut and Robert O'Reilly participated in a Defined Contribution Plan to which the Corporation contributes. The Corporation will match Mr. Kohut's and Mr. O'Reilly's contributions up to a level of 5% of their base salary. In 2015, Mr. Kohut received contributions of \$12,685 to his Defined Contribution Plan and Mr. O'Reilly received contributions of \$12,685 to his Defined Contribution Plan. All contributions in a year are limited (in aggregate) to the tax-deductible defined contribution limit under the *Income Tax Act* (Canada) for that year. The investment of the contributions to the Plan is participant-directed with an array of investment options provided. Vesting of the Corporation's contributions is immediate and, at retirement, the accumulated value of the account may either be transferred to a locked-in retirement vehicle or used to purchase a life annuity. The following table sets out the value accumulated under the Defined Contribution Plan applicable to Mr. Kohut and Mr. O'Reilly from December 31, 2014 to December 31, 2015:

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at year end (\$)
Brian Kohut	422,645	12,685	484,225
Robert O'Reilly	562,374	12,685	609,209

5.3 Registered Retirement Savings Plan

In 2015, Jean-François Dodier participated in a Registered Retirement Savings Plan to which the Corporation contributes via a DPSP. Under the DPSP, the Corporation will match the NEO's contributions up to a level of 5% of the NEO's base salary. NEOs can also make supplementary individual contributions. The Corporation ensures that the limits established by the Canada Revenue Agency are not exceeded. In 2015, Mr. Dodier received an annual contribution of \$12,685 to his DPSP.

In 2015, Mr. Rumble received an amount of \$16,465 for purposes of contribution to his RRSP.

6.0 Termination of Employment and Change of Control

As at December 31, 2015, except for the President and CEO, there is no contract, arrangement or any other understanding with respect to employment, termination of employment, a change of control or a change in responsibilities following a change of control, between the Corporation and any of the NEOs.

Alain Bédard, President and CEO

On March 2, 2015, the HRCC adopted an agreement between the Corporation and Alain Bédard, President and CEO of the Corporation, with respect to a change of control of the Corporation. Under the terms of this agreement, a change of control is defined as a (i) merger, reorganization, arrangement, as a result of or following which any person beneficially owns or exercises control or direction over voting securities carrying at least 35% of the votes attached to all voting securities of the Corporation then outstanding; (ii) any event as a result of or following which any person beneficially owns or exercises control or direction over voting securities carrying at least 20% of the votes attached to all voting securities of the Corporation then outstanding and a change in the composition of the Board such that, at any time within two years following the occurrence of any event described in clause (ii), individuals who are members of the Board immediately prior to such

event cease to constitute a majority of the Board; or (iii) the sale in one transaction or a series of related transactions, to a person who is not affiliated with the Corporation within the meaning of the *Canada Business Corporations Act*, of assets, at a price, including the assumption by that person of any debt of the Corporation, which is greater than or equal to 50% of the market capitalization of the Corporation. For greater certainty, an internal reorganization does not constitute a change of control. The agreement is a “double trigger” agreement, which requires both a change of control and the involuntary termination of employment of the CEO as of or within two years of the date of any such change of control.

Within ten days of an involuntary termination of Mr. Bédard following a change of control, Mr. Bédard is entitled to: (i) an amount equal to two times his annual base salary immediately prior to the date of the change of control or the involuntary termination, whichever is greater, (ii) an amount equal to two times the annual bonus, which will be determined based on the greater of (a) the average three highest annual amounts of annual bonus compensation paid to Mr. Bédard during the last five calendar years prior to the calendar year in which the involuntary termination occurs, or (b) the amount of the base target bonus compensation most recently communicated in writing to the Mr. Bédard as being payable, (iii) an amount equal to two times the annual cash value paid or reimbursed to Mr. Bédard as benefits, including but not limited to health benefits, sport club memberships, professional association fees, car allowance, annual executive medical examinations and any other particular benefit provided to Mr. Bédard, but excluding pension and supplementary pension benefits, as provided to Mr. Bédard immediately prior to the date of the change of control; (iv) an amount equal to two times Mr. Bédard’s annual pension value immediately prior to the date of the change of control or the involuntary termination, whichever is greater. Furthermore, if (a) there is a change of control which does not trigger the change of control provision of the Corporation’s stock option plans, and (b) Mr. Bédard holds any options pursuant to the Corporation’s stock option plans that have not otherwise vested, the Corporation will waive the vesting requirements of any such options so as to permit the immediate vesting of all such options within a period of time to be determined by the Board, but which shall not be more than three months. If (a) there is a change of control which does not trigger the change of control provision of the Corporation’s Deferred Share Unit Plan or PCRSU Plan, and (b) to the extent Mr. Bédard holds any DSUs or PCRSUs granted under any of the Corporation’s long-term incentive plans that have not otherwise vested, the Board and Mr. Bédard undertake to waive the vesting requirements of such DSUs and PCRSUs so as to permit their immediate vesting as of the date of Mr. Bédard’s involuntary termination.

Mr. Bédard has agreed not to, either during his employment or for a period of 18 months following the termination of his employment, for any reason, directly or indirectly, induce or attempt to induce any of the employees of the Corporation or any of its subsidiaries to leave their employment. In addition, Mr. Bédard has agreed not to, either during his employment or for a period of 18 months following the termination of his employment, for any reason, directly or indirectly, without the consent of the Corporation, which consent shall not be unreasonably withheld, contact or solicit any clients of the Corporation or any of its subsidiaries for the purpose of selling to those customers any products or services which are the same as or substantially similar to, or in any way competitive with, the products or services sold by the Corporation or any of its subsidiaries at the time of the Mr. Bédard’s termination. Furthermore, Mr. Bédard has agreed not to, either during his employment or anytime thereafter, directly or indirectly, use or disclose to any person any confidential information, unless however, the confidential information is available to the public or in the public domain at the time disclosure or the disclosure of the confidential information is required by any law, regulation, governmental body or authority or by court order.

The following table sets out the estimated incremental payments that Mr. Bédard would have received upon termination of employment following a change of control on December 31, 2015:

Name	Event	Salary (\$)	Annual incentive plan (\$)	Benefits and pension value (\$)	Long-Term Incentive Plans			Total (\$)
					Stock Options (\$)	PCRSUs (\$)	DSUs (\$)	
Alain Bédard	Change of control	3,639,920 (1)	7,279,840 (2)	1,128,662	25,261,399	2,031,702	388,125	39,729,648

- (1) Mr. Bédard’s salary is paid in U.S. dollars as he is a resident of the United States. This figure is in Canadian dollars and is the equivalent of USD\$2,630,000. It has been converted to Canadian dollars based on the Bank of Canada noon exchange rate on December 31, 2015 (1.00 USD = 1.3840 CAD).
- (2) Mr. Bédard’s non-equity annual incentive plan compensation is paid in U.S. dollars as he is a resident of the United States. This figure is in Canadian dollars and is the equivalent of USD\$5,260,000. It has been converted to Canadian dollars based on the Bank of Canada noon exchange rate on December 31, 2015 (1.00 USD = 1.3840 CAD).

COMPENSATION OF DIRECTORS

The Corporation believes that an efficient Board of Directors plays an important role in creating shareholder value. The Corporation has placed emphasis on the compensation of directors, in order to attract and retain qualified candidates to serve on the Board of Directors and to align the interests of the directors with those of the Corporation's shareholders. The following table sets out the various components of the compensation received by the members of the Board of Directors during the fiscal year ended December 31, 2015:

Type of Fee	Amount (\$)
Annual Retainers	
• Chairman of the Board of Directors ⁽¹⁾	—
• Board Members (including Lead Director)	100,000
• Additional fee for Lead Director	50,000
• Committee Chairman	12,000
• Committee Members (other than the Committee Chairman)	5,000
Per-meeting Fees	
• Committee Chairman	1,500 ⁽²⁾⁽³⁾
• Board and Committee Members (other than the Committee Chairman)	1,500 ⁽³⁾

(1) The Chairman of the Board of Directors does not receive any additional fees for his role as Chairman.

(2) The Committee Chairmen received the same per-meeting fee as other directors and committee members, respectively.

(3) This amount applies for meetings attended in person. The per-meeting fee is \$850 if the director or committee member participates by telephone.

In 2015, Alain Bédard did not receive any compensation, including any annual retainer or per-meeting fee, for his role as Chairman of the Board of Directors or as a director.

Deferred Share Unit Plan

Effective January 1, 2009, the Corporation adopted the Deferred Share Unit Plan (the “**DSU Plan**”) to align the interests of directors with those of the Corporation's shareholders and help directors meet the shareholding policy applicable to them, as described below under “Ownership Requirements for Directors”. Under the DSU Plan, directors may elect to receive in the form of DSUs either 50% or 100% of their annual retainer and other fees payable in respect of serving as director. Until the shareholding policy requirement for a director is met, a 100% election is mandatory.

Under the DSU Plan, directors are granted, as of the last day of each of the Corporation's fiscal quarters, a number of DSUs determined on the basis of the amount of deferred remuneration payable to directors in respect of such quarter divided by the “Fair Market Value” of a DSU, which is the average of the closing prices of the common shares of the Corporation on the TSX for the five trading days immediately preceding the last day of such quarter. Directors to whose accounts DSUs are credited receive additional DSUs whenever cash dividends are paid on the Corporation's common shares. DSUs granted under the DSU Plan are redeemable, and the value thereof payable, only after the holder of DSUs ceases to serve as a director of the Corporation. Subject to Board of Directors' approval, a director may elect to receive the redemption price of his credited DSUs in cash or in the form of common shares of the Corporation purchased on the open market.

The table below sets out in detail the total compensation earned by the directors during the fiscal year ended December 31, 2015.

Name	Retainer ⁽²⁾ (\$)	Fees earned (\$)	Total Compensation (\$)	Percentage elected as DSUs (%)	Number of DSUs earned
Alain Bédard ⁽¹⁾	—	—	—	—	—
André Bérard	160,000	15,850	175,850	100	8,304
Lucien Bouchard	105,000	13,700	118,700	100	5,394

Name	Retainer ⁽²⁾ (\$)	Fees earned (\$)	Total Compensation (\$)	Percentage elected as DSUs (%)	Number of DSUs earned
Stanley G. Dunford	75,000	4,700	79,700	100	3,215
Richard Guay	117,000	21,400	138,400	50	3,403
Annie Lo	105,000	16,250	121,250	100	4,469
Neil D. Manning	112,000	13,700	125,700	100	4,849
Ronald D. Rogers	112,000	16,250	128,250	100	5,358
Joey Saputo	105,000	13,050	118,050	100	4,732
Total	943,500	114,900	1,058,400		40,091

- (1) In 2015, Alain Bédard, President and CEO of the Corporation, did not receive any compensation, including any annual retainer or per-meeting fee, for his role as Chairman of the Board of Directors or as a director.
- (2) Includes all annual retainers for serving on the Board and its committees.

Ownership Requirements for Directors

Effective January 1, 2009, the Corporation adopted a minimum shareholding policy, to require directors to hold a minimum value in common shares of the Corporation or DSUs, or a combination of both. Through this policy, the directors are motivated to help the Corporation reach its annual-return objectives and improve long-term value for shareholders.

Under the policy as initially adopted, each director was required to hold shares with a minimum value equal to two times the amount of the director's annual Board retainer fees and were required to attain compliance within three years. With each increase in the amount of the annual Board retainer, directors were required to attain the applicable increased minimum share ownership value within two years from the date of such increase.

Each new director must meet the applicable minimum share ownership value requirement within four years from the date of becoming a member of the Board.

The minimum shareholding policy was amended effective February 27, 2011, requiring each director to hold shares with a minimum value equal to five times the director's annual Board retainer fees. Directors were given two years from such date to meet the new minimum share ownership value level.

Until a director has attained the minimum share ownership value, 100% of director's fees must be paid in the form of DSUs. Once the necessary level has been attained, a director may elect to receive only 50% of director's fees in the form of DSUs.

Directors must keep at least 50% of their shares for a period of six months following the termination of service as a director.

The following table sets out the current share ownership value requirement and share ownership value as at December 31, 2015 for directors:

Name	Share ownership requirement (\$)	Date for compliance	Value as of December 31, 2015 ⁽¹⁾ (\$)	Compliance as of December 31, 2015
Alain Bédard	350,000	December 5, 2014	101,985,779 ⁽²⁾	Yes
André Bérard	350,000	December 5, 2014	3,015,280	Yes
Lucien Bouchard	350,000	December 5, 2014	1,090,050	Yes
Stanley G. Dunford	350,000	April 22, 2019	75,906	No ⁽³⁾
Richard Guay	350,000	December 5, 2014	1,214,403	Yes
Annie Lo	350,000	April 24, 2018	176,201	No ⁽⁴⁾
Neil D. Manning	350,000	April 25, 2017	661,268	Yes
Ronald D. Rogers	350,000	December 5, 2014	1,298,691	Yes

Name	Share ownership requirement (\$)	Date for compliance	Value as of December 31, 2015⁽¹⁾ (\$)	Compliance as of December 31, 2015
Joey Saputo	350,000	December 5, 2014	5,643,309	Yes

- (1) Value calculated based on the closing price of the Corporation's common shares on the TSX on December 31, 2015 (\$23.61) and including value of DSUs held.
- (2) Stock options held by Mr. Bédard are not included for the purpose of determining share ownership value.
- (3) Stanley G. Dunford was elected as a director on April 22, 2015 and consequently had until April 22, 2019 to meet the minimum share ownership requirement. Mr. Dunford is not standing for re-election as a director at the Meeting.
- (4) Annie Lo was elected as a director on April 24, 2014 and consequently has until April 24, 2018 to meet the minimum share ownership requirement.