NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF TOROMONT INDUSTRIES LTD.

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders (the "**Meeting**") of Toromont Industries Ltd. ("**Toromont**" or the "**Corporation**") will be held in the Main Ballroom at One King West Hotel, located at 1 King Street West, Toronto, Ontario, M5H 1A1, on Thursday, April 27, 2017 at the hour of 10:00 a.m. (Eastern Time) for the following purposes:

(a) to receive the consolidated financial statements of the Corporation for the year ended December 31, 2016, together with the report of the auditors thereon;

(b) to elect each of the directors of the Corporation;

(c) to appoint the auditors of the Corporation for 2017 at a remuneration to be fixed by the directors of the Corporation;

(d) to consider, and if deemed advisable, pass the non-binding, advisory resolution to accept Toromont's approach to executive compensation, as described in detail under "Business of the Meeting" beginning on page 4; and,

(e) to transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Only holders of Toromont's common shares of record at the close of business on March 13, 2017 will be entitled to vote at the Meeting, or any adjournment(s) or postponement(s) thereof.

By order of the Board of Directors,

"DAVID C. WETHERALD"

Concord, Ontario
February 28, 2017

David C. Wetherald
Vice President, Human Resources and Legal and Corporate Secretary

If you are unable to attend the Meeting in person, please complete, date and sign the enclosed form of proxy and return it in the envelope provided for that purpose to the Corporation's Transfer Agent and Registrar, CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by fax to (416) 368-2502 or toll free fax to 1-866-781-3111 or by telephone by calling toll free 1-888-489-5760 (English only). To be valid, proxies must be received by CST Trust Company or by the Corporation no later than 5:00 pm (Eastern Time) on Tuesday, April 25, 2017 or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting.

For the purposes of the Meeting, Toromont is not: (a) relying on the "notice and access" rules to allow it to make certain proxy-related materials available on the internet rather than mailing such materials directly to registered shareholders and indirectly to non-registered shareholders; or (b) mailing proxy-related materials directly to non-registered shareholders who have waived the right to receive them. Toromont intends to pay for "proximate intermediaries" (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) to send proxy-related materials and Form 54-107F7 – *Request for Voting Instructions Made by Intermediary* to non-registered shareholders who have waived the right to receive them.

MANAGEMENT INFORMATION CIRCULAR

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TOROMONT INDUSTRIES LTD.

MANAGEMENT INFORMATION CIRCULAR

VOTING INFORMATION AND GENERAL PROXY MATTERS

SOLICITATION OF PROXIES

This Management Information Circular (also referred to as the "Circular") is provided in connection with the solicitation of proxies by and on behalf of the management of Toromont Industries Ltd. ("Toromont" or the "Corporation") for use at the Annual Meeting of Shareholders (the "Meeting") of Toromont to be held on Thursday, April 27, 2017 at 10:00 a.m. (Eastern Time) as set out in the accompanying Notice of Annual Meeting of Shareholders (the "Notice of Meeting") and any adjournment(s) or postponement(s) thereof. The solicitation will primarily be by mail, but proxies may also be solicited personally, by telephone, e-mail, internet, facsimile or other means of communication by directors, officers and by regular employees of Toromont. All costs associated with the solicitation of proxies by or on behalf of management of Toromont will be borne by Toromont**.** Unless otherwise stated, the information contained herein is given as of February 28, 2017 and all dollar amounts are expressed in Canadian dollars.

For the purposes of the Meeting, Toromont is not: (a) relying on the "notice and access" rules to allow it to make certain proxy-related materials available on the internet rather than mailing such materials directly to registered shareholders and indirectly to non-registered shareholders; or (b) mailing proxy-related materials directly to non-registered shareholders who have waived the right to receive them. Toromont intends to pay for "proximate intermediaries" (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) to send proxy-related materials and Form 54-107F7 – *Request for Voting Instructions Made by Intermediary* to non-registered shareholders who not have waived the right to receive them.

Shareholders who are unable to be present at the Meeting may vote through the use of proxies. If you are a shareholder, you may convey your voting instructions by use of the paper proxy. The proxy must be completed, dated and signed in accordance with the instructions included with the accompanying proxy form. It must then be returned to CST Trust Company, Attention: Proxy Department, in the accompanying envelope by mail at P.O. Box 721, Agincourt, Ontario, M1S 0A1 or by facsimile at 416-368-2502 or toll free facsimile to 1-866-781-3111 or by telephone by calling toll free 1-888-489-5760 (English only), no later than 5:00 p.m. (Eastern Time) on Tuesday, April 25, 2017 or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed Meeting, or any further adjournment or postponement thereof. An envelope has been provided for this purpose. Registered shareholders may vote via the internet by accessing the website **www.cstvotemyproxy.com** and following the instructions on the website. A control number is provided on the proxy form for this purpose. Late proxies may be accepted or rejected by the Chairman of the Meeting at his or her discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of Toromont. **A shareholder desiring to appoint some other person (who need not be a shareholder) to represent such shareholder at the Meeting other than the persons designated in the accompanying form of proxy may do so either by inserting such person's name in the blank space provided in the appropriate form of proxy or by completing another valid form of proxy and, in either case, sending or delivering the properly completed and signed form of proxy to CST Trust Company prior to** 5:00 p.m. (Eastern Time) on Tuesday, April 25, 2017, or, if the Meeting is adjourned or postponed, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed Meeting, or any further adjournment or postponement thereof, in accordance with the delivery procedures noted above.

A Registered Shareholder who has given a proxy may revoke it, in addition to any other manner permitted by law, with an instrument in writing which includes another proxy with a later date, executed by the shareholder or by the shareholder's attorney authorized in writing and delivered to CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1 or by facsimile at 416-368-2502 or toll free facsimile to 1-866-781-3111, no later than 5:00 p.m. (Eastern Time) on Tuesday, April 25, 2017 or to the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, prior to the commencement of the meeting. Non-Registered Shareholders wishing to revoke a proxy or voting instruction should read *"Voting of Toromont Common Shares – Advice to Non-Registered Shareholders"* below.

SIGNATURE OF PROXY

The form of proxy must be executed by the shareholder or his or her attorney authorized in writing, or if the shareholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Toromont).

EXERCISE OF DISCRETION OF PROXY

On any ballot that may be called for at the Meeting, the persons named in the accompanying form of proxy will vote for (or withhold from voting or vote against, as applicable) the Toromont common shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them and, if the shareholder specifies a choice with respect to any matter to be acted upon which the holders of such shares are entitled to vote, the Toromont common shares will be voted accordingly. **In the absence of such direction, such Toromont common shares will be voted <u>FOR</u>: (i) the election of each of the management nominees as directors of Toromont for the ensuing year; (ii) the appointment of Ernst & Young LLP as the auditors of Toromont and the authorization of the directors of Toromont to fix the remuneration of the auditors; and (iii) the non-binding shareholder advisory vote on Toromont's approach to executive compensation.** The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters identified in the Notice of Meeting and with respect to other matters that may properly be brought before the Meeting. As at the date of this Management Information Circular, management of Toromont knows of no such amendments, variations or other matters to be brought before the Meeting.

VOTING OF TOROMONT COMMON SHARES

General

Each Toromont common share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed at March 13, 2017. In accordance with the provisions of the *Canada Business Corporations Act* (the "**CBCA**"), Toromont will prepare a list of registered holders of Toromont common shares as of such record date. Each registered holder of Toromont common shares named in the list will be entitled to vote the shares shown opposite his or her name on the list at the Meeting. All such registered holders of Toromont common shares of record as of the time of the Meeting are entitled either to attend and vote thereat in person the respective Toromont common shares held by them or, provided a completed and executed proxy shall have been delivered to the registered office of Toromont or CST Trust Company within the time specified in the attached Notice of Meeting, to attend and vote thereat by proxy the respective Toromont common shares held by them.

Voting of Toromont Common Shares – Advice to Non-Registered Shareholders

Only registered shareholders of Toromont or the persons they appoint as their proxies are permitted to attend in person and vote at the Meeting. Most shareholders of Toromont are Non-Registered Shareholders because the shares they own are not registered in their names but are instead registered in the name of an intermediary, such as the brokerage firm, bank, trust corporation or other nominee through which they purchased the shares. Toromont common shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an Intermediary that the Non-Registered Shareholder deals with in respect of the Toromont common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with applicable securities law requirements, Toromont will have distributed copies of the Notice of Meeting, this Management Information Circular and the supplemental mailing list return card (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Non-Registered Shareholders who have not waived the right to receive Meeting Materials will be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service corporation, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow. Non-Registered Shareholders should follow carefully the instructions provided in the voting instruction form by using one of the described methods provided to vote their Toromont common shares.

The purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Toromont common shares they beneficially own. Should a Non-Registered Shareholder, who receives the above form, wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should write his or her name (or the name of the other person) in the place provided for that purpose in the voting information form and follow the instructions provided by his or her Intermediary or its service company, as the case may be. **Non-Registered Shareholders should carefully follow the instructions of their Intermediary or its service company, as the case may be, including those regarding when and where the voting instruction form is to be delivered.**

A Non-Registered Shareholder who wishes to revoke a waiver of the right to receive Meeting Materials and to vote his or her Toromont common shares, change his or her vote or revoke a voting instruction form must, in sufficient time in advance of the Meeting, provide written notice to his or her Intermediary or its service company, as the case may be, and follow the instructions provided by such Intermediary or service company.

VOTING SECURITIES AND PRINCIPAL HOLDERS

As of February 28, 2017, the Corporation had 78,455,581 common shares outstanding. To the knowledge of the directors and executive officers of Toromont based on the most recent publicly available information, as of the date hereof the only person or company that beneficially owns, directly or indirectly, or controls or directs voting securities of Toromont carrying more than 10% of the voting rights attached to the voting securities of Toromont is as follows:

Name	Approximate Number of Common Shares	Approximate Percentage of Outstanding Common Shares
Leith Wheeler Investment Counsel Ltd. (1)	8,737,457	11.1%

Note:
(1) The information concerning the number of common shares and other securities beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of Toromont, has been furnished by the securityholder. The information is given as of February 28, 2017.

BUSINESS OF THE MEETING

1. Financial Statements

The audited consolidated financial statements of Toromont for the year ended December 31, 2016, and the report of the auditors thereon will be tabled at the Meeting. These audited consolidated financial statements form part of the 2016 Annual Report of Toromont. Additional copies of the 2016 Annual Report may be obtained from Toromont's website (www.toromont.com), SEDAR (www.sedar.com) or the Secretary of Toromont upon request and will be available at the Meeting.

2. Election of the Board of Directors

The Articles of Toromont provide that the Board of Directors (the "**Board**") shall consist of not less than six (6) and not more than twelve (12) directors. The directors are elected annually. It is proposed by the management of Toromont that ten (10) directors be elected for the ensuing year. A complete list of management's nominees for election as directors of Toromont and their biographies follow in the section "*Nominees for Election to the Board of Directors*". Directors' independence and skills are set forth in the section "*Nominees for Election to the Board of Directors – Independence and Skills*" beginning on page 6. Directors' record of attendance at Board and Committee meetings is set forth in the section "*Nominees for Election to the Board of Directors – Meetings Held and Attendance of Directors*" beginning on page 20.

In accordance with the rules of the Toronto Stock Exchange (the "**TSX**"), shareholders are being asked to cast their votes "For", or "Withhold" their votes from, each individual director nominee. In accordance with the Corporation's Majority Voting Policy (discussed in the section "*Statement of Corporate Governance Practices*" below), each director must be elected by a majority of "for" votes cast at the Meeting. The voting results for each nominee will be publicly disclosed by the Corporation following the Meeting. **The Board unanimously recommends that you vote "FOR" each of management's nominees for election as directors of Toromont. Unless otherwise directed, the management proxy nominees named in the accompanying form of proxy intend to vote "FOR" each of management's nominees for election as directors of Toromont.**

3. Appointment of Auditors

Ernst & Young LLP are the Corporation's auditors, and have served as auditors since 1996. The management proxy nominees named in the enclosed form of proxy intend to vote "**FOR**" the re-appointment of Ernst & Young LLP, Chartered Professional Accountants, Toronto, Ontario, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration. The appointment of Ernst & Young LLP as the Corporation's auditors must be approved by at least a majority of the votes cast at the Meeting by shareholders who vote in respect of the appointment of the auditors (present in person or represented by proxy). **The Board unanimously recommends that you vote "FOR" the appointment of Ernst & Young LLP as the Corporation's auditors and to authorize the directors to fix their remuneration. Unless otherwise directed, the management proxy nominees named in the accompanying form of proxy intend to vote "FOR" the appointment of Ernst & Young LLP as the Corporation's auditors and to authorize the directors to fix their remuneration.**

For further details see the section "*Appointment of Auditors*" on page 46.

4. Shareholder Advisory Vote on Toromont's Approach to Executive Compensation

In line with governance trends and best practices in respect of executive compensation, commonly known as "say on pay", the Board had previously adopted a "say on pay" policy pursuant to which it annually provides shareholders with a "say on pay" advisory vote to allow shareholders the opportunity to express their opinion on the Corporation's approach to executive compensation. The "*Statement of Executive Compensation – Compensation Discussion and Analysis*" section beginning on page 25 of this Circular discusses Toromont's compensation philosophy, the objectives of the different elements of Toromont's compensation programs, and the way performance is assessed and compensation decisions are made. Toromont's fundamental goal is to maximize value for its shareholders. The overall objectives of the Corporation's executive compensation strategy for the executive officers include the following: (i) attract, motivate and retain superior executive talent through the use of competitive compensation; (ii) motivate performance through linking incentive compensation to the attainment of specific business performance indicators; (iii) maintain a high proportion of pay at risk to recognize performance and potential; and (iv) encourage commitment to Toromont and identification with shareholder interests on a long-term basis through the judicious use of equity-based incentives.

At the Meeting, the shareholders will be asked to consider and, if deemed advisable, approve the following non-binding advisory resolution:

> *"**BE IT RESOLVED THAT**, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of the Corporation, the shareholders accept the approach to executive compensation disclosed in the Corporation's Management Information Circular delivered in advance of its 2017 Annual Meeting of Shareholders."*

The adoption of this advisory resolution will require a majority of the votes cast by the shareholders of Toromont or their proxyholders, as the case may be, present in person or by proxy at the Meeting. However, since this vote is advisory, it will not be binding on the Board. However, the Board and, in particular, the Human Resources and Compensation Committee will consider the outcome of the vote as part of its ongoing review of executive compensation. The Corporation plans to continue to hold an advisory "say on pay" shareholder vote on its approach to executive compensation on an annual basis.

The Board unanimously recommends that you vote "FOR" the adoption of this non-binding advisory resolution on Toromont's approach to executive compensation. Unless otherwise directed, the management proxy nominees named in the accompanying form of proxy intend to vote "FOR" this resolution on the Corporation's approach to executive compensation.

5. Other Matters

Management knows of no other matter to come before the Meeting. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If any other matters which are not known to management properly come before the Meeting, the shares represented by proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of such nominees.

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NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Members of the Nominating and Corporate Governance Committee (the "**NCG Committee**") regularly evaluate and assess the size, composition, performance and effectiveness of the Board and its committees, including the independence, competencies, experience, diversity, background and skills of each of the directors of Toromont and the Board's ability to operate efficiently and effectively in fulfilling its mandate to supervise the management of the business and affairs of Toromont. Currently, the Board is comprised of 10 directors all of which have been proposed by management for re-election to the Board at the Meeting.

Unless otherwise directed, the management proxy nominees named in the enclosed form of proxy intend to vote "FOR" the election as directors, each of the 10 nominees whose names are listed below. Each of the nominees is presently a member of the Board of Directors, and has consented to serve as director if elected. Management of Toromont does not contemplate that any such nominee will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the management proxy nominees named in the enclosed form of proxy reserve the right to vote in their discretion for other nominees as directors. Each director elected will hold office until the next annual meeting or until his successor is duly elected, unless his office is vacated earlier in accordance with Toromont's by-laws.

Jeffrey S. Chisholm

King, Ontario, Canada
Age: 67
Director since: 2011
Independent

Toromont Committees:
- Nominating & Corporate Governance
- Audit

Areas of expertise:
- Senior executive/strategic leadership
- Corporate governance
- Business knowledge
- Finance
- Information technology

Total compensation for 2016:
$ 160,500

Jeffrey Chisholm is a business and finance consultant in the financial services industry. He is also the Chairman of the Board of Directors of Amex Bank of Canada (a non-reporting issuer). Mr. Chisholm retired from The Bank of Montreal in 2001 after a 30 year career of progressively senior positions including as Vice Chair of Electronic Financial Services as well as the Personal Commercial Client Group. Mr. Chisholm holds a BS.B.A. from Georgetown University.

Attendance Record
Board – 10 of 10
Audit – 4 of 4
Nominating & Corporate Governance – 2 of 2

Current directorships
Amex Bank of Canada (non-reporting issuer)

Past Directorships (2011 to 2016)
None.

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	[1]Total market value of equity With Options	Without Options	Meets share ownership target
2016	24,680	12,525	5,670	1,244,574	1,175,921	Yes
2017	24,680	15,036	5,670	1,999,670	1,848,575	Yes
Increase/(Decrease)	n/c	20%	n/c			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	59,224,680	1,362,190	60,586,870
Percentage of votes	97.75%	2.25%	100%

Cathryn E. Cranston

Toronto, Ontario, Canada
Age: 57
Director since: 2013
Independent

Cathryn Cranston is currently the Senior Vice President and Treasurer of the BMO Financial Group. Ms. Cranston has had a progressive 31-year career with the Bank of Montreal, moving successfully through a series of line and functional roles including corporate banking, capital markets, risk management, asset management, a Divisional CFO in the private client group, as Corporate Treasurer, and a leadership role in investor relations,. She has served on non-profit and internal boards of directors. Ms. Cranston holds a Bachelor of Commerce (Hons.) and an M.B.A. from the University of Manitoba.

Toromont Committees:
- Audit
- Nominating & Corporate Governance

Attendance Record
Board – 10 of 10
Audit – 4 of 4
Nominating & Corporate Governance – 1 of 1

Current directorships
None

Past Directorships (2011 to 2016)
None

Areas of expertise:
- Senior executive/strategic leadership
- Strategic insight
- Finance, Accounting
- Diversity
- Corporate governance

Total compensation for 2016:
$ 157,250

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	(1) Total market value of equity With Options	Without Options	Meets share ownership target
2016	4,000	11,591	n/a	489,308	489,308	Yes
2017	4,000	15,822	n/a	927,571	927,571	Yes
Increase/(Decrease)	n/c	37%	n/a			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	60,549,847	37,023	60,586,870
Percentage of votes	99.94%	0.06%	100%

Robert M. Franklin

Toronto, Ontario, Canada
Age: 70
Director since: 1994
Independent

Robert Franklin is President of Signalta Capital Corporation, a private investment company. Previously, he was Chairman of Placer Dome Inc. from 1993 until it was taken over by Barrick Gold Corporation in 2006. Mr. Franklin holds a B.A. in Business Administration from Hillsdale College, Michigan.

Toromont Committees:

- Human Resources & Compensation (Chair)
- Audit

Areas of expertise:

- Senior executive/strategic leadership
- Strategic insight
- Finance, Accounting
- Health, Safety, Environment
- Corporate governance

Total compensation for 2016:
$ 161,500

Attendance Record
Board – 9 of 10
Audit – 3 of 4
Human Resources & Compensation – 2 of 3

Current directorships
None

Past Directorships (2011 to 2016)
Barrick Gold Corporation
Canadian Tire Corporation
Canadian Tire Bank

Securities held and total market value as February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	(1) Total market value of equity With Options	/ Without Options	Meets share ownership target
2016	122,700	34,365	28,350	5,282,448	4,974,336	Yes
2017	122,700	37,901	13,350	7,816,176	7,462,555	Yes
Increase/(Decrease)	n/c	10%	(43%)			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	60,429,376	157,494	60,586,870
Percentage of votes	99.74%	0.26%	100%

David A. Galloway

Toronto, Ontario, Canada
Age: 73
Director since: 2002
Independent

David Galloway was President and Chief Executive Officer of Torstar Corporation from 1988 to 2002. He also serves on the Board of Directors of GDI Integrated Facility Services Inc. (a reporting issuer) and Scripps Networks (a reporting issuer) in the USA. Mr. Galloway holds a B.A. (Hons) in political science and economics from the University of Toronto and an M.B.A. from Harvard Business School. He is Chair of the NCG Committee and a member of the Audit and HRC Committees.

Toromont Committees:
- Nominating & Corporate Governance (Chair)
- Human Resources & Compensation
- Audit

Attendance Record
Board – 8 of 10
Nominating & Corporate Governance – 2 of 2
Audit – 3 of 4
Human Resources & Compensation – 3 of 3

Current directorships
GDI Integrated Facility Services Inc. (reporting issuer)
Scripps Networks (reporting issuer)

Past Directorships (2011 to 2016)
Bank of Montreal
Harris Financial Corp.

Areas of expertise:
- Senior executive/strategic leadership
- Strategic insight
- Finance, Accounting
- Corporate governance

Total compensation for 2016:
$ 168,500

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	(1) Total market value of equity With Options	Without Options	Meets share ownership target
2016	28,500	56,489	18,350	2,903,919	2,670,958	Yes
2017	23,500	61,920	18,350	4,493,189	3,993,418	Yes
Increase/(Decrease)	(18%)	10%	n/c			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	59,068,246	1,518,624	60,586,870
Percentage of votes	97.49%	2.51%	100%

James W. Gill

Toronto, Ontario, Canada
Age: 67
Director since: 2015
Independent

Toromont Committees:
- Audit
- Human Resources & Compensation

James Gill is a geologist by training and has been actively involved in the mining business for over 43 years. During that time, he was involved in exploration, feasibility studies, mine development and operations, metal marketing and sales, the management of public corporations, and equity and debt financing for mining projects. Mr. Gill was the founder, President & CEO of Aur Resources Inc., from 1981 to 2007. Mr. Gill holds a Doctorate/Ph.D. from Carleton University in Ottawa and a Masters, Science and Bachelors, Science from McGill University in Montreal.

Attendance Record
Board – 9 of 10
Audit – 2 of 2
Human Resources & Compensation – 2 of 2

Current directorships
Turquoise Hill Resources Ltd.
(reporting issuer)

Past Directorships (2011 to 2016)
Thundermin Resources
TriAusMin Resources
OreZone Gold

Areas of expertise:
- Knowledge of industries in which Toromont is active
- Strategic insight
- Previous public company board & senior executive management experience
- Corporate governance

Total compensation for 2016:
$ 151,250

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	[1] Total market value of equity With Options	Without Options	Meets share ownership target
2016	20,000	1,262	n/a	675,226	675,226	Yes
2017	20,000	5,123	n/a	1,166,963	1,166,963	Yes
Increase/(Decrease)	n/c	306%	n/a			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	60,554,175	32,695	60,586,870
Percentage of votes	99.95%	0.05%	100%

Wayne S. Hill

Toronto, Ontario, Canada
Age: 70
Director since: 1988
Independent

Toronto Committees:

- Human Resources & Compensation
- Audit

Areas of expertise:

- Knowledge of industries in which Toromont is active
- Strategic insight
- Finance, accounting
- Economics
- Corporate governance

Total compensation for 2016:
$ 162,500

Wayne Hill is an independent businessman, having retired in 2008 after a 40 year career in finance, accounting and general management with Canadian public companies, including three years as Executive Vice President and 20 years as Chief Financial Officer of the Corporation and several years in public accounting practice. Mr. Hill has served as director of other Canadian listed companies and is currently on the Board of Enerflex Ltd. Mr. Hill holds a B.Comm. (Hons) from Queen's University.

Attendance Record
Board – 10 of 10
Human Resources & Compensation – 3 of 3
Audit – 4 of 4

Current directorships
Enerflex Ltd. (reporting issuer)

Past Directorships (2011 to 2016)
None

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	[1] Total market value of equity With Options	Without Options	Meets share ownership target
2016	196,800	7,984	23,350	6,813,835	6,505,723	Yes
2017	184,400	9,731	18,350	9,499,374	8,999,603	Yes
Increase/(Decrease)	(6%)	22%	(21%)			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	60,282,924	303,946	60,586,870
Percentage of votes	99.50%	0.50%	100%

John S. McCallum

Winnipeg, Manitoba, Canada

Age: 73

Director since: 1985

Independent

Toromont Committees:

- Lead Director
- Audit (Chair)
- Nominating & Corporate Governance

Areas of expertise:

- Finance, accounting
- Strategic insight
- Economics
- Corporate governance

Total compensation for 2016:
$ 205,500

John McCallum is a Professor of Finance in the I. H. Asper School of Business at the University of Manitoba. Mr. McCallum was previously Chair, Manitoba Hydro from 1991 to 2000 and policy advisor to the Federal Minister of Finance from 1984 to 1991. Mr. McCallum holds a B.Sc. and a B.A. from the University of Montreal, an M.B.A. from Queen's University and a Ph.D. from the University of Toronto. He is Chair of the Audit Committee and a member of the NCG Committee.

Attendance Record
Board – 10 of 10
Audit – 4 of 4
Nominating & Corporate Governance – 2 of 2

Current directorships
IGM Financial Inc. (reporting issuer)

Past Directorships (2011 to 2016)
Fortis Inc.
Wawanesa Mutual Insurance Company
Wawanesa General Insurance Company
Wawanesa Life Insurance Company

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	[1] Total market value of equity With Options	Without Options	Meets share ownership target
2016	60,000	7,984	11,670	2,291,684	2,156,851	Yes
2017	60,000	9,731	2,000	3,287,291	3,236,151	Yes
Increase/(Decrease)	n/c	22%	(83%)			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	58,156,800	2,430,070	60,586,870
Percentage of votes	95.99%	4.01%	100%

Scott J. Medhurst

Bolton, Ontario, Canada
Age: 54
Director since: 2012
Member of Management

Scott Medhurst is President and Chief Executive Officer of Toromont Industries Ltd. He joined Toromont in 1988 as a Management Trainee and since then has held various positions at Toromont. He was promoted to President of Toromont CAT in September, 2004, and President & CEO of Toromont in March, 2012. Mr. Medhurst holds a B.Sc. degree in Forestry Engineering from the University of Toronto. He is also a member of the World Presidents' Organization (WPO).

Toromont Committees:
Mr. Medhurst does not serve on any Board committees but attends all meetings.

Attendance Record
Board – 10 of 10
Audit – 4 of 4
Nominating & Corporate Governance – 2 of 2
Human Resources & Compensation – 3 of 3

Current directorships
None

Past Directorships (2011 to 2016)
None

Areas of expertise:
- Familiarity with geographic regions of Toromont's business
- Knowledge of industries in which Toromont is active
- Strategic insight
- Health, Safety, Environment

Total compensation for 2016: [4]
$ 2,874,585

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	[1] Total market value of equity With Options	Without Options	Meets share ownership target
2016	98,303	14,297	400,000	6,089,411	3,583,811	Yes
2017	109,915	14,649	460,000	13,209,787	5,779,587	Yes
Increase/(Decrease)	11%	2%	15%			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	60,298,524	288,346	60,586,870
Percentage of votes	99.52%	0.48%	100%

Robert M. Ogilvie

Caledon, Ontario, Canada
Age: 71
Director since: 1986
Independent

Robert Ogilvie is Chairman of the Board of Toromont Industries Ltd. He joined Toromont as President in 1985 and was Chairman, President and Chief Executive Officer of Toromont from 1987 to 1997. Mr. Ogilvie was Chairman and Chief Executive Officer of Toromont from 1997 to January 2002, at which time he became Executive Chairman of the Board. Mr. Ogilvie ceased to be Executive Chairman of the Board in May, 2005 upon his appointment as non-executive Chairman. Mr. Ogilvie was re-appointed Chief Executive Officer in August, 2006, until March, 2012, at which time he became Executive Chairman for a one-year period until March, 2013. In March 2013 he ceased to be a member of the executive team and became the non-executive Chairman of the Board. Mr. Ogilvie holds a B.Comm. degree from Mount Allison University.

Toromont Committees:
Mr. Ogilvie does not serve on any Board committees but attends all meetings.

Attendance Record
Board – 10 of 10
Audit – 4 of 4
Nominating & Corporate Governance – 2 of 2
Human Resources & Compensation – 3 of 3

Current directorships
None

Past Directorships (2011 to 2016)
None

Areas of expertise:
- Strategic insight
- Finance, Accounting
- Corporate governance
- Economics
- Knowledge of industries in which Toromont is active

Total compensation for 2016:
$ 300,000

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	(1) Total market value of equity With Options	/ Without Options	Meets share ownership target
2016	2,043,896	40,928	210,000	69,176,520	66,254,220	Yes
2017	2,043,896	45,020	150,000	101,007,026	98,805,526	Yes
Increase/(Decrease)	n/c	10%	(29%)			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	58,942,648	1,644,222	60,586,870
Percentage of votes	97.29%	2.71%	100%

Katherine A. Rethy

Huntsville, Ontario, Canada
Age: 60
Director since: 2013
Independent

Toromont Committees:
- Nominating & Corporate Governance
- Human Resources & Compensation
- Audit

Katherine Rethy is an independent corporate director. Mrs. Rethy has held a series of progressively more senior roles at Noranda/Falconbridge, most recently as Senior Vice President, Global Services (including procurement, supply chain, risk management, insurance, information systems and facilities). Prior to joining Noranda, Mrs. Rethy was an executive with Dupont Canada Inc. where she held a number of roles, including legal counsel, sales and business management. Mrs. Rethy holds a J.D. from the University of Windsor, a B.Sc. from the University of Toronto, an M.B.A. from York University, and an M.A. from Lancaster University in the U.K. Mrs. Rethy has also completed the Director Education Program from the Institute of Corporate Directors.

Attendance Record
Board – 10 of 10
Nominating & Corporate Governance – 2 of 2
Human Resources & Compensation – 3 of 3
Audit – 4 of 4

Current directorships
Chemtrade Logistics (reporting issuer)

Past Directorships (2011 to 2016)
Equitable Group Inc.
SBM Offshore N.V. (Netherlands)

Areas of expertise:
- Familiarity with geographic regions of Toromont's business
- Knowledge of industries in which Toromont is active
- Strategic insight
- Corporate governance

Total compensation for 2016:
$ 171,500

Securities held and total market value as at February 29, 2016 and February 28, 2017:

Year	Shares	DSUs	Options	(1) Total market value of equity With Options	Without Options	Meets share ownership target
2016	0	10,321	n/a	322,458	322,458	No
2017	0	14,039	n/a	658,761	658,761	Yes
Increase/(Decrease)	n/c	36%	n/a			

Voting results of 2016 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	58,608,421	1,978,449	60,586,870
Percentage of votes	96.73%	3.27%	100%

Notes:
(1) Value of equity holdings includes the value of owned common shares, deferred share units (DSUs) and the value of in-the-money unexercised stock options, based on the closing share price of Toromont's common shares of $31.79 and DSU value of $31.24 as at February 29, 2016 and the closing share price of Toromont's common shares of $46.33 and DSU value of $46.91 as at February 28, 2017.
(2) The aggregate shareholdings of directors is 2,593,091common shares representing approximately 3% of the issued and outstanding common shares (non-diluted) as at February 28, 2017.
(3) The total accumulated value of directors' equity holdings is $144,065,807 as of February 28, 2017 ($130,787,711 excluding options).
(4) Mr. Medhurst is the President and Chief Executive Officer of Toromont Industries Ltd. and, accordingly, does not receive any compensation in his capacity as a Director.
(5) See page 44 for the determination of how Directors meet their share ownership target.

Independence and Skills

The NCG Committee reviews the factual circumstances and nature of relationships with Toromont and its management of each director nominee to determine whether he or she is "independent" within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") and in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**"). Each director also signs an annual acknowledgement of the level of his or her independence. Based on a careful review, the NCG Committee has concluded that there are nine (9) independent director nominees for the Board: J.S. Chisholm, C.E. Cranston, R.M. Franklin, D.A. Galloway, J.W. Gill, W.S. Hill, J.S. McCallum (Lead Director), R.M. Ogilvie (Chairman of the Board), and K.A. Rethy.

Toromont believes that having an independent Board Chairman and maintaining separation between the CEO and Chair positions fosters strong leadership, robust discussion and effective decisions while avoiding potential conflicts of interest. To that end, with respect to the Chairman of the Board, Mr. Ogilvie, the NCG Committee also determined that Mr. Ogilvie currently is, and has now been for some time, independent within the meaning of applicable securities laws and policies. As of the date of the Meeting, more than four years will have elapsed since Mr. Ogilvie served in any executive capacity with Toromont. Mr. Ogilvie does not engage in any related party transactions with the Corporation and nor does he have any consulting, advisory or other contractual arrangements with the Corporation outside of his role as the non-executive Chairman and a member of the Board. Having regard to his past relationships with the Corporation, including his historical roles at certain times in the positions of President, CEO and/or Executive Chairman, and considering his current relationships with management and the Corporation, the NCG Committee also determined that there are no "material relationships" (within the meaning of NI 52-110) which could, in the view of the Board, be reasonably expected to interfere with Mr. Ogilvie's exercise of independent judgement. This independence is fostered and preserved through additional governance processes and procedures maintained by the Corporation, including the facts that each committee of the Board is comprised of independent directors, the Chairman's roles and responsibilities are outlined in a written position description to ensure the Chairman and the Board function independently of management and in the past four years approximately one-third of the Board has been refreshed to introduce new independent directors and independent decision making (C.E. Cranston (2013), K.A. Rethy (2013) and J.W. Gill (2015)). For those reasons, the NCG Committee and the Board have determined that Mr. Ogilvie is independent. However, in order to ensure a smooth transitioning of the functions and duties of the Lead Director position historically held by Mr. McCallum back to the Chairman, the NCG Committee and the Board have also determined to retain Mr. McCallum in the Lead Director position until his anticipated resignation at the 2018 annual shareholders meeting, at which time it is expected that the Lead Director position will be eliminated and the Chairman will perform all of the duties and responsibilities as non-executive Chair of the Board (including any duties historically performed by the Lead Director).

Accordingly, the Board is comprised of a majority of directors, including a Chairman and a Lead Director, who are unrelated and independent within the meaning of NI 52-110 and in compliance with NI 58-101 and NP 58-201. See also the section *"Statement of Corporate Governance Practices – Director Independence"* below. Only S.J. Medhurst, the President and Chief Executive Officer of Toromont, is not independent by virtue of his role as an executive officer of the Corporation.

In considering nominees for the Board, the NGC Committee has developed a skills matrix to identify and assess the Board's skills, experiences and qualifications including those shown below in order to ensure the Board is comprised of an effective complement of skills to carry out its mandate:

	JEFFREY S. CHISHOLM	CATHRYN E. CRANSTON	ROBERT M. FRANKLIN	DAVID A. GALLOWAY	JAMES W. GILL	WAYNE S. HILL	JOHN S. MCCALLUM	SCOTT J. MEDHURST	ROBERT M. OGILVIE	KATHERINE A. RETHY
Knowledge of one or more industries in which Toromont is active	x	x	x	x	x	x	x	x	x	x
Individuals engaged in a broad variety of businesses or professions	x	x	x	x	x	x	x		x	x
Strategic insight	x	x	x	x	x	x	x	x	x	x
Familiarity with geographic regions in which Toromont carries on its business	x	x	x	x	x	x	x	x	x	x
Finance, accounting	x	x	x	x	x	x	x		x	
Health, safety, environment, sustainability			x	x	x		x	x		x
Economics	x	x		x		x	x		x	
Corporate governance	x	x	x	x	x	x	x		x	x
Previous public company board experience	x		x	x	x	x	x		x	x
Diversity (gender, geography, age, expertise, experience, cultural background, etc.)	x	x	x	x	x	x	x	x	x	x
Previous or current senior level management experience (CEO, CFO, COO, Chair, etc.)	Vice-Chair	SR.VP	Chair	CEO	CEO	EVP	Chair	CEO	CEO	Pres.
Post graduate educational achievement		MBA		MBA	Ph.D.	CA	Ph.D		CA	MBA

The NCG Committee may also consider other factors that it deems relevant in the context of individual nominees, including the benefits of promoting diversity, as discussed below.

Approach to Board Evaluation and Renewal

Toromont does not have any term limits in place for forcing the renewal or replacement of its Directors. However, Toromont does maintain a retirement policy (discussed further on page 44 of this Circular). While there is benefit to adding new perspectives to the Board from time to time (which we believe can happen naturally without forcing the issue through term limits), there are also benefits to be achieved by continuity, the experience and knowledge that comes from longer-term service on a board, and Directors learning the business really well. We believe the key is to choose Directors very well in the first place and Toromont uses a rigorous identification and selection process for new Directors, having regard to a variety of factors, including diversity generally and gender diversity in particular. Among other things, using the skills matrix identified above (with consideration of the skills of retiring Directors), the NCG Committee (led by the Committee Chair) together with input from the Board Chair and Chief Executive Officer determines the desired skills and qualifications needed in new recruits, in accordance with a Nomination of Directors Policy initially adopted by the Board in August 2004 and updated in February 2015 and ratified by the Board in order to, among other things, set out the criteria and objectives to be considered by the NCG Committee and the Board in identifying, evaluating and selecting prospective Board nominees and the process to be followed in an effort to ensure the most qualified directors from diverse backgrounds and with the relevant experiences, expertise, perspectives and personal skills and qualities are selected based on merit against the objective criteria and factors set out in those Policies. These Policies, together with the other information discussed above, form the basis for providing direction to the NCG Committee, and where appropriate, an external search firm for use in identifying, evaluating and selecting potential nominees for review first by the Chair of the NCG Committee and ultimately the full Board.

Toromont also undertakes a robust annual assessment process that includes: Director reviews conducted through completion of annual assessment questionnaires about the effectiveness of the Board, each committee and each individual Director, followed by one on one conversations between the Lead Director and each Director leading to a report to, and discussion with, the full Board. If a problem or deficiency arises with respect to the effectiveness of the Board, any committee or any Director, the Board believes that it would be capable of addressing the problem in the appropriate way.

Board and Leadership Diversity

Toromont currently has, and assuming management's Director nominees are elected at the meeting, will continue to have two female Directors on a Board of 10, representing 20% of the Board and 22% of independent Directors. Each of our female Directors was elected to the Board in 2013. Consistent with Toromont's values, including promoting diversity and employment equity on a company-wide basis, the Board recognizes the benefits of diversity. Diverse perspectives can contribute to innovation and growth for Toromont and is one of many contributing factors to effective corporate decision-making. To that end, in February 2015 the Board adopted a Board of Directors Diversity Policy (the "**Board Diversity Policy**"), setting out various diversity criteria the Corporation considers in identifying, assessing and selecting potential nominees for the Board. Pursuant to the Board Diversity Policy, "diversity" includes gender, race, ethnicity, sexual identity/orientation, age, cultural background, religion and political affiliation. The Board Diversity Policy, together with the Nomination of Directors Policy described above, provides a framework and various criteria for the NCG Committee and the Board to review and assess the Board composition and to identify, evaluate and recommend the appointment of new Directors. Pursuant to those Policies, the NCG Committee takes into consideration diversity as one of many factors in order to maintain an appropriate mix and balance of diversity, attributes, skills, experience and background on the Board.

As part of the implementation of the Board Diversity Policy, the Board, together with the NCG Committee and Toromont's executive officers, regularly discuss available opportunities for pursuing the principles and objectives thereunder, and are also engaged in considering broader diversity and inclusiveness initiatives organization-wide. As previously disclosed, in 2015, pursuant to the Board Diversity Policy, the Board established two objectives relating to diversity of the Board: (a) the NCG Committee was tasked with reviewing Toromont's approach to leadership diversity to determine what additional changes in policies and procedures may be beneficial to promote diversity, and (b) modifying its director identification, selection and nomination process to enhance the diversity of candidates put forward. With respect to the latter objective, in 2015 the Board updated its Nomination of Directors and New Director Process policies to incorporate additional provisions to foster diversity on the Board. Pursuant to those policies, an external search firm is retained to support the recommendations of the NCG Committee and is required to put forward at least one credible and suitably experienced candidate who enhances the diversity of the Board having regard to the diversity criteria under the Board Diversity Policy. To that end, in connection with Mr. Gill's nomination and appointment to the Board in 2015, the Board retained an external search firm to assist with the identification of potential new directors in accordance with criteria and objectives of the Board Diversity Policy, which firm was made aware of the diversity requirements under Toromont's policies and, per their terms, the firm identified and presented a list of diverse candidates including with respect to gender, age, geographic background, industry experience, expertise and Board experience. With respect to the first objective, in 2015 and 2016 the Board reviewed its internal policies and practices relating to diversity at Toromont – both with respect to the Board and on a broader company-wide basis. That review resulted in the enhancements made to the Board identification, selection and nomination policies described above and the initiatives discussed below.

Toromont has been proactive in its effort to enhance the diversity of its leadership team, including its executive officers, as well as the workplace more generally. While it was determined that further changes are not warranted to Toromont's governance policies at this time given the prior diversity-related enhancements made to those policies, the review described above has resulted in the following actions and initiatives to foster diversity and inclusiveness.

- Toromont's management tracks and annually reports to the Board on the results of its diversity-related actions and initiatives.
- Toromont has expanded its reach-out programs to connect with a broader and more diverse group of employment candidates. These programs include working with charitable organizations to identify qualified candidates seeking to overcome disability, out-reach to First Nations and Inuit communities through attendance at schools and career fairs in remote communities and through community liaison officers, attendance at "women in trades" events in multiple cities and attendance at numerous career days at colleges and universities with a particular emphasis on attracting diverse candidates, especially women.

- In 2016 the Corporation initiated an online diversity and inclusiveness training program that remains available through Toromont University. The program is aimed at educating employees on the importance of diversity and inclusiveness, embracing differences and communicating with employees, customers and stakeholders with diverse backgrounds. The course is also part of the Service Management Curriculum for managers at Toromont Cat.
- Toromont has been proactively identifying, mentoring and selecting women and other diverse candidates to participate in its Management Training Program. These efforts have resulted in the identification of more female participants in the program as well as recent promotions of female employees to managerial positions within different Toromont divisions.

Based on the above and other efforts of Toromont and its executive team, which will continue through 2017 and into 2018, the Board believes that Toromont is taking the appropriate actions to continue to advance diversity within its organizations, including at managerial and leadership levels. Based on the annual diversity report provided to the Board in 2016, these and other actions have resulted in an increase in the number and proportion of women, aboriginals, visible minorities and persons with disability throughout the organization since 2010.

Toromont has not, at this time, established any fixed targets regarding the representation of women on the Board. It does not believe that quotas or strict rules necessarily result in the identification or selection of the best candidates. Rather, selection is made as per the criteria and process described above and having regard to the skills matrix outlined on page 17 of the Circular. Moreover, while it is important to set the tone at the top, as reflected by the fact that 20% of Toromont's Board (22% of independent directors) is comprised of women, the Corporation believes that actions speak louder than words and, accordingly, has determined that at this stage the best approach to fostering diversity, including increasing the representation of women in executive and managerial positions and within the workforce more generally, is its sustained focus on the actions outlined above. The NCG Committee and Board also believe that, in light of the turnover in the Board over the past four years (the introduction of three new Board members, two of which are women) and the Corporation's current strategies and plans, it would not be appropriate to fix targets for gender representation at the Board level at this time.

The NCG Committee remains responsible for overseeing implementation of the Board Diversity Policy, reporting to the Board on progress made in achieving objectives fixed from time to time under the Policy, and will also periodically evaluate and report on the effectiveness of the Policy in enhancing diversity and whether, in the future, aspirational gender targets may be appropriate to consider at the Board level.

With respect to Toromont's executive officers, one of Toromont's Vice Presidents is female, representing one executive officer of six (or about 17% of all executive officers). Similar to Board diversity, and as discussed above, Toromont understands the benefits of a diversified work force, and diversity, including the level of female representation, is one of many factors considered for hires and promotions under the Corporation's policies and practices described above as well as pursuant to Toromont's Employment Equity Policy. The Board also considers factors such as years of service, regional background, merit, experience and qualification. In addition, the relative diversity of Toromont's executive team is also driven by other factors, many of which are outside of the control of the Corporation, including the level of staff turnover, when hiring and promotion opportunities arise, the available pipeline of staff with the necessary skills and experiences, and various other factors. Accordingly, the Board does not set specific gender representation targets when identifying potential candidates to executive officer positions, but does consider diversity and seeks to ensure a representative list of women is included among the group of prospective candidates for executive positions. The Board intends to continue to work to increase the level of diversity within the Corporation.

Additional Disclosure Relating to Directors

No proposed director of Toromont is, or within the 10 years prior to the date of this Management Information Circular has been, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation, in each case, for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation, in each case, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. No proposed director of Toromont is, or within the 10 years prior to the date of this Management Information Circular has been, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. No proposed director has, within the 10 years prior to the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Meetings Held and Attendance of Directors

The following table summarizes the meetings of the Board of Directors and its committees held during the year ended December 31, 2016, and the attendance of individual directors of the Corporation at such meetings.

Director	Board Meetings Attended	Committee Meetings Attended – 2016		
		Audit Committee	HRC Committee	NCG Committee
Jeffrey S. Chisholm(1)(3)	10	4	-	2
Cathryn E. Cranston(1)(3)(6)	10	4	-	1
Robert M. Franklin(1)(2)	9	3	2	-
David A. Galloway(1)(2)(3)	8	3	3	2
James W. Gill (1)(2)(7)	9	2	2	-
Wayne S. Hill(1)(2)	10	4	3	-
John S. McCallum(1)(3)	10	4	-	2
Scott J. Medhurst(4)	10	4	3	2
Robert M. Ogilvie(5)	10	4	3	2
Katherine A. Rethy(1)(2)(3)	10	4	3	2
Total Meetings Held	**10**	**4**	**3**	**2**

Notes:
(1) Member of the Audit Committee.
(2) Member of the HRC Committee.
(3) Member of the NCG Committee.
(4) Mr. Medhurst is a current officer of Toromont and as such is a related director. He does not serve on any of the Committees of the Board, but attends Committee meetings as invited.
(5) Mr. Ogilvie is the non-executive Chairman of the Board and does not currently serve on any of the Committees of the Board. He attends committee meetings in his capacity as Chairman.
(6) Ms. Cranston was appointed to the NCG Committee on April 28, 2016. She attended each Committee meeting held after her appointment.
(7) Mr. Gill was appointed to the Audit and HRC Committees on April 28, 2016. He attended each Committee meeting held after his appointment.

Orientation and Continuing Education

All directors are required to continuously advance their knowledge of the Corporation's business, the sectors in which it operates, emerging trends and issues, and significant strategic initiatives.

The orientation and education of new members of the Board includes meetings with the President and Chief Executive Officer and Chief Financial Officer of the Corporation, meetings with the Chairman and the Lead Director, as well as meetings and briefing sessions with selected other senior executives of the Corporation. A new director is also provided with a range of written materials, including those which outline the organization of the Corporation and its Board and committees, as well as the Board Mandate, the charters of the Board's committees, and copies of Toromont's other corporate governance policies and key position descriptions, copies of the Corporation's strategic and financial plans and budgets, and copies of the Corporation's most recent continuous disclosure documents. Management of the Corporation and external advisors, where appropriate, also review with the new director his or her legal duties and responsibilities as a member of the Board, the current corporate strategy and arrange site visits as well as private meetings with senior members of management at each principal business unit. A new member of the Board will also be provided with information on the Corporation's products, services, suppliers and customers, as well as a review of the financial condition and results of the Corporation. Upon joining the Board, the Corporation's senior management and, where appropriate, its external advisors, provide new directors with information concerning regulatory and legal developments and trends in corporate governance practices of similarly-situated Canadian public companies. Existing members of the Board are also provided with ongoing updates and education regarding the foregoing matters by management and external advisors, as well as the other ongoing continuing education discussed below.

To assist directors in understanding their responsibilities and updating their knowledge of issues affecting our businesses, we provide directors with an ongoing education program. The Corporation's NCG Committee is responsible for (i) overseeing the orientation program for new directors and committee members with respect to their Board responsibilities, the role of the Board and its committees and the contribution individual directors are expected to make, and (ii) providing continuing education for all directors and committee members.

On an ongoing basis, the Corporation provides opportunities for directors to make site visits, and to read and hear about specialized and complex topics relevant to the Corporation's operations and strategies. In particular, directors:

- receive timely access to comprehensive materials and relevant information prior to each Board and committee meeting, including strategies and plans, draft continuous disclosure documents, management presentations, and updates of key developments and trends in the industry and in legal and governance matters;

- receive regular presentations on relevant topics from both management and external advisors as appropriate; and,

- have full access to our senior management and employees.

Briefings, site visits and development sessions also underpin and support the Board's work in monitoring and overseeing progress towards the Corporation's objectives and strategies. We therefore continuously build directors' knowledge to ensure the Board and its committees remain up to date with developments and trends within our business and key operating segments, as well as developments within the markets and industry within which we operate. The Board and NCG Committee also, as part of their yearly reviews and assessments, consider development and training needs to ensure that education and training opportunities are identified and developed to be responsive to the Board's specific areas of focus and the Corporation's current environment in which it operates. During the 2016 fiscal year, directors participated in educational sessions and received educational materials on the topics, including those outlined below.

DATE	**EDUCATIONAL SESSION**	**AUDIENCE**
February 2016	Educational session led by Toromont Power Systems VP on the power generation industry in Ontario	Board
April 2016	Briefing on and discussion of Shareholder engagement by Toromont VP & General Counsel	Board
	Update on cyber security risks and protections being implemented at Toromont, led by Toromont's VP & CIO	Board
November 2016	Educational session and update on other cyber-security issues by Toromont's VP & CIO	Board
	Educational session and update from VP, Finance regarding accounting changes, including an IFRS update	Audit
	Discussions and educational session on Board and executive officer diversity, term limits, information circular disclosure, regulatory developments and other governance trends and developments, etc., among other issues, led by counsel from Davies Ward Phillips & Vineberg LLP	Nominating & Corporate Governance

In 2016, directors were provided with materials to support the above educational initiatives. The materials are updated from time to time with new topics, updates on previous presentations, strategic priorities and select other topics.

BOARD OF DIRECTORS' COMPENSATION

Overview of Compensation of Directors

The NCG Committee reviews on an annual basis the compensation of the Corporation's directors (including that of the Board Chairman). In its annual review, the NCG Committee reviews both the components of this compensation and the overall compensation package. Whenever possible, the NCG Committee uses the latest available studies from multiple compensation consulting firms and executive recruiting firms as well as, on occasion, information from publicly filed information circulars to determine trends in compensation for directors and the relative compensation levels of Toromont's directors. In 2016, the NCG Committee utilized the most current study, being the latest study from Spencer Stuart (their own index of 100 leading Canadian companies with revenue of at least $1 billion per year (the "**CSSBI"**)). Where the information is available, compensation data is used for companies in the same revenue range as Toromont (the CSSBI contains a category of 51 companies with annual revenues between $1 and $5 billion). Based on such reviews, the NCG Committee recommends changes (if any) to Director compensation to the full Board for approval. No changes were made to Director compensation in 2016.

Except in special circumstances as approved by the Board, Directors who are executive officers of Toromont or its subsidiaries do not receive director's fees. For the fiscal year ended December 31, 2016, the Directors of the Corporation were paid fees by the Corporation in return for their service as directors as noted:

- Chairman retainer of $300,000 including $135,000 in DSUs;
- Annual cash retainer of $50,500 and annual DSU grant of $65,000 for other directors;
- Committee Chair retainers of: Audit Committee $20,000; HRC Committee $12,000 and NCG Committee $10,000;
- Committee retainer of $5,000 per member (excluding Committee Chairs) except Audit Committee retainer of $8,000 per member;
- Board and Committee meeting fee of $2,000 per meeting attended (including for non-committee members that are asked to join a Committee meeting);
- Lead Director retainer of $33,000.

The Corporation maintains a deferred share unit plan (the "**DSU Plan**") that, among other things, allows directors to elect to receive their fees (retainer, meeting and otherwise) in the form of deferred share units ("**DSUs**") instead of cash. The DSU Plan was introduced to tie a greater percentage of a director's compensation more closely to shareholder interests. Directors participating in the DSU Plan choose the percentage of their fees to have allocated to their DSU account. DSUs are credited at the end of each quarter by dividing the relevant fees by the daily average of the high and low board lot trading prices of Toromont's common shares on the Toronto Stock Exchange ("**TSX**") for the five trading days immediately preceding the grant of DSUs. Additional DSUs are credited on the regular dividend payment dates as all dividends are assumed to be reinvested. Upon retirement from the Board, a participant in the DSU Plan will receive a cash payment equivalent to the number of DSUs credited to the notional account multiplied by the daily average of the high and low board lot trading prices of Toromont's common shares on the TSX for the five trading days immediately preceding the date of payment.

At the February 7, 2017 Board meeting, utilizing the latest studies from Korn Ferry and Spencer Stuart, the Board determined to increase the annual cash retainer from $50,500 to $55,500. All other fees remain unchanged.

In February 2013, and consistent with best corporate governance and compensation practices, the Board amended the Option Plan to remove the ability to grant options to directors and, accordingly, no options were granted to directors during fiscal 2016, nor will future grants of options be made to non-executive directors. Prior to February 2013, directors were entitled to receive annual grants of stock options exercisable for common shares of Toromont pursuant to Toromont's stock option plan (the "**Option Plan**"). Details in respect of the significant terms of the Option Plan are included under *"Statement of Executive Compensation – Stock Option Plan"* below.

Share-based compensation available to directors is now limited to grants of DSUs as described in this Circular.

Director Compensation Table

The following table sets forth information regarding the compensation provided, either directly or indirectly, by Toromont or a subsidiary of Toromont to each Director of Toromont for the fiscal year ended December 31, 2016 for services provided by them to Toromont or a subsidiary of Toromont. This table excludes compensation information for Scott Medhurst, the Corporation's Chief Executive Officer as he is a Named Executive Officer (as defined herein). For information regarding the compensation provided to Mr. Medhurst, see *"Statement of Executive Compensation – Summary Compensation Table"*. In fiscal 2016, as discussed above, the Directors did not receive any option-based awards.

Director	Fees earned ($) (1)	DSUs granted in lieu of options ($) (2)	Total ($)
Jeffrey S. Chisholm	95,500	65,000	160,500
Cathryn E. Cranston	92,250	65,000	157,250
Robert M. Franklin	96,500	65,000	161,500
David A. Galloway	103,500	65,000	168,500
James W. Gill	86,250	65,000	151,250
Wayne S. Hill	97,500	65,000	162,500
John S. McCallum	140,500	65,000	205,500
Robert M. Ogilvie	165,000	135,000	300,000
Katherine A. Rethy	106,500	65,000	171,500

Notes:

(1) Fees earned is comprised of annual retainer, committee, chair and meeting fees.

(2) The figures reflect the notional value of any DSUs awarded to directors, based on the notional grant date fair value. Each DSU is a notional security equivalent in value to one common share. A cash payment equal to the market value of the exercised vested DSUs on the applicable payment date is paid upon redemption. The figures above reflect the grant date fair value of DSUs granted on various dates, as approved by the NCG Committee and the Board. The grant date fair value of DSUs is calculated by taking the average of the high and low trading values of the common shares on the TSX for the five day period preceding grant.

(3) The Corporation reimburses Directors who live outside the Greater Toronto Area (GTA) for their travel and accommodation costs to attend meetings in Toronto. In addition, the Corporation reimburses all Directors for their travel and accommodation costs when meetings are held outside the GTA.

Outstanding Option-Based and Share-Based Awards for Directors

The following table sets forth information regarding options to purchase Toromont's common shares previously granted to each director of Toromont (excluding directors that are also Named Executive Officers) under the Option Plan that remained outstanding as at December 31, 2016, as well as DSUs granted to each director of Toromont (excluding directors that are also Named Executive Officers) under the DSU Plan that remained outstanding as at December 31, 2016.

	Stock Options (1)(2)				Deferred Share Units (3)	
Director	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of DSUs (#)	Value of DSUs ($)
Jeffrey S. Chisholm	1,670 4,000	17.10 20.76	12-Aug-2018 31-Jul-2019	42,168 86,360	14,625	619,223
Cathryn E. Cranston	n/a	n/a	n/a	n/a	15,415	652,671
Robert M. Franklin	3,350 10,000	17.10 20.76	12-Aug-2018 31-Jul-2019	84,588 215,900	37,397	1,583,389
David A. Galloway	8,350 10,000	17.10 20.76	12-Aug-2018 31-Jul-2019	210,838 215,900	61,318	2,596,204
James W. Gill	n/a	n/a	n/a	n/a	4,761	201,581
Wayne S. Hill	5,000 8,350 10,000	16.76 17.10 20.76	9-Feb-2017 12-Aug-2018 31-Jul-2019	127,950 210,838 215,900	9,342	395,540
John S. McCallum	2,000	20.76	31-Jul-2019	43,180	9,342	395,540
Robert M. Ogilvie	50,000 100,000	20.76 17.10	31-Jul-2019 12-Aug-2018	1,079,500 2,525,000	44,113	1,867,744
Katherine A. Rethy	n/a	n/a	n/a	n/a	13,639	577,475

Notes:

(1) The value of the unexercised in-the-money options is based on the difference between the market price of Toromont common shares

(2) The table does not include options granted under the Enerflex stock option plan in connection with the spinoff of Enerflex. See "*Statement of Executive Compensation – Stock Option Plan* ".

(3) Each DSU is a notional unit equivalent in value to one common share of Toromont, which amount is not payable until some future redemption date when the director ceases to serve on the Board. This value has not been realized by the director. The market value of one DSU as at December 31, 2016 was $42.34. The market value of DSUs is calculated by taking the average of the high and low trading values of Toromont's common shares on the TSX for the five day period preceding the valuation date - in this case December 31, 2016.

Director Incentive Plan Awards — Value Vested or Earned During the Year

The following table sets forth information regarding the vesting of option-based and share-based awards during the fiscal year ended December 31, 2016 for each of the Directors of Toromont (excluding Directors that are also Named Executive Officers) on an aggregate basis.

Director	Number of options vested during the year (#)	Aggregate number of DSUs granted during the year (#)	Value vested during the year ($)
Jeffrey S. Chisholm	3,670	1,757	139,338
Cathryn E. Cranston	-	1,757	65,000
Robert M. Franklin	3,670	1,757	139,338
James W. Gill	-	1,757	65,000
David A. Galloway	3,670	1,757	139,338
Wayne S. Hill	3,670	1,757	139,338
John S. McCallum	3,670	1,757	139,338
Robert M. Ogilvie	30,000	3,650	768,000
Katherine A. Rethy	-	1,757	65,000

Note: (1) Value of options represents the difference in share price on the vesting date and the option strike price. Value of DSU's based on grant date value.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

*This Compensation Discussion and Analysis describes and explains the significant elements of compensation awarded to, earned by, paid to, or payable to the named executive officers of Toromont, being the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers (collectively, the "**Named Executive Officers**" **or** "**NEOs**") for the year ended December 31, 2016. Toromont's Named Executive Officers for 2016 were Scott J. Medhurst, President and Chief Executive Officer; Paul R. Jewer, Executive Vice President and Chief Financial Officer; Randall B. Casson, President, Construction Industries; Michael P. Cuddy, Vice President and Chief Information Officer; and, David C. Wetherald, Vice President, Human Resources and Legal and Corporate Secretary.*

Overview

The Human Resources and Compensation Committee (the "**HRC Committee**") of the Board oversees, among other things, the compensation of executive officers and other senior management, short and long-term incentive programs and pension and other benefit plans. Generally speaking, the executive compensation program reflects the HRC Committee's philosophy that Toromont should remunerate its Named Executive Officers at a level commensurate with Toromont's financial performance and the market rate for executives with similar levels of responsibility with similarly situated companies.

The compensation of the Named Executive Officers is principally comprised of four elements: salary, annual performance bonuses paid in cash, long-term equity-based incentives (options) and retirement programs. In combination, these elements are designed to recognize those activities of the executive officers that advance the short and long-term business objectives of the Corporation. The overall objectives of the Corporation's executive compensation strategy for the Named Executive Officers include the following:

1. attract, motivate and retain superior executive talent through the use of competitive compensation;

2. motivate performance through linking incentive compensation to the attainment of specific business performance indicators;

3. maintain a high proportion of pay at risk to recognize performance and potential; and,

4. encourage commitment to Toromont and identification with shareholder interests on a long-term basis through the judicious use of equity-based incentives.

While Toromont's philosophy is to competitively recognize and reward an executive's contribution as a manager, the importance of business and shareholder returns over the longer term and continuous improvements in Toromont's financial performance play a significant role in determining an executive's total compensation. This is reflected in the emphasis given by the HRC Committee to variable compensation in the executive compensation program. The current mix targets salary in the range of 25-35% and variable compensation (annual bonus and grants under the Option Plan) at approximately 55-65% of compensation on average for each of the Named Executive Officers, with retirement programs and perquisites (less than 5%) accounting for the balance of compensation.

Compensation for each of the Named Executive Officers is reviewed annually to reflect past and expected future contributions, changing responsibilities and external factors such as inflation and market competitiveness. In arriving at its compensation recommendations, the HRC Committee has access to formal management performance assessments. Further, the HRC Committee receives periodic advice from Willis Towers Watson, an independent consultant that provides comparative market data.

Executive Compensation-Related Fees

The Corporation has retained Willis Towers Watson for more than 30 years. In 2015, Willis Towers Watson delivered a report on executive compensation for the NEOs and the VP, Finance to the HRC Committee for use in setting executive compensation for 2015 and received $37,041 in compensation-related fees. For 2016, Willis Towers Watson did not provide any services, or receive any fees, relating to executive compensation.

All Other Fees

In 2016, Willis Towers Watson earned $358,866 in fees (2015 – $327,763) from Toromont for the work it performed for management advice in respect of Toromont's retirement and benefit programs and, in the case of 2015, for advice in respect of Toromont's executive compensation. No fees were paid to Willis Towers Watson in 2016 for work related to executive compensation. The HRC Committee does not have to pre-approve the use of Willis Towers Watson by management for such purposes.

The following companies comprised the peer group used by Willis Towers Watson in the review it delivered in January 2015. They were recommended by Willis Towers Watson and approved by the HRC Committee as an appropriate group of comparable industrial companies, generally in industries in which Toromont operates.

Finning International Inc.	Resolute Forest Products Inc.	ATCO Ltd.	Methanex Corporation
Russel Metals Inc.	TransForce Inc.	TransAlta Corp.	Uni-Select Inc.
ShawCor Ltd.	Wajax Corporation	Norbord, Inc.	Capital Power Corporation
Tembec Inc.	Chemtrade Logistics Income Fund	CanWel Buildings Materials Group Ltd.	Ritchie Bros. Auctioneers Incorporated

The above peer group was used to benchmark the aggregate compensation levels of executives as well as the individual elements of compensation.

There was no change in Toromont's philosophy regarding executive compensation and no new compensation plans in 2016.

Voting results from Toromont's annual meeting of shareholders, held on April 27, 2016, regarding Toromont's approach to executive compensation "say on pay" were as follows:

This matter was put to a vote by way of ballot at the Meeting. The total votes cast by all Shareholders present in person or by proxy were as follows:

	TOTAL VOTES	***PERCENTAGE OF VOTES CAST***
Votes in Favour	*52,339,031*	*86.39%*
Votes Against	*8,247,839*	*13.61%*

Elements of Compensation

All of the elements of compensation discussed below are applicable to the compensation of the Named Executive Officers.

Salaries

Base salary levels are determined primarily as a result of the assessment of the nature of the position and contribution of each Named Executive Officer. Toromont believes that the current salary levels of the Named Executive Officers are reasonable in relation to Toromont's financial performance and what it would have to pay to recruit executive officers with similar qualifications and experience.

Annual Bonus Incentives

For the year ended December 31, 2016, the Corporation provided annual bonus incentive compensation to the Named Executive Officers through the Executive Incentive Plan ("**Executive Incentive Plan**"). The aggregate amount of bonuses awarded under this incentive plan were determined using three factors:

1) The established business performance indicator of Return on Shareholders' Equity ("**ROSE**"). ROSE is calculated by dividing adjusted net earnings for the full year by adjusted opening shareholders' equity. Awards under the ROSE factor do not commence until a ROSE threshold of 8% has been achieved. The target bonus from the ROSE factor is payable at 18% ROSE with the maximum bonus from the ROSE factor payable at 23%.

2) Growth in Earnings per share ("**GEPS**"). The GEPS factor generates bonus as follows:

- -10% GEPS – no bonus from this factor
- 0 GEPS – one-half the target bonus from this factor
- 10% GEPS – target bonus from this factor
- 20% GEPS – maximum bonus from this factor

3) Qualitative factors for each NEO. In February of each year the HRC Committee approves qualitative measures specific to each NEO to drive specific behaviours and initiatives. This could include factors such as key project execution, health and safety results, leadership, succession planning, customer loyalty, relations with key suppliers, risk management oversight and other factors determined by the HRC Committee. If an NEO meets expectations then they will receive the target bonus from this factor. A maximum bonus from this factor is paid for significantly exceeding expectations.

The maximum amount of the bonuses payable and the targets applicable to executives vary based on the positions and responsibilities of the executive, as follows:

Note: each category is expressed as a % of salary	ROSE target bonus	ROSE maximum bonus	GEPS target bonus	GEPS maximum bonus	Qualitative meets expectations (target)	Qualitative significantly exceeds expectations (maximum)
CEO	86.5	130	33.35	50	13.3	20
Executive VP & CFO President, Construction Industries	65	97.5	25	37.5	10	15
VP, HR & Legal VP, CIO	55.3	81.25	21.25	31.25	8.5	12.5

The HRC Committee believes that the Executive Incentive Plan is very transparent and well aligned with shareholder interest in generating an attractive rate of return on their investment in Toromont. ROSE has been used by Toromont to measure its financial performance over the past 29 years. Toromont's exceptional long term financial performance demonstrates the discipline instilled in the Corporation by the use of such metric as it sets targets that are above peer performance and it has a built in growth requirement as shareholders' equity (the denominator) builds. GEPS has been used the past four years to further align executive compensation with growth in earnings and the qualitative factors were first introduced in 2015. In addition, the HRC Committee has the discretion to increase or decrease the individual bonuses generated by the guidelines outlined below. For example, additional bonuses may be paid to executives for extraordinary work on corporate transactions. In 2016, the ROSE factor represented 65%, the GEPS factor 25% and the qualitative element 10% of the bonus factors. No changes were made for 2017. These percentages will be reviewed annually by the HRC Committee.

In 2016, ROSE was 20.32%, GEPS was 6.69% and all NEOs met or exceeded expectations. Based on the above formula, and, utilizing the above guidelines, bonuses of 95% to 148% of salary were awarded to the Named Executive Officers. In addition, a merit bonus of $80,000 was provided to Mr. Cuddy for successfully concluding a complex corporate transaction in 2016.

Deferred Share Unit Plan

Beginning in the 2008 calendar year, the Board determined that certain key employees, including the Named Executive Officers, could participate in the DSU Plan. The issue of DSUs to key employees increases their investment in Toromont by permitting these key employees to defer all or part of their annual bonus and linking the deferred amount of the annual bonus to the share performance of Toromont's common shares. If a key employee elects to participate in the DSU Plan, all or part of his or her annual bonus can be converted to DSUs by dividing the relevant bonus by the daily average of the high and low board lot trading prices of Toromont's common shares on the TSX for the five trading days immediately preceding the conversion date. Timing of the conversion date is determined in the sole discretion of the Board. As with Director participants in the DSU Plan, additional DSUs are credited to key employee participants on the regular dividend payment dates as all dividends are assumed to be reinvested. In addition, the DSU Plan provides the Board with the authority to grant DSUs on a discretionary basis to key employees regardless of their decision to participate in the DSU Plan, with vesting conditions determined by the Board. Participants cannot redeem their DSUs until they are no longer an employee, officer or director, as applicable, of Toromont. DSUs become redeemable at the option of the participant at a date (or two dates) no later than December 15 of the first calendar year commencing after their service with Toromont is terminated. Any such participant will be entitled to one (or two, as applicable) lump sum cash payments as soon as is practicable after the applicable redemption date in an aggregate amount equal to the value of the DSUs to be redeemed, less any required withholding.

Long-Term Equity Based Incentives

The Option Plan, as described under *"Stock Option Plan"* below, is Toromont's long-term incentive program for executives. Options under the plan are granted by the Board. The Option Plan is intended to emphasize management's commitment to growing Toromont and enhancing shareholder wealth through consistent improvement in net earnings and return on shareholders' equity.

Retirement Programs

Toromont maintains a registered defined contribution plan (the "**Defined Contribution Plan**") to provide payments to eligible employees of Toromont and certain subsidiaries after retirement and until death in respect of their service as employees. Each of the Named Executive Officers participates in the Defined Contribution Plan.

In 2005, Toromont implemented the Supplemental Employee Retirement Plan (the "**Supplemental Employee Retirement Plan**") for a group of senior managers (including the Named Executive Officers) at Toromont and its subsidiaries. This supplemental plan provides for the establishment of a supplementary liability account by Toromont to the extent that the normal employer contributions (as defined under the Defined Contribution Plan) to the Defined Contribution Plan exceed the restrictions imposed by the *Income Tax Act* (Canada) in any particular year. Interest income for any particular year is credited to each individual's supplementary account at the end of each fiscal year, based on a rate equivalent to the lesser of (a) the prior year's annual rate of increase in the consumer price index plus 4%, and (b) 9%, multiplied by the beginning account balance for such year. As the annual rate of increase in the consumer price index in the 2015 fiscal year was 1.1%, for 2016 the applicable rate applied to the account balance for such year was 5.1%. Toromont's contributions vest after two years of membership in the Supplemental Employee Retirement Plan. For participants in the Supplemental Employee Retirement Plan, the employer's normal contribution under the Defined Contribution Plan is 10% of the Supplemental Employee Retirement Plan participant's base salary plus 10% of the participant's target bonus and the participant's contribution is 5% of his or her base salary (until the maximum contribution is reached).

The total cost to Toromont in 2016 for the Supplemental Employee Retirement Plan was $802,835. The accrued liability under the Supplemental Employee Retirement Plan was $4,546,191 as at December 31, 2016.

Further details on benefits and payments to the Named Executive Officers under the Defined Contribution Plan and the Supplemental Employee Retirement Plan can be found under the heading *"Pension Plan Benefits"* below.

All Other Compensation

Toromont provides executive benefits and perquisites to provide the Named Executive Officers with a competitive total compensation package that allows them to focus on their daily responsibilities and the achievement of Toromont's objectives. The perquisites provided to the Named Executive Officers consist of automobile allowances and associated expenses, club membership dues, financial consulting services of up to $10,000 per year, executive medical benefits of up to $10,000 per year and life insurance premiums (the value of all of which, except for the medical benefits, are included as taxable income to the executive). The HRC Committee does not believe that perquisites and other benefits should represent a significant portion of the compensation package of the Named Executive Officers. In 2016, perquisites and other benefits represented less than 5% of the total compensation for each of the Named Executive Officers.

Compensation Program Risk Factors

The Board, primarily through the HRC Committee, is responsible for approving, monitoring and amending the Corporation's principal compensation programs (as described above). While the Corporation's compensation plans contain a significant component of variable compensation for senior management and executives, the Corporation's compensation plans are balanced between short term and long term incentives, with caps on bonuses and all bonus pools subject to approval by the HRC Committee. The basic metric used by the Corporation is Return on Capital Employed for each business unit and ROSE for all NEOs. As all bonus pools are approved by the HRC Committee, the HRC Committee determines how much of each pool may be distributed (not all is necessarily distributed in each year and there is no carry-over of unused monies). The HRC Committee also approves the individual bonuses for the senior management of the Corporation's business units.

The Corporation issues relatively modest levels of options (option values generally represent less than 25% of recipient's annual compensation packages) with vesting occurring over five (5) years thus encouraging longer term consistent improvement in net earnings.

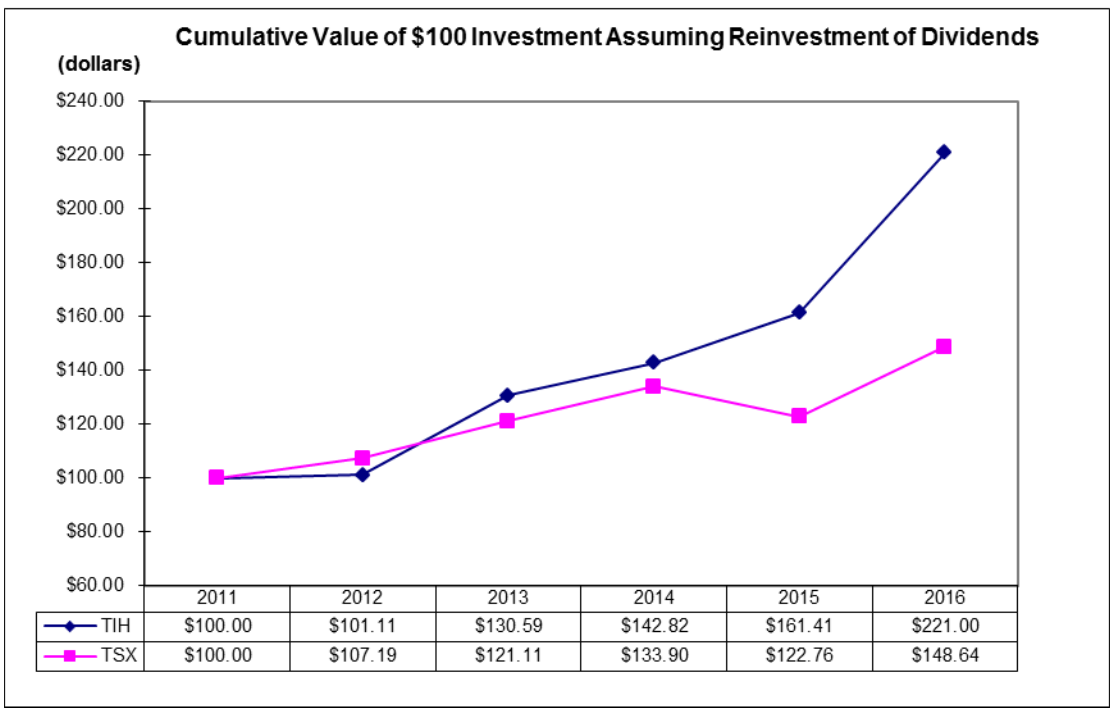
Furthermore, risk is mitigated by the Corporation's strong ethical culture and the prevention of speculation in financial instruments such as hedges, as described below. In addition, risks are mitigated through the Corporation's clawback policy which applies to option grants and annual incentive awards (see also *"Statement of Corporate Governance Practices – Share Ownership and Compensation"* below). As a result of the foregoing checks and balances, the Board has not identified any risks arising from the Corporation's compensation policies and practices that are likely to have a material adverse effect on the Corporation.

Anti-Hedging Policy

The Corporation's Directors and Named Executive Officers are prohibited from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities held, directly or indirectly, by such Directors and Named Executive Officers.

Share Performance Graph

The following graph compares the cumulative total shareholder return for $100 invested in common shares of Toromont on December 31, 2011 with the cumulative total return of the S&P/TSX Composite Total Return Index for the five most recently completed fiscal years, assuming reinvestment of all dividends. **Note: the following graph has been adjusted for the Enerflex spinoff in 2011.**



	2011	2012	2013	2014	2015	2016
TIH	$100.00	$101.11	$130.59	$142.82	$161.41	$221.00
TSX	$100.00	$107.19	$121.11	$133.90	$122.76	$148.64

For each of the past five years, aggregate annual Named Executive Officer compensation has increased or decreased relative to total shareholder return on the following basis:

Year	Total shareholder return	NEO Compensation Increase (Decrease)
2012 (1)	1.1%	34.9%
2013 (1)	29.2%	(16.8%)
2014	9.4%	3.5%
2015	13.0%	11.1%
2016 (2)	36.9%	(0.7%)

Notes:

(1) As part of succession initiatives, the number of NEOs increased by one in 2012 with the appointment of S.J. Medhurst as President and Chief Executive Officer, and R.B. Casson as President, Construction Industries. Given the successful initiatives, the number of NEOs was reduced by one in 2013.

(2) The aggregate compensation paid to Named Executive Officers for 2016 represented 5.0% of Toromont's net income in 2016.

Stock Option Plan

Toromont maintains the Option Plan. Options granted under the plan are not exercisable until the first anniversary of the date of the grant of the options. Options become exercisable at the rate of 20% on each anniversary of the date of grant on a cumulative basis and become fully exercisable on the fifth anniversary of the date of grant. Options issued before 2013 must be exercised not later than seven years from the date of the grant of the option, and all subsequent options granted must be exercised not later than 10 years from the date of the grant of the option.

The Option Plan is administered by the Board. Grant sizes for NEOs other than the CEO are recommended by the Chief Executive Officer, determined by the HRC Committee and approved by the Board after considering amounts and terms of outstanding options and, as previously discussed, recommendations on competitive market practices for overall compensation packages as provided by independent, external consultants. In addition, in determining the number of options to be granted to an individual, the HRC Committee considers the person's level of responsibility and past and expected future contributions to Toromont. In order to be considered for an award of options under the Option Plan, an employee (except new employees) must own shares of Toromont. As a general rule, the employee will not be granted options in any year for shares in excess of the number of shares owned. However, new employees (and those with increased levels of grants) may be given a grace period of two years to accumulate the necessary stake. The exercise price of each option is fixed by the Board at the time of grant of the option and, so long as the common shares of Toromont are listed and posted for trading on the TSX, must be equal to the weighted average price per share at which the common shares of Toromont have traded on the TSX during the last five trading days prior to the date of grant of the option on which at least a board lot of common shares of Toromont has traded (the "**Grant Date Market Value**"). If the grant of options occurs during a black-out period, the exercise price of each option will be fixed at the greater of the Grant Date Market Value and the weighted average price per share at which the common shares of Toromont have traded on the TSX during the five trading days on which at least a board lot of common shares of the Corporation has traded following the end of the black-out period. The current Option Plan will terminate on April 15, 2019, subject to the right of the Board to renew the Option Plan from time to time for successive periods not exceeding three years in length. The aggregate number of options that may be granted under the Option Plan in any one calendar year shall not exceed 1% of the outstanding shares of Toromont as of the beginning of the year in which a grant is made.

In February 2013, the Board amended the Option Plan to remove the ability to grant options to Directors. Current participants in the Option Plan are the Named Executive Officers, the directors (for options granted prior to 2013) and other senior personnel at Toromont and each division, and certain directors, officers and senior personnel at Enerflex or one of its affiliates who received options under the Option Plan in connection with the spinoff of Enerflex Ltd. (see below). The total number of outstanding options was 2,367,746 as of February 28, 2017, representing 3% of Toromont's currently outstanding common shares. In July 2016, the Board granted 517,500 options (or 0.7% of the then outstanding number of common shares). In addition, as of February 28, 2017, there remained an additional 2,547,085 options available for issuance, or 3.2% of Toromont's currently outstanding common shares. No one person is entitled to receive options representing more than 5% of the currently outstanding common shares of Toromont. Except for directors, officers or full-time employees, as applicable, of Enerflex or one of its affiliates who received Toromont options in connection with the spinoff in 2011, when a participant in the Option Plan ceases to be a director, officer or full-time employee of Toromont (or Enerflex) or an affiliate, that participant ceases to be entitled to receive options and may only exercise vested options within the time limits specified in the Option Plan. The unexercised options held by a participant will become vested in certain circumstances, including certain circumstances where that participant's directorship or employment, as applicable, was terminated in connection with a "Control Change" (as defined in the Option Plan). Options may not be assigned by the recipient but may be exercised by the legal representative or estate of the recipient.

In 2007, shareholders approved certain revisions to the amending provisions of the Option Plan that specifically empower the Board (or a committee thereof) to make amendments, subject to applicable regulatory approval and provided that certain amendments will always require shareholder approval, including the introduction of, and subsequent amendment to, such amending provisions, as well as any reduction in the exercise or purchase price, or an extension of a term, of an option granted to an insider. In March 2011, the Board approved certain other administrative amendments to the Option Plan that were not related to the spinoff but were intended to (i) permit Toromont to effect any and all withholdings or deductions (including from a holder's other income) that may be required for income tax purposes under all applicable legislation, regulation and policy, (ii) limit the total number of Toromont common shares that may be issued to insiders (as defined in the TSX Company Manual) of Toromont within any one year period, or issuable to insiders of Toromont at any time, under the Option Plan and any other securities based compensation arrangement of Toromont, to 10% of the issued and outstanding Toromont common shares and provide that this limit may not be removed or increased without the approval of Toromont's shareholders, and (iii) make other amendments of a housekeeping nature.

Summary Compensation Table

The following table sets forth information concerning the compensation provided, either directly or indirectly, by Toromont or a subsidiary of Toromont to each Named Executive Officer for the fiscal years ended December 31, 2016, 2015 and 2014, for services provided by them to Toromont or a subsidiary of Toromont. No DSUs or other share-based awards were granted by the Corporation to any NEOs during the three most recently completed fiscal years ended December 31. For details concerning any DSUs acquired by NEOs by converting all or a portion of their annual bonus into DSUs, see the chart below under *"NEO Accumulated Holdings"*.

Name and principal position	Year	Salary ($)	Option-based awards (1) ($)	Annual non-equity incentive plan compensation (2) ($)	Pension value ($)	All other compensation(3) ($)	Total compensation ($)
Scott J. Medhurst	2016	750,000	763,000	1,106,890	216,291	38,404	2,874,585
President and Chief	2015	700,000	733,000	1,174,961	200,333	33,346	2,841,640
Executive Officer	2014	600,000	550,000	1,047,714	163,937	39,775	2,401,426
Paul R. Jewer	2016	445,000	380,500	498,018	123,640	28,681	1,475,839
Executive Vice President	2015	440,000	366,500	555,037	121,405	38,346	1,521,288
and Chief Financial Officer	2014	430,000	275,000	572,822	107,899	30,887	1,416,608
Randall B. Casson	2016	435,000	380,500	486,826	111,833	29,036	1,443,195
President, Construction	2015	430,000	366,500	542,423	109,446	29,012	1,477,381
Industries	2014	410,000	275,000	546,179	97,239	28,756	1,357,174
Michael P. Cuddy	2016	307,000	209,275	372,040	72,806	26,027	987,148
VP, & CIO	2015	302,000	183,250	323,814	71,434	32,010	912,508
	2014	296,000	137,500	329,691	65,022	21,597	849,810
David C. Wetherald	2016	352,000	152,200	334,847	82,437	23,835	945,319
Vice President, Human	2015	347,000	197,910	372,064	80,722	26,413	1,024,109
Resources and Legal and	2014	340,000	148,500	378,699	73,522	25,775	966,496

Notes:

(1) The Corporation uses the Black-Scholes method of valuation to derive the values for the option grants as this is the industry standard. The Corporation chose this method as it is a commonly used and market accepted methodology and consistent with past practice. For options granted in 2016, the strike price used was $39.79, expected life of option: 8.25 years, expected volatility: 22.0%, expected dividend yield: 1.81% and risk free interest rate: 0.96%. Using such methodology, the grant date fair value was $7.61.

(2) All such payments were made pursuant to the Corporation's Executive Incentive Plan described on page 27. The Corporation does not maintain any long-term non-equity incentive plans.

(3) All other compensation includes the following: Mr. Medhurst (automobile allowance and associated expenses $16,164, club dues $14,839, consulting fees $1,571, executive medical expenses $4,037 and life insurance premium $2,242); Mr. Jewer (automobile allowance and associated expenses $18,808, club dues $6,559 and life insurance premium $3,314); Mr. Casson (automobile allowance and associated expenses $19,930, club dues $5,999, executive medical expenses $865 and life insurance premium $2,242); Mr. Cuddy (automobile allowance and associated expenses $15,304, club dues $1,000, consulting fees $5,933, executive medical $1,339 and life insurance premium $2,452); and Mr. Wetherald (automobile allowance and associated expenses $19,403, executive medical expenses $2,223 and life insurance premium $2,209). Each amount is based on the actual dollar amount reimbursed to the Named Executive Officer.

CEO Lookback Table

The following chart illustrates the difference between the grant date value of compensation granted to Toromont's CEO over the past five years and the value of such compensation using the in-the-money value of the option grants as of February 28, 2017. As the value of Toromont shares increases or decreases the value of the options will differ from the Black-Scholes value of the options at their grant date.

Name and principal position	Year	Salary ($)	Option-based awards (1) ($)	Annual non-equity incentive plan compensation (2) ($)	Pension value ($)	Total compensation ($)	Revised Total Compensation (2) ($)
Scott J.	2016(2)	750,000	763,000	1,106,890	216,291	2,874,585	2,130,585
Medhurst	2015(2)	700,000	733,000	1,174,961	200,333	2,841,640	2,443,640
President &	2014	600,000	550,000	1,047,714	163,937	2,401,426	3,199,426
Chief	2013	600,000	549,000	971,569	158,336	2,321,484	3,432,484
Executive Officer	2012	500,000	391,000	859,588	131,981	1,921,989	3,454,989

Notes:

(1) Based on Black-Scholes value – 2016- $7.63, 2015- $7.33, 2014- $5.50, 2013 - $5.49, 2012- $3.91.

(2) Based on yearly February month end closing share prices. For February 28, 2017, the closing share price was $46.33. The difference between the in-the-money value of the stock options and the grant date Black-Scholes value represents the increase or decrease in total compensation. For 2015 and 2016, the in-the-money value of the stock option was less than the grant date Black-Scholes value.

Summary Plan Awards

Outstanding Option-Based Awards for Named Executive Officers

The following table details information concerning options to purchase common shares of Toromont granted to the Named Executive Officers under the Option Plan that remained outstanding as at December 31, 2016. There were no share-based awards held by any Named Executive Officers that were outstanding as at December 31, 2016. Any DSUs held by any Named Executive Officer that were outstanding as at December 31, 2016 represent DSUs purchased by the NEO by converting all or a portion of his or her annual bonus into DSUs as described under *"Statement of Executive Compensation – Elements of Compensation – Deferred Share Unit Plan"* above, and are reflected in the chart below under *"NEO Accumulated Holdings"*.

Named Executive Officer	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)
Scott J. Medhurst	60,000	20.76	31-Jul-2019	1,295,400
	100,000	23.40	29-Jul-2023	1,895,000
	100,000	26.52	28-Jul-2024	1,583,000
	100,000	36.65	28-Jul-2025	570,000
	100,000	39.79	26-Jul-2026	256,000
Paul R. Jewer	10,000	20.76	31-Jul-2019	215,900
	50,000	23.40	29-Jul-2023	947,500
	50,000	26.52	28-Jul-2024	791,500
	50,000	36.65	28-Jul-2025	285,000
	50,000	39.79	26-Jul-2026	128,000
Randall B. Casson	16,000	20.76	31-Jul-2019	345,440
	50,000	23.40	29-Jul-2023	947,500
	50,000	26.52	28-Jul-2024	791,500
	50,000	36.65	28-Jul-2025	285,000
	50,000	39.79	26-Jul-2026	128,000
David C. Wetherald	5,400	20.76	31-Jul-2019	116,586
	10,800	23.40	29-Jul-2023	204,660
	16,200	26.52	28-Jul-2024	256,446
	21,600	36.65	28-Jul-2025	123,120
	20,000	39.79	26-Jul-2026	51,200
Michael P. Cuddy	25,000	17.10	12-Aug-2018	631,250
	25,000	20.76	31-Jul-2019	539,750
	25,000	23.40	29-Jul-2023	473,750
	25,000	26.52	28-Jul-2024	395,750
	25,000	36.65	28-Jul-2025	142,500
	27,500	39.79	26-Jul-2026	70,400

Notes:

(1) The value of the unexercised in-the-money options is based on the option exercise price for Toromont shares post the spinoff of Enerflex Ltd. on June 1, 2011 and the closing common share price on the TSX on December 31, 2016 which was $42.35.

(2) The table does not include options granted under the Enerflex stock option plan in connection with the spinoff of Enerflex. See *"Statement of Executive Compensation – Stock Option Plan"* .

Incentive Plan Awards — Value Vested or Earned During the Year

The following table sets forth information regarding the vesting of option-based awards during the fiscal year ended December 31, 2016 for each of the Named Executive Officers on an aggregated basis. There were no share-based awards granted to any Named Executive Officers that were outstanding during the year ended December 31, 2016, other than DSUs purchased by NEOs and reflected in the chart *"NEO Accumulated Holdings"* below.

Name	**Number of options vested during the year (#)**	**Value vested during the year [1] ($)**
Scott J. Medhurst	90,000	1,229,700
Paul R. Jewer	50,000	727,000
Randall B. Casson	44,700	616,101
David C. Wetherald	26,600	383,608
Michael P. Cuddy	25,000	363,500

Note:

(1) Value of options represents the difference in share price on the vesting date and the option strike price.

The following table provides details on the stock option exercises by the Named Executive Officers during 2016.

Name	**Common Shares Acquired on Exercise (#)**	**Aggregate Value Realized [1] ($)**
Scott J. Medhurst	40,000	729,363
Paul R. Jewer	75,600	1,517,490
Randall B. Casson	44,100	875,605
David C. Wetherald	32,000	445,982
Michael P. Cuddy	15,000	281,703

Note:

(1) Value realized represents the difference in share price on the exercise date and the option strike price.

NEO Accumulated Holdings

The following table sets forth information regarding the value of the holdings for each of the Named Executive Officers on an aggregated basis for each of the three most recently completed fiscal years ending December 31.

Name and principal position	Year Ending	Shares (1)		Deferred Share Units (2)		Stock Options (3)		
		Number	Value	Number	Value	Number	Value	Total Accumulated Value
Scott J. Medhurst	2016	109,915	4,654,900	14,588	617,802	460,000	5,599,400	10,872,102
President and Chief	2015	98,607	3,111,051	14,297	454,699	400,000	2,433,600	5,999,350
Executive Officer	2014	78,749	2,245,134	12,218	347,714	369,000	2,278,750	4,871,598
Paul R. Jewer	2016	38,205	1,617,982	36,953	1,564,960	210,000	2,367,900	5,550,841
Executive Vice President	2015	34,295	1,082,007	34,231	1,091,513	235,600	1,712,920	3,886,441
and Chief Financial Officer	2014	29,214	832,891	31,572	898,534	242,000	1,858,580	3,590,006
Randall B. Casson	2016	120,000	5,082,000	21,040	891,044	216,000	2,497,440	8,470,484
President, Construction	2015	139,562	4,403,181	18,768	596,876	210,100	1,381,045	6,381,102
Industries	2014	138,338	3,944,016	16,438	467,817	193,500	1,282,235	5,694,069
Michael P. Cuddy	2016	115,504	4,891,594	10,974	464,749	152,500	2,253,400	7,609,743
VP, & CIO	2015	115,504	3,644,151	10,755	342,036	140,000	1,182,350	5,168,537
	2014	116,504	3,321,529	10,530	299,697	130,000	1,074,100	4,695,326
David C. Wetherald	2016	2,300	97,405	13,458	569,946	74,000	752,012	1,419,363
Vice President, Human	2015	23,501	741,457	13,190	419,467	86,000	456,622	1,617,546
Resources and Legal and	2014	23,500	669,985	12,914	367,543	94,000	550,300	1,587,828
Corporate Secretary								

Notes:

(1) Number of shares held includes Toromont common shares and employee share purchase plan unit holdings to December 31 of each year. For year end 2016, value of equity holdings includes the value of owned common shares and ESPP units based on the closing share price of Toromont's common shares of $42.35 on December 31, 2016.

(2) Each DSU is a notional unit equivalent in value to one common share of Toromont, which amount is not payable until some future redemption date when the NEO ceases to be employed with or retires from Toromont. This value has not been realized by the NEO. The market value of one DSU as at December 31, 2016 was $42.34 based on the closing share price of Toromont's common shares. DSUs are acquired by NEOs by converting all or a portion of their annual bonus into DSUs as described under *"Statement of Executive Compensation – Elements of Compensation – Deferred Share Unit Plan"* above. Such DSUs vest immediately upon issuance.

(3) The value of the unexercised in-the-money options is based on the option exercise price for Toromont shares post the spinoff of Enerflex Ltd. on June 1, 2011 and the closing common share price on the TSX on December 31, 2016 which was $42.35.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table details information concerning options outstanding under the Option Plan and the number of options remaining available for future issuance. The only compensation plan of Toromont under which equity securities of Toromont are authorized for issue is the Option Plan.

Plan Category	Number of Securities to be issued upon exercise of outstanding options (a)		Weighted average exercise price of outstanding options (b)		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Currency To:	December 31, 2016	February 28, 2017	December 31, 2016	February 28, 2017	December 31, 2016	February 28, 2017
Equity compensation plans approved by securityholders	2,430,871	2,367,746	$29.25	$29.49	2,541,085	2,547,085
Equity compensation plans not approved by securityholders	-	-	-	-	-	-
Total	2,430,871	2,367,746	$29.25	$29.49	2,541,085	2,547,085

For a more detailed description of the Option Plan, see *"Stock Option Plan"* above.

Pension Plan Benefits

Defined Contribution and Supplemental Plans Table

The following table sets forth certain information regarding the pension benefits to the Named Executive Officers set out below under the Defined Contribution Plan and/or Supplemental Employee Retirement Plan.

Name	Accumulated value at beginning of year (2016)	Compensatory	Non-Compensatory	Accumulated value at end of year (2016)
	($)	($)	($)	($)
Scott J. Medhurst	1,306,152	216,291	96,563	1,619,006
Paul R. Jewer	680,726	123,640	-	804,366
Randall B. Casson	1,609,935	111,833	148,500	1,870,268
Michael P. Cuddy	989,300	72,806	93,538	1,155,644
David C. Wetherald	695,610	82,437	55,102	833,149

For further details regarding the Defined Contribution Plan and Supplemental Employee Retirement Plan, please see *"Compensation Discussion and Analysis – Elements of Compensation – Retirement Programs"*.

Termination and Change of Control Benefits

Payments on Termination other than in Connection with a Change of Control

Other than the Change of Control Agreements (as defined below), Toromont does not have any employment or other agreements or arrangements that provide for payments to be made to executive officers following a termination of employment, and Toromont does not have a formal severance policy for the Named Executive Officers. However, the Named Executive Officers will receive certain benefits under Toromont's compensation plans and programs upon termination of employment, absent a change in control, as described below.

Option Plan

The Option Plan contains provisions concerning the treatment of options upon termination of employment, retirement, death or permanent disability, in each case absent a change of control. When a participant in the Option Plan ceases to be a director, officer or full-time employee of Toromont or an affiliate, that participant may only exercise options within the time limits specified in the Option Plan. A holder of options under the Option Plan that retires at the normal retirement age or ceases to be a director, officer or full-time employee of Toromont or an affiliate as a result of death or permanent disability will have all unexercised options fully vest. If a holder of options ceases to be a director, officer or full-time employee of Toromont or an affiliate by reason of early retirement or voluntary resignation, such holder is only entitled to exercise options to the extent vested at the applicable date.

As of December 31, 2016, none of the Named Executive Officers have reached normal retirement age. As a result, the value of payments that would be made under the Option Plan in connection with termination of employment, retirement or resignation of the Named Executive Officers on December 31, 2016, in each case absent a change of control, would depend on the nature of the termination, retirement or resignation and how many options have vested. Assuming a termination, retirement or resignation of the Named Executive Officer on December 31, 2016 in circumstances where such options vest and are exercisable under the terms of the Option Plan and such officer's employment terms, in each case, in the absence of a change of control, the value of payments that would be made under the Option Plan to such Named Executive Officers would be roughly similar to those set out under *"Summary Plan Awards – Outstanding Option-Based Awards"* above.

DSU Plan

Under the DSU Plan, all DSUs become redeemable at the member's option in accordance with the terms of the DSU Plan following termination of employment, resignation, retirement or death. Using the daily average of the high and low board lot trading prices of Toromont's common shares on the TSX for the five trading days immediately preceding December 31, 2016 (the DSU value being $42.34), the following amounts representing vested DSUs would be payable by the Corporation at the option of the Named Executive Officers in connection with a termination of employment, resignation, retirement or death on December 31, 2016: Scott J. Medhurst $617,656; Paul R. Jewer $1,564,590; Randall B. Casson $890,834; Michael P. Cuddy $464,639, and David C. Wetherald: $569,812.

Pension Plans

The lump sum values of pension benefits accrued under the Defined Contribution Plan and the Supplemental Employee Retirement Plan for the Named Executive Officers had they resigned effective December 31, 2016 are set out in the table above under the heading *"Pension Plan Benefits – Defined Contribution and Supplemental Plan Table"*.

Under the Supplemental Employee Retirement Plan, absent a change in control and subject to the terms below, a full distribution of benefits under the plan is made if the participant retires after completing two years of membership in the plan. Participants are also entitled to distribution of all benefits under the plan if their employment is terminated after completing two years of membership in the plan. A participant forfeits benefits under the Supplemental Employee Retirement Plan if he or she competes with any business carried on by Toromont or its subsidiaries, acts as a consultant to a firm competing with Toromont or its subsidiaries or engages in any other activity which is prejudicial to the interests of Toromont or its subsidiaries, in each case without prior consent. In addition, benefits under the Supplemental Employee Retirement Plan are forfeited if a member discloses confidential information, is terminated for cause or is terminated prior to the vesting period.

Absent a change of control, where pension benefits have vested in accordance with the terms of the Defined Contribution Plan, the value of a member's account shall be made available to such member following termination of employment, retirement or death.

Payments on Termination in Connection with a Change of Control

Change of Control Agreements

Each of the Named Executive Officers and one other member of senior management have five-year renewable double-trigger change of control agreements in place with the Corporation (the "**Change of Control Agreements**"). Amounts noted in the table below become payable to the Named Executive Officers in connection with the termination of their employment in certain circumstances: (i) within the three-year period ("**Control Change Period**") following a "Control Change" of Toromont or (ii) prior to the Control Change if it can be demonstrated that such termination was at the request of a third party who has taken steps reasonably calculated to effect a Control Change or otherwise arose in connection with or in anticipation of a Control Change (either, a "**Trigger Event**").

For purposes of the Change of Control Agreements, a "Control Change" will occur if (i) an individual or group acquires securities of Toromont or associated rights that attach voting rights sufficient to cast more than 35% of the votes to elect directors of Toromont, (ii) incumbent directors cease to constitute a majority of the Board of Directors of Toromont, (iii) approval by the shareholders of Toromont of a transaction pursuant to which the shareholders immediately prior to the transaction do not immediately after completion of the transaction hold shares entitling them to cast more than 50% of the votes attached to shares in the capital of the continuing corporation to elect directors of that corporation, or (iv) a liquidation, dissolution or winding up of Toromont or sale, lease or other disposition of all or substantially all the assets of Toromont (other than to a subsidiary or which does not result in a change in the ultimate shareholders of Toromont or such subsidiary).

Under the Change of Control Agreements, "Just Cause" for dismissal will arise in the event of wilful failure to perform duties, wilful engaging in any act which is injurious to Toromont, or wilful engaging in certain illegal acts. "Good Reason" under the Change of Control Agreements will arise if Toromont or its subsidiaries (i) materially reduces or modifies the executive's position, responsibilities or authority, or the executive is effectively prevented from carrying out duties, (ii) reduces any form of remuneration of the executive, adversely changes the basis upon which such remuneration is determined or fails to increase remuneration in a manner consistent with policies prior to a Control Change, (iii) fails to continue in effect any benefits, bonus, compensation plan, stock option plan or other purchase plan, life insurance, disability plan, pension plan or retirement plan which the executive is participating in or entitled to participate in prior to the Control Change, or fails to take action or takes action which adversely affects these rights, (iv) relocates the executive from the location of employment prior to the Control Change, (v) takes action to deprive the executive of any material fringe or other benefit or entitlement enjoyed before the Control Change, or (vi) breaches the Change of Control Agreements. "Disability" under the Change of Control Agreements means an executive's failure to substantially perform his or her duties for the Corporation on a full-time basis for a period of six months out of any 18-month period where such inability is a result of a physical or mental illness or disability. "Retirement" under the Change of Control Agreements means retirement by an executive on the date on which the executive turns 65 years of age.

It is a Trigger Event under the Change of Control Agreements where there has been (i) termination of employment by Toromont during the Control Change Period other than for "Just Cause" as defined above, or on account of retirement, disability or death as defined above, or (ii) termination of employment by the executive during the Control Change Period for "Good Reason". In connection with a Trigger Event, each NEO below is entitled to payment by the Corporation, within 10 days of such termination, of the executive's compensation earned but not paid prior to the date of termination plus two times the average total annual compensation (which includes bonus and benefits) for the previous 24 months. Upon such Trigger Event, each NEO will also be entitled to receive from Toromont within 10 days of his or her termination an amount on account of pension benefits to which he or she otherwise would have been entitled plus any pension benefits to which the executive would be entitled had his or her employment continued until the earlier of his or her normal retirement, death or two years following the date of termination of employment. In addition, all unvested stock options held by the executive will automatically vest and become immediately exercisable.

Under the Change of Control Agreements, if employment of an executive is terminated during the Control Change Period by reason of retirement, death or disability, the executive or his or her family shall be entitled to receive the applicable benefits in a manner consistent with and at least equal to those provided by Toromont prior to a Control Change.

If there is termination of employment of an executive during the Control Change Period by (i) Toromont for Just Cause, or (ii) the executive other than for Good Reason, Toromont must pay the annual compensation (including severance, equity awards and pension benefits) earned by or payable to the executive during the then current fiscal year of Toromont up until termination of employment.

The table below reflects the estimated incremental amount of compensation payable to Toromont's Named Executive Officers under the Change of Control Agreements. The amounts shown assume that such termination upon a Trigger Event was effective as of December 31, 2016 and the value of our common shares was the December 31, 2016 closing market price on the TSX of $42.35. The actual amounts that would be paid upon a Named Executive Officer's termination of employment in connection with a change in control may be different and can be determined only at the time of any such event.

Name	Salary, Bonus and Benefits ($)[1]	Pension Benefits ($)	Value of DSUs ($)[2]	Value of unexercised in-the-money options ($)	Total Incremental Obligation ($)
Scott J. Medhurst	4,089,922	432,582	617,656	5,599,400	10,739,560
Paul R. Jewer	2,172,074	247,280	1,564,590	2,367,900	6,351,844
Randall B. Casson	2,122,846	223,666	890,834	2,497,440	5,734,786
Michael P. Cuddy	1,378,428	145,612	464,639	2,253,400	4,242,079
David C. Wetherald	1,615,328	162,874	569,812	752,012	3,100,026

Notes:

(1) We have assumed that benefits are worth 20% of base salaries.

(2) DSU value of $42.34 calculated using the daily average of the high and low board lot trading prices of the Corporation's common shares on the TSX for the five trading days immediately preceding December 31, 2016. Amounts payable for DSUs are payable to the holders when their employment is terminated (for any reason), including a termination upon Trigger Event.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Maintaining a strong and effective corporate governance program is a principal priority for Toromont. The NCG Committee, on behalf of the Board, monitors the governance program and policies and their effectiveness. The program includes the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and the activities of management who are appointed by the Board and who are charged with the day-to-day management of Toromont.

The Board of Directors believes that Toromont is in compliance with National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**"), National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The information required by Form 52-110F1 of NI 52-110 is contained in Toromont's 2017 Annual Information Form under the heading "Audit Committee Information" and in Appendix A of Toromont's 2017 Annual Information Form.

There is no shareholder of Toromont with the ability to exercise a majority of the votes for the election of the Board of Directors.

The Corporation has a Director Majority Voting Policy pursuant to which, in uncontested elections of directors, any director nominee who receives a greater number of votes "withheld" than votes "for" will tender his or her resignation to the NCG Committee for consideration following the shareholders' meeting. The NCG Committee will consider the offer of resignation and make a recommendation to the Board on whether or not to accept it. In considering whether or not to accept the resignation, the NCG Committee will consider all factors deemed relevant by the members of such Committee. The NCG Committee will be expected to accept the resignation except in exceptional circumstances where the considerations would warrant the applicable director continuing to serve on the Board. The Board will then make its final decision and announce it in a press release within 90 days following the shareholders' meeting, including any reasons for rejecting a director's resignation (if such resignation is rejected). A director who tenders his or her resignation pursuant to this Policy will not participate in any meeting of the Board or the NCG Committee at which the resignation is considered.

Conflicts of Interest – Directors or Officers

In the case of any transaction or agreement in respect of which a Director or executive officer of the Corporation has a material interest, the director or officer is required to disclose to the Board his or her interest and if applicable or required by law, exclude himself or herself from any discussions or vote relating to the transaction or agreement.

Director Independence

Nine (9) of the Corporation's 10 directors, including the Chairman and Lead Director, are currently independent. As disclosed elsewhere in this Circular, the Board has determined to maintain the Lead Director position solely to ensure an orderly transitioning of the Lead Director duties back to the Chairman position between now and the 2018 annual shareholders meeting, at which time it is expected that the Lead Director position will be eliminated. For further details concerning the Directors' independence, see *"Nominees for Election to the Board of Directors – Independence and Skills"* beginning on page 6. Only Mr. Medhurst, the President and Chief Executive Officer of Toromont is not independent within the meaning of NI 52-110 and pursuant to NI 58-101 and NP 58-201.

Board and Committee Mandates

The Board of Directors has documented and regularly assesses the roles and responsibilities for the Board, for each of the Committees of the Board, for the Lead Director, for the Chairman and for the President and Chief Executive Officer, inclusive of scope and limits of authority of management. The Board of Directors has adopted written position descriptions for each of the Chairman and the Lead Director of the Board, and for the Corporation's President and Chief Executive Officer, which descriptions are annually reviewed to ensure their continued effectiveness for the Corporation and, where applicable, are updated to ensure they continue to remain responsive to the needs of the Corporation. The Board acts in a supervisory role and any responsibilities not delegated to management remain with the Board. The Board's supervisory role includes such matters as the strategic planning process, identification and management of risks, succession planning, communication policy, internal controls and governance. The Board's Mandate is attached to this Management Information Circular as Schedule A. The Board believes that the role of Chair and CEO should be divided.

Over the past several years, Toromont has had a Lead Director (currently Mr. McCallum) appointed by the Board of Directors to facilitate the functioning of the Board independently of management and to serve as a non-partisan contact for other directors on matters not deemed appropriate to be discussed initially with the Chairman or in situations where the Chairman is not available. The role of Lead Director had been established since Mr. Ogilvie (Chairman) was previously determined not to be independent pursuant to NI 52-110 in light of his prior roles as an executive officer of the Corporation. However, Mr. Ogilvie has been independent for the past year pursuant to NI 52-110 and, as of the date of the Meeting, more than four years will have elapsed since he held any executive or employment position with the Corporation. As disclosed elsewhere in this Circular, the NCG Committee and the Board have determined that Mr. Ogilvie is independent within the meaning of NI 52-110 and in accordance with NI 58-101 and NP 58-201. However, in order to ensure a smooth transitioning of the functions and duties of the Lead Director position historically held by Mr. McCallum back to the Chairman, the NCG Committee and the Board have also determined to retain Mr. McCallum in the Lead Director position until his anticipated resignation at the 2018 annual shareholders meeting, at which time it is expected that the Lead Director position will be eliminated and the Chairman perform all of the duties and responsibilities as non-executive Chair of the Board (including any duties historically performed by the Lead Director). See *"Assessments, Succession Planning, Orientation and Renewal"* below for additional information. In addition, the Board and its Committees regularly hold *in camera* sessions without the presence of management. The Board and its Committees met a total of 19 times in 2016 without the presence of management.

Committees of the Board are an integral part of Toromont's governance structure. Three standing Committees have been established with a view to allocating expertise and resources to particular areas, and to enhance the quality of discussion at the Board meetings. The Committees facilitate Board decision-making by providing recommendations to the Board on matters within their respective responsibilities. Each Committee has documented Terms of Reference and role descriptions for Committee Chairs approved by the Board of Directors.

All Committees are comprised solely of directors who are independent of management. A summary of the responsibilities and the membership of the Committees follow.

The NCG Committee is currently comprised of D.A. Galloway (Chair), J.S. Chisholm, C.E. Cranston, J.S. McCallum and K.A. Rethy (each an independent Director). Principal responsibilities are reviewing and making recommendations as to all matters relating to effective corporate governance. This Committee is responsible for, among other things, identifying candidates and proposing nominees for membership on the Board, reviewing and assessing effectiveness of the Board, its size and composition, its committees, director compensation, the Board's relationship to management and individual performance and contribution of its directors. This Committee is also responsible for identification and recruitment of new directors and new director orientation and ongoing continuing education for existing Board members. Assuming each of the management Director nominees is elected at the Meeting, the members of the NCG Committee are expected to be J.S. Chisholm (Chair), C.E. Cranston, D.A. Galloway, J.S. McCallum and K.A. Rethy.

The Audit Committee is currently comprised of J.S. McCallum (Chair), J.S. Chisholm, C.E. Cranston, R.M. Franklin, D.A. Galloway, J.W. Gill, W.S. Hill and K.A. Rethy (each an independent Director). Principal duties include oversight responsibility for financial statements and related disclosures, reports to shareholders, continuous disclosure and other related communications, establishment of appropriate financial policies, the integrity of accounting systems and internal controls, approval of all audit and non-audit services provided by the independent auditor, consultation with the auditor independent of management and overseeing the work of the auditor and internal audit department. Assuming each of the management Director nominees is elected at the Meeting, the members of the Audit Committee are expected to be W.S. Hill (Chair), J.S. Chisholm, C.E. Cranston, R.M. Franklin, D.A. Galloway, J.W. Gill, J.S. McCallum and K.A. Rethy.

Information regarding the Audit Committee required by NI 52-110, including its charter and the qualifications of its members, can be found in the sections entitled "Audit Committee Information" on pages 14 and 15 of Toromont's 2017 Annual Information Form filed on SEDAR.

The HRC Committee is currently, and assuming each of the management Director nominees is elected at the Meeting is expected to continue to be, comprised of R.M. Franklin (Chair), D.A. Galloway, J.W. Gill, W.S. Hill and K.A. Rethy (each an independent Director). Principal responsibilities include reviewing and making recommendations as to the compensation of executive officers and other senior management, short and long-term incentive programs, pension and other benefit plans, and overseeing executive officer appointments, performance evaluations of the President and Chief Executive Officer, succession planning and executive development. The HRC Committee also oversees compliance with Toromont's Code of Business Conduct and health, safety and environment program. Regarding succession planning for the Chief Executive Officer, at least twice yearly the Committee receives a detailed presentation from management and reviews the status of succession planning for the senior management and developing talent at each business unit and Corporate head office, including the development of potential successors to Toromont's Chief Executive Officer. At such meetings the Committee will then discuss the findings with the Chief Executive Officer and in camera. The Chair of the Committee reports on the Committee's findings to the full Board at the next in-camera session of the Board. The HRC Committee's terms of reference are attached to this Management Information Circular as Schedule B.

The following is a brief summary of the education or experience of each member of the HRC Committee that is relevant to the performance of his or her responsibilities as a member of the HRC Committee, including any education or experience that has provided the member with a better understanding of compensation plans and practices.

Human Resources & Compensation (HRC) Committee Member	**Relevant Education and Experience**
Robert M. Franklin (Chair)	Mr. Franklin acquired significant experience and exposure to compensation plans and practices while serving as Chairman of Placer Dome Inc. Mr. Franklin has been Chair of the Corporation's HRC Committee since 2003. He is also a member of the Corporation's Audit Committee (this provides additional insight into the Corporation's financial performance). Mr. Franklin has been and is also a director of several public companies thereby obtaining additional insight into compensation plans.
David A. Galloway	Mr. Galloway is a former CEO, has been and is a director of several public companies and is past Chair of the Bank of Montreal. He is also Chair of the Compensation Committee at E.W. Scripps Company. In such capacities he has garnered significant insight into the workings of different compensation programs. He is also a member of the Corporation's Audit Committee and Chair of the NCG Committee.
James W. Gill	Mr. Gill acquired significant experience related to corporate human resources and compensation matters as CEO of Aur Resources Inc., a public corporation for 26 years. He has served on other Boards and is currently a Director of Turquoise Hill Resources Inc., and serves on both its Audit and Corporate Governance Committees which provides ongoing experience in and and knowledge of current corporate governance practices. He is also a member of the Corporation's Audit Committee.
Wayne S. Hill	Mr. Hill has served as a director on various public companies, providing insight into compensation arrangements. As a former executive of Toromont, Mr. Hill is very acquainted with the parameters of the Corporation's incentive plans. He is also a member of the Corporation's Audit Committee.
Katherine A. Rethy	Mrs. Rethy has held senior executive positions at various public companies, where, amongst other responsibilities, she had oversight of the HR function. Mrs. Rethy has chaired and served on several human resources and compensation committees of publicly traded companies, through which she has gained experience and knowledge of various compensation programs and human resource practices. She is also a member of the Corporation's Audit and NCG Committees.

Assessments, Succession Planning, Orientation and Renewal

Annually, the directors complete confidential questionnaires in which they are asked to assess, among other matters: their effectiveness as directors; the effectiveness of the Board (as a whole and individually) and its Committees (with a view to improving corporate governance practices in line with the changing business environment); the effectiveness of the Chairman; the diversity and skills needed by the Board; Toromont's strategic direction; the Board's interaction with management, and the success of Toromont's communications program. Opportunity for peer review is provided within both questionnaires and through individual meetings with directors. These questionnaires are reviewed by the Lead Director and the NCG Committee and discussed with the Board of Directors. As required, the Lead Director then meets with the Chairman to discuss the findings of such meetings. As necessary, individual discussions are held between the Chairman and individual directors.

Toromont has policies that describe how the Board, Chairman and NCG Committee work together to identify the need for new directors, the skills and experience they should possess and the process of identifying and approaching such candidates, which Policies were updated in February 2015 to, among other things, foster the Corporation's efforts to promote diversity at the Board level in accordance with the Board's Board Diversity Policy, discussed above under the section *"Nominees for Election to the Board of Directors – Board and Leadership Diversity"* on page 18. The multi-step process can be summarized as follows: (1) the Board determines the need for succession planning and/or to recruit a new director; the Board (with the assistance of the NCG Committee) determines the required competencies and skill set to complement the existing Board members based on, among other things, the director skills matrix, observations, the results of the director evaluation process and consideration of several different factors and criteria, including the benefits of promoting diversity; the Board then identifies initial candidates; (2) the NCG Committee receives such information, identifies additional candidates (with the identified competencies and skills), engages an external consultant, evaluates candidates and recommends a short list to the Board; (3) the Board considers the recommendations and creates a short list of candidates; and (4) Toromont's Chairman, the Chief Executive Officer and the Chair of the NCG Committee work together to develop the best plan to recruit the identified candidates. Prospective directors are given a clear indication of the workload and time commitment required to serve on Toromont's Board.

The NCG Committee provides a structured orientation program for new directors, which allows new directors to contribute effectively from the outset of their appointment. The program includes familiarizing new directors with the nature of the business, current issues, Toromont's strategy, Toromont's expectations concerning input from directors and directors' general responsibilities. Most of this information is contained in the Director's Manual and obtained in individual orientation sessions with management. In addition, from time to time, the Board holds meetings at various Toromont sites to gain a better understanding of Toromont's business, its opportunities and risks. The Board also holds periodic meetings with senior management of Toromont's business units to receive presentations regarding the business environment for the particular business unit as well as detailed information regarding the business unit's operations. Corporate officers present, at least annually, materials to the Board regarding the Corporation's risk management, corporate development opportunities, legal and regulatory updates, and other corporate matters. Directors also attend committee meetings of which they are not members, third party advisors make presentations, at least once a year the Board receives an update on macro economic and fiscal policy trends in Canada, the United States and overseas, twice a year the Audit Committee receives an update on worldwide business sentiment and educational materials are regularly circulated. In addition, Board members meet with customers and senior management at shareholder meetings, and senior management at an annual dinner.

The Board maintains a retirement policy that no director will stand for re-election once they reach their 72nd birthday, unless, on an exception basis, the NCG Committee determines that it would be in the best interests of the Corporation to continue to nominate a director beyond age 72. Toromont does not maintain a pension plan for directors.

As part of the Board of Directors' and the NCG Committee's overall responsibility for succession planning and evaluating the roles, responsibilities and performance of the Board, each Committee, the Lead Director and the Chairman, they regularly consider the most effective composition of the Board and its Committees having regard to the best interests of the Corporation based on consideration of various factors, as outlined below. As previously disclosed, in 2015, after careful consideration the NCG Committee and the Board determined to grant exceptions to the Retirement Policy to allow Mr. Ogilvie to remain on the Board and as Chairman until reaching age 75 and to allow Mr. Galloway and Mr. McCallum to remain on the Board and in their respective Committee positions until this year's Meeting.

In 2016 and again earlier this year, the NCG Committee and the Board further considered and discussed the most effective composition of the Board and its Committees. Among other factors, they considered the best interests of the Corporation and its stakeholders in the near- to medium-term, the availability and performance of the Directors, each Director's unique knowledge, background, skills, competencies and attributes and the balance of skills on the Board, Directors' relationships with shareholders and other stakeholders of Toromont and regions in which the Corporation operates, the strategies and plans of the Corporation, the skills matrix developed by the NCG Committee (outlined on page 17 of this Circular), the needs and objectives of the Board and its Committees, and appropriate succession planning and facilitating an orderly transition for the anticipated departures of Messrs. Galloway and McCallum from the Board and their respective roles as Chair of the NCG Committee and Lead Director. After careful deliberation by the NCG Committee and the Board (with Messrs. McCallum and Galloway abstaining), and while remaining cognizant that exceptions to the Retirement Policy should be granted in limited circumstances, it was determined that the skills and experiences brought to the Board by Messrs. Galloway and McCallum remain critical to effectively pursuing Toromont's strategies and plans over the next year. Accordingly, the NCG Committee determined and the members of the Board (again, with Messrs. Galloway and McCallum abstaining) approved a further limited exception to Toromont's Retirement Policy to permit Mr. Galloway and Mr. McCallum to continue on the Board and their respective committees for one (1) further year until the 2018 annual shareholders meeting, at which time it is expected they will retire. As part of the transitioning of functions, Mr. Galloway will step down as Chair of the NCG Committee following the Meeting but will remain on that committee to assist Mr. Chisholm who will be assuming the role, Mr. McCallum will step down as Chair of the Audit Committee following the meeting but will remain on that Committee to assist Mr. Hill who will be assuming the role, and Mr. McCallum will continue as Lead Director of the Board to facilitate a smooth transitioning of those duties and responsibilities back to Mr. Ogilvie as independent Chairman over the course of the next year. As part of these discussions, the NCG Committee and the Board also considered and determined that each of Messrs. Ogilvie, Galloway and McCallum have and continue to meet the expected performance and independence standards and policies of the Corporation and, in light of their ongoing valuable contributions, effectiveness and knowledge of and with the Corporation, are being nominated for re-election at the Meeting with the other management nominees. For further details, see the section *"Nominees for Election to the Board of Directors – Independence and Skills"* above.

The Board of Directors and the NCG Committee will continue to discuss succession planning for the Board and its Committees, including the Chairman position, and to assess and evaluate the Directors and whether to grant any further exceptions to the Retirement Policy in accordance with the policies and practices described herein on an ongoing basis.

Share Ownership and Compensation

Share ownership, at all levels of Toromont, has been a cornerstone of Toromont's operating philosophy, exemplified by substantial share positions that have been held by directors, senior management and other employees through many years. This group beneficially owns in aggregate 6.6% of the outstanding Toromont common shares. In early 2008, Toromont's Employee Share Purchase Plan was amended to provide for a matching monetary contribution by Toromont to encourage more employees to become shareholders of Toromont. The company match was increased on January 1, 2016.

Directors are expected to own shares (including DSUs) in Toromont equivalent to at least three times the annual director retainer fee and annual equity grant value within three years of election as director. Half of the annual retainer fee is paid as DSUs until that shareholding requirement is met. The Chief Executive Officer is required to own shares (including DSUs) in Toromont. It is expected that the Chief Executive Officer will accumulate shares with a value equivalent to not less than three times the Chief Executive Officer's annual base salary within five years of date of appointment to this position. Likewise, each of the Executive Vice President & Chief Financial Officer and President, Construction Industries is required to accumulate shares with a value equivalent to not less than two times their respective annual base salaries and the other three Vice Presidents are required to acquire shares worth one and a half times their annual base salaries. The annual director's (excluding Chairman) retainer fee is $55,500 and annual equity grant value is $65,000 as at February 28, 2017. Therefore, directors had to own at least $346,500 (or 7,479 shares based on a February 28, 2017 value of $46.33 per share) worth of Toromont's common shares. Each Director holds at least 14,000 shares (including DSUs) and therefore each Director meets the threshold of

7,479 shares. The Chief Executive Officer's annual base salary is $765,000, as at February 28, 2017. Mr. Medhurst is therefore required to own at least 49,536 common shares of the Corporation (based on the February 28, 2017 trading value). He holds 124,164 common shares (including DSUs) as of February 28, 2017, and meets the threshold. Each of the Executive Vice President and Chief Financial Officer, President Construction Industries and the three Vice Presidents meet their shareholding requirements.

The Corporation maintains formal insider trading policies that include the following principles: it is not appropriate for employees to actively trade in Toromont's common shares; directors, officers and any other employee designated as an insider shall not engage in short selling, use financial instruments to hedge, or trade in put or calls of, securities of the Corporation (as discussed under *"Statement of Executive Compensation – Anti-Hedging Policy"* above); and Toromont has regular blackout periods (particularly in advance of the release of quarterly and annual financial results) when insider trading is not allowed. The Corporation has a "clawback" policy and has implemented claw back provisions into option grants and the annual incentive plan. The Board, on the recommendation of the HRC Committee, may implement a clawback in the event the Corporation's financial statements are required to be materially restated due to gross negligence or malfeasance ("**Misconduct**") of a senior executive. Even if no restatement is required, the Corporation may recover an amount of money from the individual equal to the amount improperly obtained as a result of such Misconduct.

Shareholder Communications

The Board (with specific responsibility at the Audit Committee) is responsible for and annually reviews Toromont's Corporate Disclosure Policy (the "**Policy**") that describes Toromont's continuous disclosure policy. The Chief Financial Officer is responsible for the implementation and day-to-day operations of the Policy. The Policy is designed to ensure that relevant information is released in an appropriate and timely fashion. Toromont has provided several avenues for shareholders to communicate with Toromont. Mail, telephone calls, email received through Toromont's website at www.toromont.com and correspondence to Toromont's compliance hotline are all dealt with promptly by Toromont.

Depending on the nature of the shareholder inquiry, the CEO and/or the Chairman of the Board or other independent Directors (as designated by the Board) may engage with shareholders and other stakeholders to listen to their opinions and concerns. In addition, each year members of the executive team of Toromont reach out, as appropriate, to various shareholders and stakeholders to elicit their feedback on various governance and non-governance matters, including compensation, corporate governance, disclosure, engagement, risk management, operations, and other topics. The Board invites shareholders and stakeholders alike to engage with representatives of Toromont if you have any questions or concerns.

Expectations of Management

Toromont has in place written descriptions as to the Board's and its Committee's responsibilities and management's authorities and responsibilities so that management is fully aware of the nature and limits of its authority and responsibility. In addition, the HRC Committee and the Board annually approves the Chief Executive Officer's corporate objectives and reviews the Chief Executive Officer's performance against such objectives. It is the Board's expectation that management will conduct itself in a highly ethical fashion in implementing Toromont's strategy and achieving its goals.

Code of Business Conduct

Toromont strives to maintain a highly ethical culture. As part of these efforts, Toromont maintains a written Code of Business Conduct (the "**Code**"), applicable to all directors, officers and employees, which provides guidance on areas such as conflict of interest, protection and proper use of corporate assets, confidentiality of information, and customer, supplier and competitor relationship management. The Audit Committee and the HRC Committee receive regular compliance reports with respect to the Code. Directors, officers and many employees are required to annually acknowledge their compliance with provisions of the Code. The Board annually reviews the provisions of the Code. The Code is available for review on Toromont's website at www.toromont.com. Toromont has also established a toll-free, anonymous telephone and web-based compliance hotline, which can be used by employees and others to report suspected accounting or auditing irregularities and unethical behaviour impacting Toromont. The hotline telephone number is 1-866-254-2730 and the website address is www.openboard.info/tih.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES

Toromont as a general rule does not provide loans to its directors and officers and there were no such loans advanced or outstanding during the 2016 fiscal year. The Board must approve any loans that may be made to directors and officers.

As of February 28, 2017, no indebtedness was due from any associate of any director or executive officer of the Corporation.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Toromont provides directors' and officers' liability insurance with a policy limit of USD $100,000,000 per year and USD $100,000,000 per loss (including the Side A DIC Policy described below), subject to a deductible per occurrence of USD $150,000 for Toromont. Under this insurance coverage, Toromont is reimbursed for payments made under corporate indemnity provisions on behalf of its directors and officers for losses arising during the performance of their duties, and individual directors and officers are reimbursed for losses arising during the performance of their duties for which they are not indemnified by Toromont. The proportion of the premiums allocated to the fiscal year ended December 31, 2016 was CAD $263,475, all of which was paid by Toromont. The premiums for the policy are not allocated between directors and officers as separate groups. In 2016, Toromont purchased Side A DIC (Difference In Conditions) Directors & Officers insurance policy coverage, with policy limits of USD $50 million per occurrence dedicated fully to Toromont's directors and officers.

On June 1, 2011 Toromont purchased directors' and officers' six year run-off liability insurance with a policy limit of USD $100,000,000 per loss (including USD $50,000,000 in Side A DIC Policy coverage), subject to a deductible per occurrence of USD $250,000 for Toromont. The one-time premium allocated to the fiscal year ended December 31, 2011 was CAD $444,000.

APPOINTMENT OF AUDITORS

The management proxy nominees named in the enclosed form of proxy intend to vote "FOR" the re-appointment of Ernst & Young LLP, Chartered Professional Accountants, Toronto, Ontario, as auditors of the Corporation to hold office until the next annual meeting of shareholders. Ernst & Young LLP were first appointed auditors of the Corporation on April 17, 1996.

One or more representatives of Ernst & Young LLP will be present at the Meeting, will have an opportunity to make a statement as he or she may desire and will be available to respond to appropriate questions.

Fees Paid to Ernst & Young LLP

For the year ended December 31, 2016, fees paid or accrued by Toromont and its subsidiaries to Ernst & Young LLP were as detailed below:

Year ended December 31,			
	2016		**2015**
Audit fees		**Audit fees**	
Audit-related fees (division and corporate audit services)	$1,005,000	Audit-related fees (division and corporate audit services)	$989,780
Tax fees (US tax advice and reporting services and related tax compliance)	nil	Tax fees (US tax advice and reporting services and related tax compliance)	$10,000
All other fees (annual levy and subscription fee)	$28,040	All other fees (annual levy and subscription fee)	$71,580
Total	$1,033,040		$1,071,360

Non-audit services are pre-approved by the Audit Committee. The Audit Committee has determined that the provision of the non-audit services for which the above fees were rendered is compatible with maintaining the independence of the auditors of Toromont. In addition, the Audit Committee receives a quarterly report from management on the amount of non-audit services provided by Ernst & Young LLP. See page 15 of Toromont's 2017 Annual Information Form for additional information.

CURRENCY OF INFORMATION IN THIS MANAGEMENT INFORMATION CIRCULAR

Except where otherwise expressly noted, the information in this Management Information Circular is given as of February 28, 2017.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information about the Corporation is provided in the Corporation's consolidated financial statements and management's discussion and analysis for the Corporation's financial year ended December 31, 2016. Copies of the Corporation's 2016 Annual Report containing the Corporation's consolidated financial statements for the year ended December 31, 2016 and management's discussion and analysis regarding these financial statements and the Corporation's Annual Information Form may be obtained by writing to the Secretary of the Corporation at 3131 Highway 7 West, P.O. Box 5511, Concord, Ontario, Canada L4K 1B7.

SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted no later than December 1, 2017 to be considered for inclusion in next year's management information circular for the purposes of Toromont's annual meeting of shareholders to be held in 2018.

DIRECTORS APPROVAL

The Board of Directors of Toromont has approved the contents and the sending of this Management Information Circular to the shareholders. A copy of this Management Information Circular has been sent to each director, each shareholder entitled to notice of the Meeting and the auditors of Toromont.

Dated as of February 28, 2017.

David Wetherald

David C. Wetherald
Vice President, Human Resources and Legal
and Corporate Secretary

SCHEDULE A

TOROMONT INDUSTRIES LTD.

BOARD MANDATE

DUTIES OF DIRECTORS

INTRODUCTION

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Management's discharge of its responsibilities is subject to continuing oversight by the Board. Subject to Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chairman, nominating candidates for election to the Board, appointing committees and determining director compensation. Its principal duties fall into six categories.

1. SELECTION OF THE MANAGEMENT

(a) The Board has the responsibility for the appointment and replacement of a Chief Executive Officer, for monitoring C.E.O. performance, approving the corporate goals and objectives of the C.E.O., determining C.E.O. compensation and providing advice and counsel in the execution of the C.E.O.'s duties.

(b) The Board has the responsibility for approving the appointment and remuneration of all corporate officers, taking into consideration, the recommendation of the C.E.O.

(c) The Board has the responsibility for oversight of management succession.

(d) The Board has the responsibility, to the extent feasible, to satisfy itself as to the integrity of the C.E.O. and other senior officers and that such persons create a culture of integrity throughout the Corporation.

2. MONITORING AND ACTING

(a) The Board has the responsibility to approve annual capital and operating plans, to monitor the Corporation's performance against these plans and to revise and alter its direction through management in light of changing circumstances.

(b) The Board has the responsibility to take action when performance falls short of its goal or other special circumstances warrant (for example, mergers and acquisitions or changes in control).

(c) The Board has the responsibility for approving any payment of dividends to shareholders and other activities and transactions as specified by corporate law.

(d) The Board monitors on a periodic, regular basis management's identification and assessment of the principal business risks facing the Corporation and keeps informed of how these risks are being handled by management, including through the implementation of appropriate controls.

(e) The Board has the responsibility to oversee the integrity of the Corporation's internal control and management information systems.

3. STRATEGY DETERMINATION

The Board has the responsibility to oversee the development by management, the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals.

4. POLICIES AND PROCEDURES

(a) The Board has the responsibility to approve and monitor compliance with all significant policies and procedures by which the Corporation is operated.

(b) The Board has a particular responsibility to oversee the Corporation's compliance with applicable laws and regulations, and the operation of its business in accordance with appropriate ethical standards. To this end the Corporation has adopted a Code of Business Conduct. Only the Board may grant waivers under the Code of Business Conduct.

(c) The Board is responsible for developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines.

5. REPORTING TO SHAREHOLDERS

(a) The Board has the responsibility for adopting a communication policy including overseeing financial reporting to shareholders, other security holders and regulators on a timely and regular basis.

(b) The Board has the responsibility for ensuring the timely reporting of any other developments that have a significant and material impact on the value of the Corporation.

(c) The Board has the responsibility for reporting annually to shareholders on its stewardship for the preceding year as required by law.

(d) Shareholders shall be entitled to provide feedback to the Corporation and the Board through mail addressed to the Chair, at the Corporation's head office, email through our website at www.toromont.com or through the Corporation's Compliance hotline.

6. LEGAL REQUIREMENTS

(a) The Board is responsible for overseeing compliance with legal requirements.

(b) Canadian law identifies the following as the standards for the proper discharge of the Board's responsibilities.

- (i) to manage the business and affairs of the Corporation.
- (ii) to act honestly and in good faith with a view to the best interests of the Corporation.
- (iii) to exercise the care, diligence and skill that reasonable prudent people would exercise in comparable circumstances.
- (iv) to act in accordance with its obligations contained in the Canada Business Corporations Act, the Securities Act of each Province and territory of Canada, other relevant legislation and regulations, and the Corporation's articles and by-laws.

(c) In particular, it should be noted that the following matters must be considered by the Board as a whole and may not be delegated to a Committee:

- (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
- (ii) the filling of a vacancy among the directors or in the office of the auditor;
- (iii) terms on which securities may be issued and the declaration of dividends;
- (iv) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;

(v) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Corporation from the Corporation;

(vi) the approval of management proxy circulars;

(vii) the approval of any take-over bid circular or directors' circular;

(viii) the approval of the financial statements of the Corporation to be submitted to shareholders;

(ix) the adoption, amendment or repeal of by-laws of the Corporation.

ADDITIONAL EXPECTATIONS OF BOARD MEMBERS

In addition to the responsibilities and duties described above, there are additional expectations of Toromont Directors including the following:

1. Board members are expected maintain the highest personal and professional values, integrity and ethics. This shall include compliance with the Toromont Code of Business Conduct.

2. Board members are expected to bring a probing and objective perspective to the Board and be prepared to challenge management.

3. Board members are expected to attend all Board and Committee meetings (as applicable) and devote the necessary time and attention to Board matters. This shall include the advance review of materials to be adequately prepared for Board meetings and keeping informed about the Corporation's business and relevant developments outside the Corporation that affect its business.

4. Independent Board members are expected to sit on at least one Board Committee.

Directors are expected to own shares in the Corporation equivalent to at least three times the annual director retainer fee within three years of election as a Director.

OVERSIGHT DUTIES OF THE BOARD

This section is intended to provide some additional guidance to management and the Board as to approval levels expected by the Board. These guidelines are subject to regular review and may be changed whenever the Board considers it appropriate.

The Board:

1. Approves overall financing programs and policies, subject to authorization by shareholders when necessary. Authorizes appropriate officers to take actions as may be required to implement such programs.

2. Approves dividend actions.

3. Approves actions involving disposal of capital assets, inclusive of subsidiaries or operating divisions, other than in the normal course of business in excess of $5 million.

4. Approves individual corporate charitable donations and contributions in excess of $50,000.

5. Approves political donations in excess of $10,000.

6. Reviews and approves annual capital expenditure budget. Monitors spending of such pre-approved projects on quarterly basis. For any of the following not specifically included in the (previously approved) annual capital expenditure budget:

(a) CEO can approve investments in capital assets (outside the approved capital budgets) up to $5,000,000 with the threshold moving to $10,000,000 in connection with the acquisition of a business.

(b) Approves all normal course transactions that individually might involve some residual liability in excess of $1 million.

(c) Authorizes all leases of more than 5 years duration, or involving payments over $500,000 per year.

7. Establishes regulations and controls concerning issue, transfer, and registration of company securities.

8. Approves the selection of the outside auditor for appointment by the shareholders. Determines and approves compensation for CEO and all other Corporate officers.

9. Approves all compensation changes for all senior managers reporting to the CEO and CFO.

10. Determines and approves all incentive plans for Corporate officers.

11. Approves all bonus pools and all bonus amounts paid to top divisional management and all officers.

12. Approves all allocations under the stock option plan and any changes to the plan subject to shareholder approval where required.

13. Approves all Normal Course Issuer bids and approves purchasing guidelines.

(rev. Apr/2011)

SCHEDULE B

TOROMONT INDUSTRIES LTD.

HUMAN RESOURCES & COMPENSATION COMMITTEE

TERMS OF REFERENCE

The Corporation has established a Human Resources and Compensation Committee of the Board of Directors to be constituted by independent Directors (as defined by applicable legislation).

These terms of reference govern the operations of the Human Resources and Compensation Committee, as approved by the Board of Directors. The Committee shall review and reassess the terms of reference annually. The Committee shall be appointed by the Board and shall be comprised of at least three Directors.

Principal responsibilities include compensation of executive officers and other senior management, short and long-term incentive programs, pension and other benefit plans, executive officer appointments, evaluation of performance of the Chief Executive Officer, succession planning, executive development, health, safety and the environment.

The Committee shall determine the following and report to the Board:

- Salaries, bonus pools and bonus allocations, participation in the DSU plan and benefits for the Officers of the Company and Tier One employees(except for the compensation of the Chief Executive Officer which shall be approved by the Board).
- Performance of the Chief Executive Officer.
- The Corporate goals and objectives for the C.E.O.

The Committee shall present the following to the Board for approval:

- Officer appointments
- Schedule of stock option grants for all recipients
- Management recommendations for pension plans and the administration of pension plans.
- Report of the Committee for the annual Management Information Circular and any other executive compensation disclosure.

The Committee will monitor and review with management and discuss with the Board:

- Succession planning
- Health, Safety and the Environment
- Code of Business Conduct (and non-financial related breaches of the Code)

The Committee shall meet at least twice annually or on any such dates that the Chairman shall determine.

It is acknowledged that there may be, from time to time, the need for the Committee to retain the services of outside advisors and/or consultants to assist it in completion of its responsibilities. The Committee, with the final approval of the Chairman of the Committee, is authorized to negotiate the terms, including fees associated with any such engagement at the expense of the Corporation.

The Committee will report on its activities to the Board of Directors at least annually.

(rev. Jan/2013)