

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF TOROMONT INDUSTRIES LTD.

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of the Shareholders (the "**Meeting**") of Toromont Industries Ltd. ("**Toromont**" or the "**Corporation**") will be held in the Toscana Ballroom at The Hilton Garden Inn Hotel Toronto/Vaughan, located at 3201 Highway 7 West, Vaughan, Ontario, L4K 5Z7, on Thursday, April 26, 2018 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, 2017, 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 2018 at a remuneration to be fixed by the directors of the Corporation;
- (d) to consider and, if deemed advisable, approve the new Shareholder Rights Plan of the Corporation, as described in detail under "Special Business – New Shareholder Rights Plan" beginning on page 45;
- (e) 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,
- (f) 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 8, 2018 will be entitled to vote at the Meeting, or any adjournment(s) or postponement(s) thereof.

By order of the Board of Directors,

"LYNN M. KORBAC"

Concord, Ontario
February 28, 2018

Lynn M. Korbak
General Counsel 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, AST Trust Company (Canada), 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 AST Trust Company (Canada) or by the Corporation no later than 5:00 pm (Eastern Time) on Tuesday, April 24, 2018 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.

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
TABLE OF CONTENTS

TOROMONT INDUSTRIES LTD.....	1
VOTING INFORMATION AND GENERAL PROXY MATTERS	1
SOLICITATION OF PROXIES.....	1
APPOINTMENT AND REVOCATION OF PROXIES	1
SIGNATURE OF PROXY	2
EXERCISE OF DISCRETION OF PROXY	2
VOTING OF TOROMONT COMMON SHARES.....	2
VOTING SECURITIES AND PRINCIPAL HOLDERS.....	3
BUSINESS OF THE MEETING.....	4
1. FINANCIAL STATEMENTS	4
2. ELECTION OF THE BOARD OF DIRECTORS	4
3. APPOINTMENT OF AUDITORS	4
4. APPROVAL OF NEW SHAREHOLDER RIGHTS PLAN.....	4
5. SHAREHOLDER ADVISORY VOTE ON TOROMONT'S APPROACH TO EXECUTIVE COMPENSATION.....	5
6. OTHER MATTERS	6
NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS	7
BOARD OF DIRECTORS' COMPENSATION	20
STATEMENT OF EXECUTIVE COMPENSATION	23
STATEMENT OF CORPORATE GOVERNANCE PRACTICES	38
INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES	44
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE	44
APPOINTMENT OF AUDITORS	44
SPECIAL BUSINESS – APPROVAL OF NEW SHAREHOLDER RIGHTS PLAN	45
CURRENCY OF INFORMATION IN THIS MANAGEMENT INFORMATION CIRCULAR	51
ADDITIONAL INFORMATION.....	51
SHAREHOLDER PROPOSALS.....	52
DIRECTORS APPROVAL	52
SCHEDULE A TOROMONT INDUSTRIES LTD. BOARD MANDATE	53
SCHEDULE B TOROMONT INDUSTRIES LTD. HUMAN RESOURCES & COMPENSATION COMMITTEE TERMS OF REFERENCE	57
SCHEDULE C NEW SHAREHOLDER RIGHTS PLAN	58
SCHEDULE D LIST OF PEER GROUP COMPANIES FOR COMPENSATION REVIEW REPORT.....	102

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 and Special Meeting of Shareholders (the "Meeting") of Toromont to be held on Thursday, April 26, 2018 at 10:00 a.m. (Eastern Time) as set out in the accompanying Notice of Annual and Special 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, 2018 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 AST Trust Company (Canada), 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 24, 2018 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.astvotemyproxy.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 AST Trust Company (Canada) prior to 5:00 p.m. (Eastern Time) on Tuesday, April 24, 2018, 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 AST Trust Company (Canada), 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 24, 2018 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 FOR: (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; (iii) the non-binding shareholder advisory vote on Toromont's approach to executive compensation; and (iv) the new Shareholder Rights Plan of the Corporation.** 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. If, however, other matters that are not now known to management properly come before the Meeting, the persons named in the accompanying form of proxy intend to vote on them in accordance with their best judgment.

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 8, 2018. 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 AST Trust Company (Canada) 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 ("**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.

The revocation of waivers or voting instructions or changes in voting instructions by a Non-Registered Shareholder can take several days or longer to complete and, accordingly, any such action should be completed well in advance of the deadline prescribed in the voting instruction form by the Intermediary or its service company to ensure it is given effect in respect of the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS

As of February 28, 2018 the Corporation had 80,958,059 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⁾	8,686,040	10.7%

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, 2018.

BUSINESS OF THE MEETING

1. Financial Statements

The audited consolidated financial statements of Toromont for the year ended December 31, 2017, and the report of the auditors thereon will be tabled at the Meeting. These audited consolidated financial statements form part of the 2017 Annual Report of Toromont. The 2017 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 eight (8) 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 14. 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 19.

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 44.

4. Approval of New Shareholder Rights Plan

On November 2, 2005, the Board approved and adopted a shareholder rights plan for the Corporation under a shareholder rights plan agreement dated November 2, 2005 between the Corporation and CIBC Mellon Trust Company, as rights agent, which was ratified and confirmed by the shareholders of the Corporation on April 20, 2006 (the "**Original Rights Plan**"). The Original Rights Plan was subsequently continued, amended, restated and ratified and confirmed by the Corporation's shareholders at the annual and special meetings of shareholders held on April 23, 2009, April 26, 2012 and again on April 23, 2015 (the "**Existing Rights Plan**"). For the reasons described further below under "*Special Business – New Shareholder Rights Plan*" beginning on page 45, the Corporation will not be submitting the Existing Rights Plan to shareholders for continuation. Accordingly, the Existing Rights Plan, and all rights issued thereunder, will automatically expire and terminate at the conclusion of the Meeting.

Subsequent to the Existing Rights Plan last being ratified and confirmed by the Corporation's shareholders in 2015, the Canadian Securities Administrators (the "CSA") published final amendments (the "**Amended Take-Over Bid Rules**") to the take-over bid regime that came into force on May 9, 2016. The Amended Take-Over Bid Rules, among other things, lengthen the minimum take-over bid period to 105 days, require that all non-exempt take-over bids meet a minimum tender requirement of more than 50% of the outstanding securities of the class that are subject to the take-over bid (excluding securities owned by the bidder), and require a 10-day extension after the minimum tender requirement is met. Rather than amend and restate the Existing Rights Plan to bring it into compliance with the Amended Take-Over Bid Rules, on February 23, 2018 the Board approved a resolution adopting a new shareholder rights plan pursuant to a shareholder rights plan agreement dated February 23, 2018 between the Corporation and AST Trust Company (Canada), as rights agent (the "**New Rights Plan**"). The New Rights Plan is consistent with the Amended Take-Over Bid Rules and other features of so-called "new generation" rights plans. Rights (as defined below) under the New Rights Plan will be issued at the close of business on April 25, 2018, the day immediately prior to the Meeting.

The New Rights Plan must be approved by shareholders to continue in effect. Shareholders are asked to approve the Rights Plan Resolution described under the section "*Special Business – New Shareholder Rights Plan – Recommendation and Rights Plan Resolution*" on page 51. A summary of the New Rights Plan, including the key differences between the Existing Rights Plan and the New Rights Plan, is set forth in the section "*Special Business – New Shareholder Rights Plan*" beginning on page 45. To be effective, the Rights Plan Resolution must be approved by at least a majority of the votes cast at the Meeting by "Independent Shareholders" (as defined below) present in person or represented by proxy at the Meeting. The management proxy nominees named in the enclosed form of proxy intend to vote "**FOR**" the Rights Plan Resolution. **The Board unanimously recommends that you vote "FOR" the Rights Plan Resolution.**

5. 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 23 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 2018 Annual and Special 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.

6. 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, eight (8) of which have been proposed by management for re-election to the Board at the Meeting. As disclosed in prior years' management information circular, Messrs. Galloway and McCallum are retiring from the Board and are not standing for re-election 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 eight (8) 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: 68

Director since: 2011

Independent

Toromont Committees:

- Audit
- Nominating & Corporate Governance ("NCG")(Chair)

Areas of expertise:

- Senior executive/strategic leadership
- Corporate governance
- Business knowledge
- Finance
- Information technology

Total compensation for 2017:

\$ 166,306

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 B.S.B.A. from Georgetown University.

Attendance Record

Board – 9 of 9
 Audit – 4 of 4
 NCG – 2 of 2

Current directorships

Amex Bank of Canada (non-reporting issuer)

Past Directorships (2012 to 2017)

None.



Securities held and total market value as at February 28, 2017 and February 28, 2018:						
Year	Shares	DSUs	Options	⁽¹⁾ Total market value of equity With Options / Without Options		⁽⁵⁾ Meets share ownership target
2017	24,680	15,036	5,670	1,999,670	1,848,575	Yes
2018	24,680	17,076	5,670	2,592,331	2,377,280	Yes
Increase/(Decrease)	n/c	14%	n/c			

Voting results of 2017 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	58,375,987	860,573	59,236,559
Percentage of votes	98.55%	1.45%	100%

Cathryn E. Cranston

Toronto, Ontario, Canada

Age: 58

Director since: 2013

Independent

Cathryn Cranston retired from the Bank of Montreal in 2017 after a progressive 31-year career, 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 (“NCG”)

Areas of expertise:

- Senior executive/strategic leadership
- Strategic insight
- Finance, Accounting
- Diversity
- Corporate governance

Total compensation for 2017:

\$ 162,972

Attendance Record

Board – 9 of 9

Audit – 4 of 4

NCG – 2 of 2

Current directorships

None

Past Directorships (2012 to 2017)

Bank of Montreal



Securities held and total market value as at February 28, 2017 and February 28, 2018:

Year	Shares	DSUs	Options	⁽¹⁾ Total market value of equity		⁽⁵⁾ Meets share ownership target
				With Options	Without Options	
2017	4,000	15,822	n/a	927,571	927,571	Yes
2018	4,000	19,275	n/a	1,308,932	1,308,932	Yes
Increase/(Decrease)	n/c	22%	n/a			

Voting results of 2017 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	58,471,639	764,920	59,236,559
Percentage of votes	98.71%	1.29%	100%

Robert M. Franklin

Toronto, Ontario, Canada

Age: 71

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:

- Audit
- Human Resources & Compensation ("HRC") (Chair)

Attendance Record

Board – 9 of 9
Audit – 4 of 4
HRC – 3 of 3

Current directorships

None



Areas of expertise:

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

Past Directorships (2012 to 2017)

Barrick Gold Corporation
Canadian Tire Corporation
Canadian Tire Bank

Total compensation for

2017:

\$ 171,972

Securities held and total market value as February 28, 2017 and February 28, 2018:

Year	Shares	DSUs	Options	⁽¹⁾ Total market value of equity With Options / Without Options		⁽⁵⁾ Meets share ownership target
2017	122,700	37,901	13,350	7,816,176	7,462,255	Yes
2018	122,700	40,801	13,350	9,855,912	9,351,703	Yes
Increase/(Decrease)	n/c	8%	n/c			

Voting results of 2017 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	58,327,390	909,169	59,236,559
Percentage of votes	98.47%	1.53%	100%

James W. Gill

Toronto, Ontario, Canada

Age: 68

Director since: 2015

Independent

Toromont Committees:

- Audit
- Human Resources & Compensation (“HRC”)

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 9

Audit – 4 of 4

HRC – 3 of 3

Current directorships

Turquoise Hill Resources Ltd.
(reporting issuer)

Past Directorships (2012 to 2017)

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 2017:

\$ 164,972

Securities held and total market value as at February 28, 2017 and February 28, 2018:

Year	Shares	DSUs	Options	⁽¹⁾ Total market value of equity		⁽⁵⁾ Meets share ownership target
				With Options /	Without Options	
2017	20,000	5,123	n/a	1,166,963	1,166,963	Yes
2018	20,000	8,450	n/a	1,625,011	1,625,011	Yes
Increase/(Decrease)	n/c	65%	n/a			

Voting results of 2017 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	59,143,103	93,456	59,236,559
Percentage of votes	99.84%	0.16%	100%

Wayne S. Hill

Toronto, Ontario, Canada

Age: 71

Director since: 1988

Independent

Toromont Committees:

- Audit (Chair)
- Human Resources & Compensation ("HRC")

Areas of expertise:

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

Total compensation for 2017:

\$ 172,972

Securities held and total market value as at February 28, 2017 and February 28, 2018:

Year	Shares	DSUs	Options	⁽¹⁾ Total market value of equity With Options / Without Options		⁽⁵⁾ Meets share ownership target
2017	184,400	9,731	18,350	9,499,374	8,999,603	Yes
2018	184,400	11,150	18,350	11,953,936	11,247,178	Yes
Increase/(Decrease)	n/c	15%	n/c			

Voting results of 2017 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	58,501,360	735,199	59,236,559
Percentage of votes	98.76%	1.24%	100%

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 was on the Board of Enerflex Ltd. Mr. Hill holds a B.Comm. (Hons) from Queen's University.

Attendance Record

Board – 9 of 9
Audit – 4 of 4
HRC – 3 of 3

Current directorships

None

Past Directorships (2012 to 2017)

Enerflex Ltd.



Scott J. Medhurst

Bolton, Ontario, Canada

Age: 55

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 – 9 of 9

Audit – 4 of 4

HRC – 3 of 3

NCG - 2 of 2

Current directorships

None

Past Directorships (2012 to 2017)

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

2017: ⁽⁴⁾

\$ tbc

Securities held and total market value as at February 28, 2017 and February 28, 2018:

Year	Shares	DSUs	Options	⁽¹⁾ Total market value of equity With Options / Without Options	⁽⁵⁾ Meets share ownership target
2017	109,915	14,649	460,000	13,209,787 / 5,779,587	Yes
2018	135,073	14,870	525,000	20,315,844 / 8,613,594	Yes
Increase/(Decrease)	23%	2%	14%		

Voting results of 2017 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	59,165,143	71,416	59,236,559
Percentage of votes	99.88%	0.12%	100%

Robert M. Ogilvie

Caledon, Ontario, Canada

Age: 72

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 – 9 of 9

Audit – 4 of 4

HRC – 3 of 3

NCG – 2 of 2

Current directorships

None

Past Directorships (2012 to 2017)

None



Areas of expertise:

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

Total compensation for

2017:

\$ 300,000

Securities held and total market value as at February 28, 2017 and February 28, 2018:

Year	Shares	DSUs	Options	⁽¹⁾ Total market value of equity		⁽⁵⁾ Meets share ownership target
				With Options	Without Options	
2017	2,043,896	45,020	150,000	101,007,026	96,805,526	Yes
2018	2,043,896	48,456	150,000	126,353,680	120,460,180	Yes
Increase/(Decrease)	n/c	8%	n/c			

Voting results of 2017 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	58,119,429	1,117,130	59,236,559
Percentage of votes	98.11%	1.89%	100%

Katherine A. Rethy

Huntsville, Ontario, Canada

Age: 61

Director since: 2013

Independent

Toromont Committees:

- Audit
- Human Resources & Compensation ("HRC")
- Nominating & Corporate Governance ("NCG")

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

2017:

\$ 173,972

Securities held and total market value as at February 28, 2017 and February 28, 2018:

Year	Shares	DSUs	Options	⁽¹⁾ Total market value of equity		⁽⁵⁾ Meets share ownership target
				With Options	Without Options	
2017	0	14,039	n/a	658,761	658,761	Yes
2018	0	16,369	n/a	915,913	915,913	Yes
Increase/(Decrease)	n/c	17%	n/a			

Voting results of 2017 annual meeting:

	Votes for	Votes withheld	Total votes cast
Number of votes	57,746,023	1,490,536	59,236,559
Percentage of votes	97.48%	2.52%	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 \$46.33 and DSU value of \$46.91 as at February 28, 2017 and the closing share price of Toromont's common shares of \$57.61 and DSU value of \$55.95 as at February 28, 2018.

(2) The aggregate shareholdings of the directors 2,532,749 common shares representing approximately 3.1% of the issued and outstanding common shares (non-diluted) as at February 28, 2018.

(3) The total accumulated value of directors' equity holdings is \$174,291,559 as of February 28, 2018 (\$155,899,791 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) Calculated using the closing share price of Toromont's common shares as of February 28, 2018. See page 42 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 of the above nominees, there are seven (7) independent director nominees for the Board: J.S. Chisholm, C.E. Cranston, R.M. Franklin, J.W. Gill, W.S. Hill, 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, and also qualifies as an independent director pursuant to the guidelines of Institutional Shareholder Services, Inc. ("ISS") for TSX-listed companies. As of the date of the Meeting, more than five 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) or material ties with the Corporation (within the meaning of the ISS guidelines) 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 five years approximately one-third of the Board has been refreshed to introduce new independent directors and independent decision making (C.E. Cranston and 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. As a result, and as discussed further under the section "*Statement of Corporate Governance Practices – Director Independence*" on page 39, the NCG Committee and the Board have determined to eliminate the Lead Director position and Mr. Ogilvie will perform all of the duties and responsibilities in his capacity as the non-executive Chairman from and after the Meeting.

Accordingly, the Board is comprised of a majority of directors, including a Chairman, 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 NCG 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	JAMES W. GILL	WAYNE S. HILL	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
Individuals engaged in a broad variety of businesses or professions	x	x	x	x	x		x	x
Strategic insight	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
Finance, accounting	x	x	x	x	x		x	
Health, safety, environment, sustainability			x	x		x		x
Economics	x	x			x		x	
Corporate governance	x	x	x	x	x		x	x
Previous public company board experience	x		x	x	x		x	x
Diversity (gender, geography, age, expertise, experience, cultural background, etc.)	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	EVP	CEO	CEO	Pres.
Post graduate educational achievement		MBA		Ph.D.	CA		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 41 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. The Nomination of Directors Policy adopted by the Board is used 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 the Policy. In accordance with the Policy, the skills matrix identified above was developed and is updated from time to time. 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. The information discussed above forms the basis for providing direction to the NCG Committee, and retained external search firms 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 (the Chairman, going forward) 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 eight, representing 25% of the Board and 29% 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. The Board has adopted a written 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. From time to time, the NCG Committee is tasked with reviewing Toromont's approach to leadership diversity to determine what enhancements or changes in policies and procedures may be beneficial to promote diversity. As well, the NCG ensures that its director identification, selection and nomination process enhances the diversity of candidates put forward. In particular, the Board's Nomination of Directors and New Director Process requires that all board candidate searches require the retainer of an external search firm to support the recommendations of the NCG Committee. They are 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, and in particular, gender diversity.

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. The following actions and initiatives highlight Toromont's efforts to continuously 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 non-profit 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.
- Toromont offers 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 Trainee 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 2018 and into 2019, 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 2017, 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.

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 16 of the Circular. Moreover, while it is important to set the tone at the top, as reflected by the fact that 25% of Toromont's Board (29% 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 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.

Two of Toromont's executive officers are female, representing two executive officers of seven (or about 29% 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, including through the initiatives described above.

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, 2017, and the attendance of individual directors of the Corporation at such meetings.

Director	Board Meetings Attended	Committee Meetings Attended – 2017		
		Audit Committee	HRC Committee	NCG Committee
Jeffrey S. Chisholm ⁽¹⁾⁽³⁾	9	4	-	2
Cathryn E. Cranston ⁽¹⁾⁽³⁾	9	4	-	2
Robert M. Franklin ⁽¹⁾⁽²⁾	9	4	3	-
David A. Galloway ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾	8	4	3	2
James W. Gill ⁽¹⁾⁽²⁾	9	4	3	-
Wayne S. Hill ⁽¹⁾⁽²⁾	9	4	3	-
John S. McCallum ⁽¹⁾⁽³⁾⁽⁶⁾	9	4	-	2
Scott J. Medhurst ⁽⁴⁾	9	4	3	2
Robert M. Ogilvie ⁽⁵⁾	9	4	3	2
Katherine A. Rethy ⁽¹⁾⁽²⁾⁽³⁾	9	4	3	2
Total Meetings Held	9	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) Messrs. Galloway and McCallum are retiring from the Board with effect immediately prior to the Meeting.				

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, the Chief Financial Officer and the Chairman of the Board, 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 2017 fiscal year, directors participated in educational sessions and received educational materials on the topics, including those outlined below.

DATE	EDUCATIONAL SESSION	AUDIENCE
November, 2017	Update on Cyber Security from VP & CIO	Board
November, 2017	Seminar at Davies Ward LLP on corporate governance	Board (2 members)
November, 2017	Presentation from Caterpillar senior executive regarding Caterpillar strategic initiatives	Board
November, 2017	Presentation by Lead Director – update on global financial issues and trends	Board
April, 2017	Presentation by VP & CIO – update on cyber threats and update on Internet of Things, data analysis and marketing opportunities	Board

In 2017, 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. Based on such reviews, the NCG Committee recommends changes (if any) to Director compensation to the full Board for approval. In early 2018, the NCG Committee retained Korn Ferry to provide a report on director compensation competitiveness relative to the comparator market listed in Schedule D. The only change in Director compensation for 2018 was to increase the Chairman's retainer to \$325,000.

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, 2017, the Directors of the Corporation were paid fees by the Corporation in return for their service as directors as noted:

- Chairman annual cash retainer of \$165,000 and annual DSU grant of \$135,000;
- Annual cash retainer of \$55,500 and annual DSU grant of \$65,000 for all 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.

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 2017. 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, 2017 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 2017, 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	101,306	65,000	166,306
Cathryn E. Cranston	97,972	65,000	162,972
Robert M. Franklin	106,972	65,000	171,972
David A. Galloway	108,639	65,000	173,639
James W. Gill	99,972	65,000	164,972
Wayne S. Hill	107,972	65,000	172,972
John S. McCallum	134,972	65,000	199,972
Robert M. Ogilvie	165,000	135,000	300,000
Katherine A. Rethy	108,972	65,000	173,972

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, 2017, 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, 2017.

Director	Stock Options ⁽¹⁾⁽²⁾				Deferred Share Units ⁽³⁾	
	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	August 12, 2018 July 31, 2019	63,460 137,360	16,728	919,204
Cathryn E. Cranston	n/a	n/a	n/a	n/a	18,920	1,039,654
Robert M. Franklin	3,350 10,000	17.10 20.76	August 12, 2018 July 31, 2019	127,300 343,400	40,371	2,218,386
David A. Galloway	8,350 10,000	17.10 20.76	August 12, 2018 July 31, 2019	317,300 343,400	65,763	3,613,677
James W. Gill	n/a	n/a	n/a	n/a	8,133	446,908
Wayne S. Hill	8,350 10,000	17.10 20.76	August 12, 2018 July 31, 2019	317,300 343,400	10,822	594,669
John S. McCallum	n/a	n/a	n/a	n/a	10,822	594,669
Robert M. Ogilvie	100,000 50,000	17.10 20.76	August 12, 2018 July 31, 2019	3,800,000 1,717,000	47,577	2,614,356
Katherine A. Rethy	n/a	n/a	n/a	n/a	16,025	880,574

Notes:

(1) The value of the unexercised in-the-money options is based on the difference between the market price of Toromont common shares on the TSX of \$55.10 as of December 31, 2017, and the option exercise price.

(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, 2017 was \$54.95. 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, 2017.

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, 2017 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	2,000	1,325	116,060
Cathryn E. Cranston	-	1,325	65,000
Robert M. Franklin	2,000	1,325	116,060
James W. Gill	-	1,325	65,000
David A. Galloway	2,000	1,325	116,060
Wayne S. Hill	2,000	1,325	116,060
John S. McCallum	2,000	1,325	116,060
Robert M. Ogilvie	10,000	2,751	390,300
Katherine A. Rethy	-	1,325	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, 2017. Toromont's Named Executive Officers for 2017 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 23-35% and variable compensation (annual bonus and grants under the Option Plan) at approximately 57-65% 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 Korn Ferry, an independent consultant that provides comparative market data. In late 2017, the HRC Committee retained the Korn Ferry to provide a report on executive compensation for the NEOs, as well as other executives and senior management across the organization, and including the executives and senior management from the Quebec-based Hewitt businesses acquired in late 2017 by the Corporation. The companies listed in Schedule D on page 102 comprised the peer group used by Korn Ferry in their report. The companies were recommended by Korn Ferry and approved by the HRC Committee as an appropriate group of comparable industrial companies, generally in industries in which Toromont operates. The above peer group was used to benchmark the aggregate compensation levels of executives as well as the individual elements of compensation.

Executive Compensation-Related Fees

In 2017, Korn Ferry earned \$50,624 in fees from Toromont for the work it performed for management and Board advice in respect of Toromont's executive pay and Board compensation. Korn Ferry was retained by the HRC Committee. The HRC Committee does not have to pre-approve the use of Korn Ferry by management for such purposes. Korn Ferry provided no other services to Toromont or the Board in 2017.

All Other Fees

Further, as discussed on page 20, Korn Ferry was also retained in 2017/2018 by the NCG Committee to provide a report on director compensation. No other services were provided by Korn Ferry in 2017 or 2016.

There was no change in Toromont's philosophy regarding executive compensation and no new compensation plans in 2017.

Voting results from Toromont's annual meeting of shareholders, held on April 27, 2017, 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:

	<i>TOTAL VOTES</i>	<i>PERCENTAGE OF VOTES CAST</i>
<i>Votes in Favour</i>	51,665,740	87.22%
<i>Votes Against</i>	7,571,819	12.78%

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, 2017, 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 30 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 five 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 2017, the ROSE factor represented 65%, the GEPS factor 25% and the qualitative element 10% of the bonus factors. No changes were made for 2018. These percentages will be reviewed annually by the HRC Committee.

In 2017, ROSE was 19.47%, GEPS was 10.49% and all NEOs met or exceeded expectations. Based on the above formula, and, utilizing the above guidelines, bonuses of 77% to 147% of salary were awarded to the Named Executive Officers. In addition, the following merit bonuses were granted to the Named Executive Officers in recognition of the significant work involved in concluding the acquisition of the business and net operating assets of the Hewitt Group of Companies: Scott J. Medhurst \$385,000; Paul R. Jewer \$225,000; Randall B. Casson \$85,000; Michael P. Cuddy \$65,000; and David C. Wetherald \$175,000.

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. Minimum share ownership equal to the number of options granted in any year is a condition of participation in the Option Plan (for further details see discussion under the heading "*Stock Option Plan*").

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 2016 fiscal year was 1.4%, for 2017 the applicable rate applied to the account balance for such year was 5.4%. 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 2017 for the Supplemental Employee Retirement Plan was \$853,000. The accrued liability under the Supplemental Employee Retirement Plan was \$5,319,648 as at December 31, 2017.

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 2017, 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. In addition, the Corporation's annual business plan and major deviations therefrom are approved by the Board.

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.

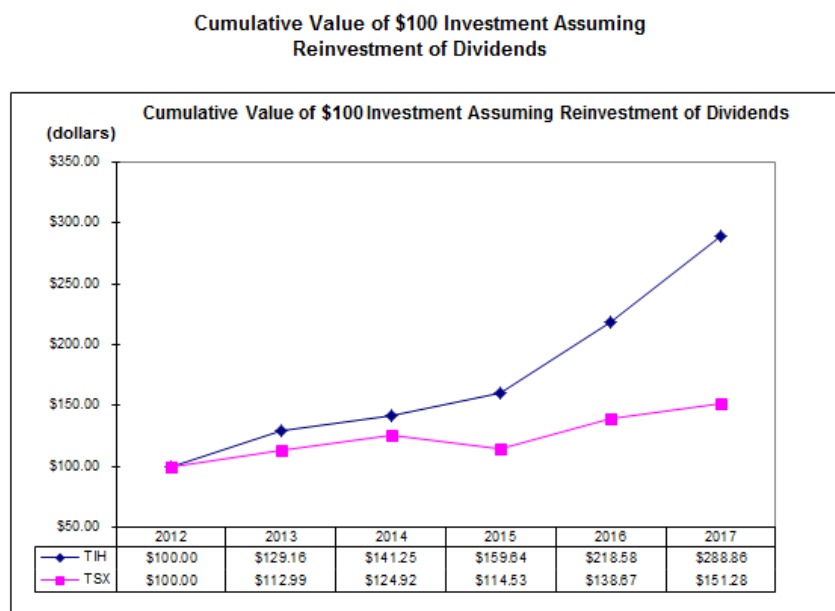
Furthermore, risk is mitigated by the Corporation's strong ethical culture and the prevention of speculation in financial instruments such as hedges, as described below. In addition, risks are mitigated through the Corporation's clawback policy which applies to option grants and annual incentive awards (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, 2012 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.



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)
2013 ⁽¹⁾	29.2%	(16.8%)
2014	9.4%	3.5%
2015	13.0%	11.1%
2016	36.9%	(0.7%)
2017 ⁽²⁾	32.2%	14.6%

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 2017 represented 5% of Toromont's net income in 2017.

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, including as provided by independent, external consultants engaged by the Corporation from time to time. 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 must own shares of Toromont. An employee will not be granted options for shares in any year in excess of that number of shares (including DSUs) owned by the employee. Employees have three years from the grant date to meet the threshold, provided they acquire at least 1/3 of the required amount in each of the three years. 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.

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 2,619,796 as of February 28, 2018 representing 3.2% of Toromont's currently outstanding common shares. In August 2017, the Board granted 514,550 options (or 0.7% of the then outstanding number of common shares). In addition, as of February 28, 2018, there remained an additional 2,042,035 options available for issuance, or 2.5% 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.

The maximum number of common shares issuable under the current Option Plan is 7,000,000. 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.

The table below shows the number of options granted under the Option Plan and the relative percentage of shares outstanding for the last three years, calculated as at December 31.

Year	Number of Options Granted	% of shares outstanding
2017	514,550	0.65%
2016	517,500	0.66%
2015	520,700	0.67%

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.

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, 2018. 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.

Year	Salary	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total compensation	Revised Total Compensation (1)
2017	765,000	1,228,000	1,121,328	233,557	21,949	3,369,834	2,514,834
2016	750,000	763,000	1,106,890	216,291	38,404	2,874,585	3,893,585
2015	700,000	733,000	1,174,961	200,333	33,346	2,841,640	4,204,640
2014	600,000	550,000	1,047,714	163,937	39,775	2,401,426	4,960,426
2013	600,000	549,000	971,569	158,336	42,579	2,321,484	5,193,484
Note:							
(1) Based on February 28, 2018, closing share price of \$57.61. 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.							

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, 2017, 2016 and 2015, 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 ⁽⁴⁾ President and Chief Executive Officer	2017	765,000	1,228,000	1,506,328	233,557	21,949	3,754,834
	2016	750,000	763,000	1,106,890	216,291	38,404	2,874,585
	2015	700,000	733,000	1,174,961	200,333	33,346	2,841,640
Paul R. Jewer Executive Vice President and Chief Financial Officer	2017	454,000	614,000	725,060	134,097	40,978	1,968,135
	2016	445,000	380,500	498,018	123,640	28,681	1,475,839
	2015	440,000	366,500	555,037	121,405	38,346	1,521,288
Randall B. Casson President, Construction Industries	2017	444,000	614,000	574,046	120,140	22,254	1,774,440
	2016	435,000	380,500	486,826	111,833	29,036	1,443,195
	2015	430,000	366,500	542,423	109,446	29,012	1,477,381
Michael P. Cuddy VP, & CIO	2017	313,000	368,400	357,854	77,843	31,071	1,148,168
	2016	307,000	209,275	372,040	72,806	26,027	987,148
	2015	302,000	183,250	323,814	71,434	32,010	912,508
David C. Wetherald Vice President, Human Resources and Legal and	2017	327,400	196,480	504,344	81,582	32,053	1,141,859
	2016	352,000	152,200	334,847	82,437	23,835	945,319
	2015	347,000	197,910	372,064	80,722	26,413	1,024,109

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 2017, the strike price used was \$53.88, expected life of option: 8.06 years, expected volatility: 22.0%, expected dividend yield: 1.41% and risk free interest rate: 1.75%. Using such methodology, the grant date fair value was \$ 12.28.

(2) Payments in this column were made pursuant to the Corporation's Executive Incentive Plan described on page 25, and also include a one-time merit bonus granted to the Named Executive Officers in recognition of the significant work involved in concluding the acquisition of the business and net operating assets of the Hewitt Equipment Group of Companies as follows: Mr. Medhurst (\$1,121,328 and \$385,000); Mr. Jewer (\$500,060 and \$225,000); Mr. Casson (\$489,046 and \$85,000); Mr. Cuddy (\$292,854 and \$65,000), and Mr. Wetherald (\$329,344 and \$175,000). 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 \$14,720, club dues \$3,025, consulting expenses \$1,858, and life insurance premium \$2,346); Mr. Jewer (automobile allowance and associated expenses \$23,058, club dues \$6,559, executive medical expenses (\$7,557) and life insurance premium \$3,804); Mr. Casson (automobile allowance and associated expenses \$17,863, executive medical expenses \$2,045 and life insurance premium \$2,346); Mr. Cuddy (automobile allowance and associated expenses \$17,712, club dues \$1,277, consulting fees \$2,889, executive medical \$6,556 and life insurance premium \$2,637); and Mr. Wetherald (automobile allowance and associated expenses \$19,986, executive medical expenses \$9,721 and life insurance premium \$2,346). Each amount is based on the actual dollar amount reimbursed to the Named Executive Officer.

(4) Mr. Medhurst does not receive any compensation in his capacity as a director of the Corporation.

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, 2017. There were no share-based awards held by any Named Executive Officers that were outstanding as at December 31, 2017. Any DSUs held by any Named Executive Officer that were outstanding as at December 31, 2017 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	25,000	20.76	Jul 31, 2019	858,500
	100,000	23.40	Jul 29, 2023	3,170,000
	100,000	26.52	Jul 28, 2024	2,858,000
	100,000	36.65	Jul 28, 2025	1,845,000
	100,000	39.79	Jul 26, 2026	1,531,000
	100,000	53.88	Aug 29, 2027	122,000
Paul R. Jewer	35,000	23.40	Jul 29, 2023	1,109,500
	50,000	26.52	Jul 28, 2024	1,429,000
	50,000	36.65	Jul 28, 2025	922,500
	50,000	39.79	Jul 26, 2026	765,500
	50,000	53.88	Aug 29, 2027	61,000
Randall B. Casson	50,000	23.40	Jul 29, 2023	1,585,000
	50,000	26.52	Jul 28, 2024	1,429,000
	50,000	36.65	Jul 28, 2025	922,500
	50,000	39.79	Jul 26, 2026	765,500
	50,000	53.88	Aug 29, 2027	61,000
Michael P. Cuddy	25,000	17.10	Aug 12, 2018	950,000
	25,000	20.76	Jul 31, 2019	858,500
	25,000	23.40	Jul 29, 2023	792,500
	25,000	26.52	Jul 28, 2024	714,500
	25,000	36.65	Jul 28, 2025	461,250
	27,500	39.79	Jul 26, 2026	421,025
	30,000	53.88	Aug 29, 2027	36,600
David C. Wetherald	5,400	23.40	Jul 29, 2023	171,180
	10,800	26.52	Jul 28, 2024	308,664
	16,200	36.65	Jul 28, 2025	298,890
	16,000	39.79	Jul 26, 2026	244,960
	16,000	53.88	Aug 29, 2027	19,520
Notes:				
(1) The value of the unexercised in-the-money options is based on the difference between the market price of Toromont common shares on the TSX of \$55.10 as of December 31, 2017, and the option exercise price.				
(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, 2017 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, 2017, 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	100,000	1,704,400
Paul R. Jewer	50,000	852,200
Randall B. Casson	48,000	801,140
Michael P. Cuddy	25,500	429,390
David C. Wetherald	25,600	450,976
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 2017.

Name	Common Shares Acquired on Exercise (#)	Aggregate Value Realized ⁽¹⁾ (\$)
Scott J. Medhurst	35,000	1,134,572
Paul R. Jewer	25,000	817,656
Randall B. Casson	16,000	554,811
Michael P. Cuddy	n/a	n/a
David C. Wetherald	25,600	680,691
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⁾		Total Accumulated Value
		Number	Value	Number	Value	Number	Value	
Scott J. Medhurst President and Chief Executive Officer	2017	109,915	6,056,317	14,819	813,997	525,000	10,384,500	17,254,814
	2016	109,915	4,654,900	14,588	617,802	460,000	5,599,400	10,872,102
	2015	98,607	3,111,051	14,297	454,699	400,000	2,433,600	5,999,350
Paul R. Jewer Executive Vice President and Chief Financial Officer	2017	38,205	2,105,096	38,729	2,127,371	235,000	4,287,500	8,519,967
	2016	38,205	1,617,982	36,953	1,564,960	210,000	2,367,900	5,550,841
	2015	34,295	1,082,007	34,231	1,091,513	235,600	1,712,920	3,886,441
Randall B. Casson President, Construction Industries	2017	120,000	6,612,000	22,537	1,237,954	250,000	4,763,000	12,612,954
	2016	120,000	5,082,000	21,040	891,044	216,000	2,497,440	8,470,484
	2015	139,562	4,403,181	18,768	596,876	210,100	1,381,045	6,381,102
Michael P. Cuddy VP, & CIO	2017	115,504	6,364,270	11,147	612,309	182,500	4,234,375	11,210,954
	2016	115,504	4,891,594	10,974	464,749	152,500	2,253,400	7,609,743
	2015	115,504	3,644,151	10,755	342,036	140,000	1,182,350	5,168,537
David C. Wetherald Vice President, Human Resources and Legal and Corporate Secretary	2017	2,300	126,730	13,671	750,925	64,400	1,043,214	1,920,869
	2016	2,300	97,405	13,458	569,946	74,000	752,012	1,419,363
	2015	23,501	741,457	13,190	419,467	86,000	456,622	1,617,546

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 2017, 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 \$55.10 on December 31, 2017.

(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, 2017 was \$54.95 based on the average of the high and low trading prices for the five day period ending on December 31, 2017. 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, 2017 which was \$55.10.

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.

	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)) (a)	Percentage of the number of outstanding and remaining options available for issuance relative to the issued and outstanding shares of the Corporation
As at December 31, 2017				
Equity compensation plans approved by securityholders ⁽¹⁾	2,628,036	\$34.85	2,042,035	
Equity compensation plans not approved by securityholders	-	-	-	
Total	2,628,036	\$34.85	2,042,035	5.8%
As at February 28, 2018				
Equity compensation plans approved by securityholders ⁽¹⁾	2,619,796	\$34.88	2,042,035	
Equity compensation plans not approved by securityholders	-	-	-	
Total	2,619,796	\$34.88	2,042,035	5.8%

(1) 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 common shares of Toromont as of the beginning of the year in which the grant is made. See the discussion under the section "Stock Option Plan" above for additional information.

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 (2017)	Compensatory	Non-Compensatory	Accumulated value at end of year (2017)
	(\$)	(\$)	(\$)	(\$)
Scott J. Medhurst	1,619,606	233,557	77,433	1,930,596
Paul R. Jewer	804,366	134,097	0	938,463
Randall B. Casson	1,870,268	120,140	127,669	2,118,077
Michael P. Cuddy	1,155,644	77,843	81,772	1,315,259
David C. Wetherald	833,149	81,582	52,182	966,913

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, 2017, 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, 2017, 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, 2017 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, 2017 (the DSU value being \$54.95), 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, 2017: Scott J. Medhurst \$814,304; Paul R. Jewer \$2,128,159; Randall B. Casson \$1,238,408; Michael P. Cuddy \$612,528, and David C. Wetherald: \$751,221.

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, 2017 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, 2017 and the value of our common shares was the December 31, 2017 closing market price on the TSX of \$55.10. 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	4,114,289	467,114	814,304	10,384,500	15,780,207
Paul R. Jewer	2,133,897	268,194	2,128,159	4,287,500	8,817,750
Randall B. Casson	2,086,269	240,280	1,238,408	4,763,000	8,327,957
Michael P. Cuddy	1,360,668	155,686	612,528	4,234,375	6,363,257
David C. Wetherald	1,439,408	163,164	751,221	1,034,214	3,388,007

Notes:

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

(2) DSU value of \$54.95 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, 2017. 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 2018 Annual Information Form under the heading "Audit Committee Information" and in Appendix A of Toromont's 2018 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 (within 90 days following the shareholders' meeting) and promptly announce it in a press release, including any reasons for rejecting a director's resignation (if such resignation is rejected). The resignation will be effective when accepted by the Board. 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

Currently, nine of the Corporation's ten directors, including the Chairman, are independent. After the Meeting, seven of the Corporation's eight directors, including the Chairman, will be independent. As disclosed elsewhere in this Circular, the Board has determined to transition the Lead Director duties back to the Chairman position, and the Lead Director position will be eliminated effective upon the retirement of Mr. McCallum from the Board immediately prior to the Meeting. For further details concerning the Directors' independence, see "*Nominees for Election to the Board of Directors – Independence and Skills*" beginning on page 14. 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 two years pursuant to NI 52-110 and, as of the date of the Meeting, more than five 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 now independent within the meaning of NI 52-110 and in accordance with NI 58-101, NP 58-201 and the guidelines of ISS. In April, 2018, effective from and after the Meeting, 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). 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 18 times in 2017 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 J.S. Chisholm (Chair), C.E. Cranston 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 and K.A. Rethy.

The Audit Committee is currently comprised of W.S. Hill (Chair), J.S. Chisholm, C.E. Cranston, R.M. Franklin, J.W. Gill 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, J.W. Gill 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 15 and 16 of Toromont's 2018 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), 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.
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 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 (going forward the Chairman) 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 17. 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 2017 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 16 of this Circular), the needs and objectives of the Board and its Committees and appropriate succession planning. As disclosed in prior years' management information circular, the NCG Committee and the Board determined to grant limited exceptions to Toromont's Retirement Policy to allow Messrs. Galloway and McCallum to remain on the Board until this year's Meeting, to facilitate an orderly transitioning of their functions and responsibilities, including to transition the Lead Director functions back to Mr. Ogilvie, the Chairman of the Board. As discussed elsewhere in this Circular, Messrs. Galloway and McCallum are retiring from the Board with effect immediately prior to this year's Meeting.

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 continue to discuss overall Board composition, 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. As of February 28, 2018, this group beneficially owns in aggregate 6.4% 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, Battlefield is required to accumulate shares with a value equivalent to not less than two times their respective annual base salaries and the other Officers of the Corporation are required to acquire shares worth one and a half times their annual base salaries. For the purposes of calculating if the share ownership threshold has been reached, the greater of (i) the fair market value of a share at the time of calculation and (ii) the value of the shares at the time of acquisition, shall be used. The table below outlines the calculations for the share ownership threshold.

Director	Base Retainer	Share Ownership Value Threshold (1)	Number of Shares to meet Threshold	Number of Shares Currently Owned (3)	Value of Shares Currently Owned	Threshold Met?
	\$	\$	#	#	\$	(Y/N)
Jeffrey S. Chisholm	55,500	166,500	3,022	41,440	2,283,344	Y
Cathryn E. Cranston	55,500	166,500	3,022	22,920	1,262,892	Y
Robert M. Franklin	55,500	166,500	3,022	163,071	8,985,212	Y
James W. Gill	55,500	166,500	3,022	28,133	1,550,128	Y
David A. Galloway	55,500	166,500	3,022	89,263	4,918,391	Y
Wayne S. Hill	55,500	166,500	3,022	195,222	10,756,732	Y
Scott J. Medhurst (2)	765,000	2,295,000	41,652	139,206	7,670,251	Y
John S. McCallum	55,500	166,500	3,022	70,822	3,902,292	Y
Robert M. Ogilvie	165,000	495,000	8,984	2,091,473	115,240,162	Y
Katherine A. Rethy	55,500	166,500	3,022	16,025	882,978	Y

(1) Value of shares owned is calculated using the closing share price of Toromont's common shares of \$55.10 as of December 31, 2017.

(2) Mr. Medhurst is the CEO of Toromont Industries Ltd., and as such, is required to own at least 41,652 shares of the Corporation, based on the closing price of Toromont's common shares of \$55.10 as of December 31, 2017.

(3) Number of shares owned is determined by adding the number of common shares owned together with the number of DSUs owned to December 31, 2017.

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 2017 fiscal year. The Board must approve any loans that may be made to directors and officers.

As of February 28, 2018, 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, 2017 was CAD \$246,179 (USD \$196,126), all of which was paid by Toromont. The premiums for the policy are not allocated between directors and officers as separate groups. 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, 2017, fees paid or accrued by Toromont and its subsidiaries to Ernst & Young LLP were as detailed below:

Year ended December 31,		
	2017	2016
Audit fees		
Audit-related fees (division and corporate audit services)	\$1,791,000	\$937,090
Acquisition-related fees	751,500	90,450
All other fees	5,500	5,500
Total	\$2,548,000	\$1,033,040

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 16 of Toromont's 2018 Annual Information Form for additional information.

SPECIAL BUSINESS – APPROVAL OF NEW SHAREHOLDER RIGHTS PLAN

Background

No Continuation of the Existing Rights Plan

On November 2, 2005, the Board approved and adopted the Original Rights Plan, which was ratified and confirmed by the shareholders of the Corporation on April 20, 2006. The Original Rights Plan was subsequently continued, amended, restated and ratified and confirmed by the Corporation's shareholders at the annual and special meetings of shareholders held on April 23, 2009, April 26, 2012 and again on April 23, 2015 (referred to as the Existing Rights Plan). For the reasons described below, the Corporation will not be submitting the Existing Rights Plan to shareholders for continuation. Accordingly, the Existing Rights Plan, and all rights issued thereunder, will automatically expire and terminate at the conclusion of the Meeting.

Amended Take-Over Bid Rules

On February 25, 2016, the CSA published final amendments (referred to as the Amended Take-Over Bid Rules) to the take-over bid regime that came into force in the form of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* ("NI 62-104") on May 9, 2016. The Amended Take-Over Bid Rules, among other things, lengthen the minimum take-over bid period to 105 days, require that all non-exempt take-over bids meet a minimum tender requirement of more than 50% of the outstanding securities of the class that are subject to the take-over bid (excluding securities owned by the bidder, its joint actors and their associates and affiliates), and require a 10-day extension after the minimum tender requirement is met.

New Shareholder Rights Plan

Subject to approval by the shareholders at the Meeting, on February 23, 2018, the Board approved a resolution adopting the New Rights Plan pursuant to a shareholder rights plan agreement dated February 23, 2018 between the Corporation and AST Trust Company (Canada), as rights agent (the "**Rights Agent**"). As discussed in greater detail below, the New Rights Plan is consistent with the features of so-called "new generation" rights plans and reflects the changes to the take-over bid regime adopted by the CSA under the Amended Take-Over Bid Rules. For the New Rights Plan to continue in effect after the close of the Meeting, the Rights Plan Resolution set out below must be approved by the shareholders at the Meeting. If the Rights Plan Resolution is not approved by the shareholders, the New Rights Plan will automatically terminate and shareholders of the Corporation will not have the protection of any shareholder rights plan.

Rationale for Adopting the New Rights Plan

The Amended Take-Out Bid Rules address, in part, some of the concerns that the Board had when the Existing Rights Plan was originally adopted – primarily as they relate to the period of time that shareholders and the Board would have to consider and respond to an unsolicited take-over bid and the minimum tender requirement. However, the Amended Take-Out Bid Rules do not alter the availability of exemptions to the formal take-over bid rules that facilitate creeping bids (acquisitions of shares with the intention of acquiring effective control of Toromont through market purchases and private agreements that are exempt from the take-over bid rules). Specifically, the Board continues to believe that a rights plan is necessary to protect shareholders from certain actions that could result in unequal treatment of shareholders under Canadian securities laws, including the following: (i) a person could acquire effective control of the Corporation under one or more private agreements at a premium to the market price, resulting in a change of control transaction without the payment of a premium to all shareholders, (ii) a person could slowly accumulate shares of the Corporation through stock exchange acquisitions over time, resulting in an acquisition of effective control without payment of fair value for control, (iii) a person seeking to acquire control of the Corporation could enter into agreements with shareholders who, together with the acquiror, hold more than 20% of the outstanding shares of the Corporation irrevocably committing such holders to tender their shares of the Corporation to a take-over bid, the effect of which would be to significantly hamper, if not terminate, any reasonable prospect for the Board to run a value enhancing auction process, and (iv) it may be possible for a person to engage in transactions outside of Canada without regard to the take-over bid protections of Canadian securities laws (collectively, the "**Outstanding Gaps**").

In light of the foregoing considerations and the Board's determination to let the Existing Rights Plan terminate at the end of the Meeting in accordance with its terms, on February 23, 2018, the Board adopted the New Rights Plan described below, the sole purpose of which is to address the Outstanding Gaps and ensure that shareholders have an equal opportunity to participate in a change of control transaction. The New Rights Plan is consistent with the Amended Take-Over Bid Rules and other features of so-called "new generation" rights plans. Rights under the New Rights Plan will be issued at the close of business on April 25, 2018, the day immediately prior the Meeting. If shareholders do not ratify and approve the New Rights Plan at the Meeting, then the New Rights Plan will automatically terminate and shareholders of the Corporation will not have the protection of any shareholder rights plan.

Purpose

The key objective of the Board in adopting the New Rights Plan is addressing the Outstanding Gaps remaining following the Amended Take-Over Bid Rules and ensuring that shareholders have an equal opportunity to participate in a change of control transaction. The New Rights Plan is not intended to, and will not, entrench directors or management or prevent a change of control.

The New Rights Plan generally provides that if a bidder acquires beneficial ownership of more than 20% of the issued and outstanding "Voting Shares" (being any shares in the capital of the Corporation to which is attached a right to vote for the election of directors generally), other than by way of a "Permitted Bid" (as defined below), which requires a take-over bid to be made to all shareholders, holders of Voting Shares, other than the bidder, its joint actors and the associates and affiliates of the bidder and its joint actors, will be able to effectively purchase additional Voting Shares at a 50% discount to the market price, thus exposing the bidder to substantial dilution of its holdings.

Key Differences – Existing Rights Plan vs. New Rights Plan

The following summary describes the key differences between the Existing Rights Plan and the New Rights Plan and highlights certain of the "new generation" features of the New Rights Plan.

Longer Duration Required for "Permitted Bids"

Under the Existing Rights Plan, for a take-over bid to constitute a "Permitted Bid" that does not trigger the Existing Rights Plan, it is required, among other things, to be open for at least 60 days. In order to align the rights plan with the Amended Take-Over Bid Rules, the New Rights Plan provides that a "Permitted Bid" is any non-exempt take-over bid (*i.e.*, a take-over bid made by way of take-over bid circular to all shareholders) made in accordance with NI

62-104 and other applicable Canadian securities laws. As a result of the Amended Take-Over Bid Rules, such a take-over bid will generally be required by law to remain open for at least 105 days (subject to certain cases when the bid period may be reduced).

Other Amendments

In addition to the foregoing, other key differences between the New Rights Plan and the Existing Rights Plan include:

- **Rights:** The rights issued under the Existing Plan will terminate and expire at the end of this year's Meeting. Under the New Rights Plan, on the day immediately prior to the Meeting (April 25, 2018), a new Right to purchase a common share of Toromont will be issued in respect of each then-outstanding Toromont common share (the "**Common Shares**"). Thereafter, a Right would be issued in respect of each Common Share issued after the Record Time and before the earlier of the "Separation Time" (as defined below) and the "Expiration Time" (as defined in the New Rights Plan).
- **Permitted Lock-Up Agreement:** The definition of "Lock-up Agreement" in the Existing Rights Plan has been replaced with a similar definition of "Permitted Lock-Up Agreement", being those agreements which do not give rise to "Beneficial Ownership" (as defined in the New Rights Plan). The definitions in the Existing Rights Plan and New Rights Plan are otherwise substantively consistent.
- **Beneficial Ownership:** The definition of "Beneficial Ownership" has been amended to exclude acquisitions of Voting Shares through certain customary transactions or arrangements consistent with new generation rights plans, namely, acquisitions by virtue of (i) agreements between Toromont and underwriters or banking groups relating to a distribution of securities, (ii) pledges of securities in the ordinary course, and (iii) agreements between Toromont and another person pursuant to an amalgamation, arrangement, business combination or similar transaction that is conditional upon the prior approval of shareholders.
- **Permitted Bid and Competing Permitted Bid:** These definitions have been revised to tie to the applicable requirements for making a take-over bid under the Amended Take-Over Bid Rules.
- **Exempt Acquisition:** This definition has been expanded beyond transactions in respect of which the Board has waived a "Flip-in Event" (as defined below). "Exempt Acquisitions" now also include acquisitions by a person of Voting Shares or securities convertible to acquire Voting Shares (i) made as an intermediate step in a series of transactions in connection with an acquisition by Toromont of another person or assets, provided that no person becomes a Beneficial Owner of 20% or more of Toromont's then-outstanding Voting Shares, (ii) pursuant to a distribution of Voting Shares or convertible securities made by Toromont by way of prospectus, private placement or share purchase plan provided the acquiring person holds the same percentage of shares post-transaction, and (iii) pursuant to an amalgamation, arrangement, business combination or similar transaction conditional upon the approval of Toromont's shareholders.

In addition to the above, ancillary changes to the New Rights Plan include: (a) adding a provision to the effect that Toromont is not obligated to make a payment of the "Redemption Price" (as defined in the New Rights Plan) in respect of Rights unless the holder is entitled to at least \$1.00 in respect of all Rights it holds; and (b) further limiting the circumstances in which the Board may amend the New Rights Plan without shareholder approval. The above-mentioned changes are designed to make the New Rights Plan consistent with customary new generation rights plans and the Amended Take-Over Bid Rules.

Principal Terms of the New Rights Plan

The following is a summary of the principal terms of the New Rights Plan, which is qualified in its entirety by reference to the full text of the New Rights Plan attached to this Circular as Schedule C. The terms and conditions of the New Rights Plan are similar to a number of rights plans adopted by other Canadian companies and approved by their shareholders. A shareholder or any other interested party may also obtain a copy of the New Rights Plan through the internet at www.sedar.com or by writing or calling the Secretary of the Corporation. Capitalized terms used in this section and not otherwise defined herein have the respective meanings given to them in the New Rights Plan.

Term

If the New Rights Plan is not ratified and approved by a resolution passed by a majority of the votes cast by the "Independent Shareholders" (as defined in the New Rights Plan) present in person or represented by proxy at the Meeting, then the New Rights Plan will be terminated. If the New Rights Plan is so ratified and approved, then the New Rights Plan will continue in effect until the third annual meeting of shareholders after the Meeting (*i.e.*, in 2021). The New Rights Plan must be reconfirmed by a resolution passed by a majority of the votes cast by the Independent Shareholders present in person or represented by proxy at the third annual meeting following each shareholders' meeting at which the New Rights Plan is either ratified or reconfirmed. If the New Rights Plan is not so reconfirmed or is not presented for reconfirmation at such annual meeting, the New Rights Plan will terminate as of such annual meeting.

Issue of Rights

The Corporation will issue one Right in respect of each outstanding Common Share to holders of record as at 4:00 p.m. (Toronto time) on April 25, 2018 (the "**Record Time**"), being the day immediately prior to the Meeting. The New Rights Plan also authorizes the issue of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined in the New Rights Plan).

Exercise of Rights

The Rights are not exercisable initially. The Rights will separate from the Common Shares and become exercisable at the close of business on the tenth trading day after the earlier of (i) the first public announcement of facts indicating that any person has become an "Acquiring Person" (as defined below); (ii) the date of commencement of, or first public announcement of the intent of any person to commence, a take-over bid that would result in such person Beneficially Owning 20% or more of the Voting Shares (other than a Permitted Bid or a Competing Permitted Bid (each as defined in the Rights Plan) and certain other customary exceptions to the definition of an "Acquiring Person"); and (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such (in any such case, the "**Separation Time**").

After the Separation Time, but prior to the occurrence of a "Flip-in Event" (as defined below), each Right may be exercised to purchase one Common Share at an exercise price per Right (the "**Exercise Price**") equal to three times the Market Price, as at the Separation Time, per Common Share. Initially, and subject to adjustment as set out below, the Exercise Price per Right is \$161.00.

The Exercise Price payable and the number of Common Shares issuable upon the exercise of the Rights are subject to adjustment from time to time upon the occurrence of certain customary corporate events affecting the Common Shares.

Flip-in Event

Subject to certain exceptions, upon the acquisition by any person (an "**Acquiring Person**") of Beneficial Ownership of 20% or more of the Voting Shares (a "**Flip-in Event**") and following the Separation Time, each Right, other than Rights Beneficially Owned by an Acquiring Person (or any person acting jointly or in concert with an Acquiring Person or any affiliate of associate of the Acquiring Person or such joint actor) and certain transferees, may be exercised to purchase that number of Common Shares which have an aggregate Market Price on the date of the Flip-in Event equal to two times the Exercise Price of the Rights for an amount in cash equal to the Exercise Price. Rights beneficially owned by an Acquiring Person (or any person acting jointly or in concert with an Acquiring Person or any affiliate of associate of the Acquiring Person or such joint actor) and certain transferees will be void.

The New Rights Plan provides that a person (a "**Grandfathered Person**") who was the Beneficial Owner of 20% or more of the outstanding Voting Shares determined as at the Record Time shall not be an Acquiring Person unless, after the Record Time, that person becomes the Beneficial Owner of additional Voting Shares that increase that person's Beneficial Ownership of Voting Shares by more than 1.0% of the number of Voting Shares outstanding (other than through certain exempt transactions).

Certificates and Transferability

Prior to the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate. Certificates issued after the Record Time, but prior to the earlier of the Separation Time and the Expiration Time, will bear a legend to this effect.

Prior to the Separation Time, Rights will not be transferable separately from the associated Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and trade separately from the Common Shares.

Permitted Bid and Competing Permitted Bid

Under the New Rights Plan, a "Permitted Bid" or "Competing Permitted Bid" will not trigger the dilutive effects thereof. Generally, a Permitted Bid is a take-over bid (within the meaning of the Amended Take-Over Bid Rules) that: (i) is made by means of a take-over bid circular pursuant to and in accordance with NI 62-104; and (ii) is made to all holders of Voting Shares. A Competing Permitted Bid is a further Permitted Bid that is made after and prior to the expiry or termination of any previous Permitted Bid.

As both definitions are tied to the take-over bid requirements of NI 62-104, "partial bids" would qualify provided they are otherwise made in compliance with NI 62-104. Similarly, by tying the definitions of Permitted Bid and Competing Permitted Bid to take-over bids under NI 62-104, the definitions also incorporate the requirements for (i) a 105-day minimum bid period (or such shorter minimum period permitted under NI 62-104), (ii) an irrevocable 50% Independent Shareholder minimum tender requirement, and (iii) a mandatory minimum 10-day extension of the take-over bid upon announcement that more than 50% of the outstanding securities of the class subject to the bid that are held by Independent Shareholders have been deposited to and not withdrawn from the bid.

Acquiring Person

In general, an "Acquiring Person" is a person who is the Beneficial Owner of 20% or more of the Corporation's outstanding Voting Shares. Excluded from the definition of "Acquiring Person" are the Corporation and its Subsidiaries and, generally, any person who becomes a Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or more, or any combination of, (i) a "Voting Share Reduction", (ii) a "Permitted Bid Acquisition", (iii) an "Exempt Acquisition", (iv) a "Pro Rata Acquisition", or (v) a "Convertible Security Acquisition", in each case, as those terms are defined in the New Rights Plan. As noted above, Grandfathered Persons are also excluded from the definition of an Acquiring Person.

Permitted Lock-Up Agreements

Consistent with new generation rights plans (and the Existing Rights Plan), under the New Rights Plan a person will not be deemed to Beneficially Own a security because it has entered into a "Permitted Lock-Up Agreement". Generally, a Permitted Lock-Up Agreement is an agreement with one or more holders of Voting Shares pursuant to which such holders agree to deposit or tender Voting Shares to a take-over bid made or to be made by the bidder, its joint actors and their affiliates or associates, provided that, (i) the terms of the agreement are publicly disclosed and a copy of the agreement is made available to the public, (ii) the agreement permits the shareholder to terminate its obligation to deposit Voting Shares to the bid in order to tender its shares to another take-over bid or to support another transaction having a greater value of consideration or consideration per share that exceeds the bid by a "Specified Amount" (as defined in the New Rights Plan), and (iii) the agreement permits the shareholder to terminate its obligation to deposit Voting Shares to the bid in order to tender its shares to another take-over bid or to support another transaction if the number of shares offered to be purchased under the competing bid or transaction is greater than the number of shares under the bid or is at least a specified percentage greater than those under the bid and the price per share under the competing offer is equal to or greater than the bid price.

The Permitted Lock-Up Agreement must not provide for break-up fees or similar payments payable if the shareholder fails to deposit its shares to the bid in order to accept or support a competing transaction, which exceed the greater of (x) 2.5% of the price payable to the shareholder under the bid referred to in the agreement and (y) one-half of the increased value that is offered under the competing offer.

A Permitted Lock-Up Agreement may contain a right of first refusal or require a period of delay to give the bidder an opportunity to match a higher price in a competing take-over bid or transaction (or other similar limitation on a shareholder's right to withdraw Voting Shares from the agreement), so long as the limitation does not preclude the exercise by the shareholder of its right to withdraw shares in sufficient time to tender to the competing take-over bid or transaction.

Redemption and Waiver

At any time prior to the occurrence of a Flip-in Event, the Board may redeem the Rights at a redemption price of \$0.001 per Right with the prior approval of the holders of Voting Shares or Rights, as applicable. The Board will be deemed to have elected to redeem the Rights if a person, who has made a Permitted Bid, a Competing Permitted Bid or a take-over bid in respect of which the Board has waived (or is deemed to have waived) the application of the New Rights Plan, takes up and pays for Voting Shares pursuant to the terms and conditions of such Permitted Bid, Competing Permitted Bid or take-over bid.

At any time prior to the occurrence of a Flip-in Event and with the prior approval of the holders of Voting Shares or Rights, as applicable, the Board may waive the flip-in provisions where a Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a take-over bid made by means of a take-over bid circular to all holders of record of Voting Shares.

If a redemption of Rights or the foregoing waiver is proposed prior to the Separation Time, then such redemption or waiver must be approved by a majority of the votes cast by Independent Shareholders present in person or represented by proxy at a meeting of shareholders. If a redemption of Rights is proposed after the Separation Time, then such redemption must be approved by a majority of the votes cast by the holders of Rights present in person or represented by proxy at a meeting of such holders. At that meeting, each outstanding Right will represent one vote (other than Rights that are Beneficially Owned by any person who would not be an Independent Shareholder if that person held Shares and Rights that have become null and void).

At any time prior to the occurrence of a Flip-in Event and without the approval of the holders of Voting Shares or Rights, the Board may waive the flip-in provisions in respect of a take-over bid made by means of a take-over bid circular to all holders of record of Voting Shares. If the Board grants such waiver, then the provisions of the New Rights Plan that apply upon the occurrence of a Flip-in Event will also be deemed to be waived in respect of any other Flip-in Event occurring by reason of any take-over bid made by any other offeror by means of a take-over bid circular to all holders of record of Voting Shares prior to the expiry of any take-over bid in respect of which a waiver is, or is deemed to have been, granted.

In addition, the operation of the New Rights Plan may be waived where a person has inadvertently become an Acquiring Person and has reduced its Beneficial Ownership of Voting Shares such that it is no longer an Acquiring Person.

Amendment of the Rights Plan

The Board may amend the New Rights Plan up to five (5) days before the Meeting, provided it issues a press release at the time of amendment, generally disclosing the nature of the changes made. Thereafter, amendments, other than those required to correct clerical or typographical errors or to maintain the validity of the New Rights Plan as a result of a change of law, require the approval of the holders of Voting Shares or Rights, as applicable.

Duties of the Board

The New Rights Plan does not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered necessary or appropriate in the exercise of the directors' fiduciary duties.

Recommendation and Rights Plan Resolution

The Board of Directors has determined that the New Rights Plan is in the best interests of the Corporation and its shareholders. The Board unanimously recommends that shareholders vote "FOR" the Rights Plan Resolution set out below.

To be effective, the Rights Plan Resolution must be approved by a majority of votes cast in person or by proxy by the Independent Shareholders present in person or represented by proxy at the Meeting. To the best of the knowledge of the Corporation, all shareholders of the Corporation as of the record date of the Meeting are Independent Shareholders within the meaning of the New Rights Plan. The full text of the Rights Plan Resolution is set out below. **Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the accompanying form of proxy intend to vote "FOR" the approval of the Rights Plan Resolution.**

Rights Plan Resolution

BE IT RESOLVED THAT:

- 1. the shareholder rights plan of Toromont Industries Ltd. (the "Corporation") containing the terms and conditions substantially set forth in the shareholder rights plan agreement dated February 23, 2018 between the Corporation and AST Trust Company (Canada), as rights agent (the "New Rights Plan"), a copy of which has been tabled at this Meeting, be and is hereby consented to, ratified, confirmed and approved;*
- 2. the actions of the directors of the Corporation in adopting the New Rights Plan and in executing and delivering the New Rights Plan be and are hereby ratified, confirmed and approved; and,*
- 3. any one director or officer of the Corporation be and is hereby authorized and directed, for and in the name of and on behalf of the Corporation (whether under the corporate seal of the Corporation or otherwise), to execute and deliver such agreement, documents, certificates and instruments and to take such other actions as such person may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such agreement, document, certificate and instrument and the taking of any such action.*

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, 2018.

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, 2017. Copies of the Corporation's 2017 Annual Report containing the Corporation's consolidated financial statements for the year ended December 31, 2017 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, 3131 Highway 7 West, P.O. Box 5511, Concord, Ontario, Canada L4K 1B7.

SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted no later than December 2, 2018 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 2019.

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, 2018.

“LYNN M. KORBAK”

Lynn M. Korbak
General Counsel 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)

SCHEDULE C

TOROMONT INDUSTRIES LTD.

**SHAREHOLDER RIGHTS PLAN AGREEMENT
DATED AS OF FEBRUARY 23, 2018**

between

TOROMONT INDUSTRIES LTD.

and

**AST TRUST COMPANY (CANADA),
as Rights Agent**

TABLE OF CONTENTS

ARTICLE 1	
INTERPRETATION	
1.1.....	CERTAIN DEFINITIONS 61
1.2.....	CURRENCY 71
1.3.....	DESCRIPTIVE HEADINGS 71
1.4.....	NUMBER AND GENDER 71
1.5.....	REFERENCES TO AGREEMENT 71
1.6.....	CALCULATION OF NUMBER AND PERCENTAGE OF BENEFICIAL OWNERSHIP OF OUTSTANDING VOTING SHARES 71
1.7.....	ACTING JOINTLY OR IN CONCERT 72
ARTICLE 2	
THE RIGHTS	
2.1.....	LEGEND ON CERTIFICATES 72
2.2.....	EXECUTION, AUTHENTICATION, DELIVERY AND DATING OF RIGHTS CERTIFICATES 72
2.3.....	REGISTRATION, REGISTRATION OF TRANSFER AND EXCHANGE 73
2.4.....	MUTILATED, DESTROYED, LOST AND STOLEN RIGHTS CERTIFICATES 73
2.5.....	PERSONS DEEMED OWNERS OF RIGHTS 74
2.6.....	DELIVERY AND CANCELLATION OF CERTIFICATES 74
2.7.....	AGREEMENT OF RIGHTS HOLDERS 74
2.8.....	RIGHTS CERTIFICATE HOLDER NOT DEEMED A SHAREHOLDER 75
ARTICLE 3	
EXERCISE OF THE RIGHTS	
3.1.....	INITIAL EXERCISE PRICE; EXERCISE OF RIGHTS; DETACHMENT OF RIGHTS 75
3.2.....	ADJUSTMENTS TO EXERCISE PRICE; NUMBER OF RIGHTS 78
3.3.....	DATE ON WHICH EXERCISE IS EFFECTIVE 81
ARTICLE 4	
ADJUSTMENT TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS	
4.1.....	FLIP-IN EVENT 82
ARTICLE 5	
THE RIGHTS AGENT	
5.1.....	GENERAL 83
5.2.....	MERGER OR AMALGAMATION OR CHANGE OF NAME OF RIGHTS AGENT 84
5.3.....	DUTIES OF THE RIGHTS AGENT 84
5.4.....	CHANGE OF RIGHTS AGENT 86
5.5.....	COMPLIANCE WITH ANTI-MONEY LAUNDERING LEGISLATION 86
5.6.....	LIABILITY 86
ARTICLE 6	
MISCELLANEOUS	
6.1.....	REDEMPTION AND WAIVER 87
6.2.....	EXPIRATION 89
6.3.....	ISSUANCE OF NEW RIGHTS CERTIFICATE 89
6.4.....	FRACTIONAL RIGHTS AND FRACTIONAL SHARES 89
6.5.....	SUPPLEMENTS AND AMENDMENTS 89
6.6.....	RIGHTS OF ACTION 91
6.7.....	NOTICE OF PROPOSED ACTIONS 91
6.8.....	NOTICES 91
6.9.....	COSTS OF ENFORCEMENT 92
6.10.....	SUCCESSORS 92
6.11.....	BENEFITS OF THIS AGREEMENT 92
6.12.....	GOVERNING LAW 92
6.13.....	COUNTERPARTS 93
6.14.....	SEVERABILITY 93
6.15.....	EFFECTIVE DATE 93
6.16.....	DETERMINATIONS AND ACTIONS BY THE BOARD OF DIRECTORS 93
6.17.....	TIME OF THE ESSENCE 93
6.18.....	REGULATORY APPROVALS 93
6.19.....	DECLARATION AS TO NON-CANADIAN AND NON-U.S. HOLDERS 94
6.20.....	FIDUCIARY DUTIES OF THE DIRECTORS 94
6.21.....	PRIVACY LEGISLATION 94
6.22.....	FORCE MAJEURE 94
6.23.....	LANGUAGE 94

SHAREHOLDER RIGHTS PLAN AGREEMENT made as of the 23rd day of February, 2018,

B E T W E E N:

TOROMONT INDUSTRIES LTD.

a corporation existing under the laws of Canada,
(hereinafter called the "**Corporation**"),

- and -

AST TRUST COMPANY (CANADA),

a corporation existing under the laws of Canada and
authorized to carry on the business of a trust company in each
of the provinces and territories of Canada, as rights agent,
(hereinafter called the "**Rights Agent**"),

WHEREAS the Board of Directors (as defined below), in the exercise of its fiduciary duties to the Corporation, has determined that it is advisable and in the best interests of the Corporation to adopt a shareholder rights plan (the "**Rights Plan**"), subject to receipt of approval of the Corporation's shareholders at the 2018 meeting of the shareholders of the Corporation pursuant to Section 6.15(a) hereof, in order to ensure, to the extent possible, (i) that all shareholders of the Corporation are treated fairly in connection with any Offer to Acquire the outstanding Voting Shares (each as defined below), and (ii) that the Board of Directors is provided with sufficient time to evaluate unsolicited Offers to Acquire the outstanding Voting Shares and to identify, solicit, develop and negotiate value-enhancing alternatives, as appropriate, to any unsolicited Offer to Acquire the outstanding Voting Shares;

AND WHEREAS, in order to implement the Rights Plan as established by this Agreement, the Board of Directors of the Corporation has:

- I. authorized the issuance of one Right (as defined below) effective at the Record Time in respect of each Common Share (as defined below) of the Corporation outstanding at the Record Time;
- II. authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined below); and
- III. authorized the issuance of Rights Certificates (as defined below) to holders of Rights pursuant to the terms and subject to the conditions set out herein;

AND WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation (or, in certain cases, of certain other entities) pursuant to the terms and subject to the conditions set forth herein;

AND WHEREAS the Corporation desires to appoint AST Trust Company (Canada), as Rights Agent, to act on behalf of the Corporation and holders of Rights in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein, and the Rights Agent is willing to so act;

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, the parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Certain Definitions**

For the purposes of this Agreement, the following terms have the meanings indicated:

- (a) **"Acquiring Person"** shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term **"Acquiring Person"** shall not include:
- (i) the Corporation or any Subsidiary of the Corporation;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of any one or any combination of:
 - (A) a Voting Share Reduction;
 - (B) a Permitted Bid Acquisition;
 - (C) an Exempt Acquisition;
 - (D) a Pro Rata Acquisition; or
 - (E) a Convertible Security Acquisition,provided, however, that if a Person shall become the Beneficial Owner of 20% or more of the Voting Shares then outstanding by reason of one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition and thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Voting Shares then outstanding, increases the number of Voting Shares beneficially owned by such Person by more than 1.0% of the number of Voting Shares then outstanding (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition) then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Voting Shares, such Person shall be an **"Acquiring Person"**;
 - (iii) for the period of 10 days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Section 1.1(d)(v) because such Person makes or announces an intention to make a Take-over Bid alone or by acting jointly or in concert with any other Person and, for this purpose, **"Disqualification Date"** means the first date of public announcement of facts indicating that such Person is making or intends to make a Take-over Bid alone or by acting jointly or in concert with any other Person;
 - (iv) an underwriter or member of a banking or selling group acting in such capacity that becomes the Beneficial Owner of 20% or more of the Voting Shares in connection with a distribution of securities of the Corporation pursuant to a prospectus or by way of a private placement; or
 - (v) a Person (a **"Grandfathered Person"**) who is the Beneficial Owner of 20% or more of the outstanding Voting Shares determined as at the Record Time; provided, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the

Beneficial Owner of additional Voting Shares that increases its Beneficial Ownership of Voting Shares by more than 1.0% of the number of Voting Shares outstanding (other than through one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition);

- (b) "**Affiliate**", when used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly through one or more controlled intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
- (c) "**Associate**", when used to indicate a relationship with a Person, shall mean a spouse of that Person, any Person who resides in the same home as that Person and to whom that Person is married or with whom that Person is living in a conjugal relationship outside marriage, a child of that Person or a relative of that Person if the relative has the same home as that Person;
- (d) a Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**":
 - (i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;
 - (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right or obligation to become the owner at law or in equity upon the purchase, exercise, conversion or exchange of any Convertible Security or pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (in each case where such right or obligation is exercisable within a period of 60 days, whether or not on condition or on the happening of any contingency), other than pursuant to any:
 - (A) customary agreements with and between the Corporation and underwriters or members of banking groups or selling groups with respect to a distribution of securities by the Corporation;
 - (B) pledges of securities in the ordinary course of the pledgee's business; or
 - (C) agreements between the Corporation and any Person pursuant to an amalgamation, merger, arrangement, business combination or other similar transaction (statutory or otherwise, but for greater certainty not including a Take-over Bid) that is conditional upon the approval of the shareholders of the Corporation to be obtained prior to such Person acquiring such securities; and
 - (iii) any securities which are Beneficially Owned within the meaning of the foregoing provisions of this Section 1.1(d) by any other Person with which such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the "**Beneficial Owner**" of, or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security solely because:

- (iv) such security has been agreed to be deposited or tendered pursuant to a Permitted Lock-Up Agreement or is otherwise deposited or tendered pursuant to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert with such Person until such deposited or tendered security has been taken up or paid for, whichever shall occur first;
- (v) such Person or any of the Affiliates or Associates of such Person or any other Person acting jointly or in concert with such Person holds such security and:

- (A) the ordinary business of such Person (the "**Fund Manager**") includes the management of investment funds for others (which others may include, or be limited to, employee benefit plans or pension plans) and such security is held by the Fund Manager in the ordinary course of such business in the performance of such Fund Manager's duties for the account of any other Person (a "**Client**"), including non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable law;
- (B) such Person (a "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "**Estate Account**") or in relation to other accounts (each an "**Other Account**") and holds such security in the ordinary course of such duties for such Estate Accounts or for such Other Accounts;
- (C) such Person is a pension fund or plan registered under the laws of Canada or any province thereof or the laws of the United States of America or any state thereof (a "**Plan**") and such security is held by the Plan in the ordinary course of the Plan's activities;
- (D) such Person (a "**Plan Administrator**") is the administrator or the trustee of one or more Plans and such security is held by the Plan Administrator in the ordinary course of such Plan Administrator's activities; or
- (E) such Person (a "**Crown Agent**") is a Crown agent or agency or is established by statute for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies and such security is held by the Crown Agent in the ordinary course of the management of such investment funds;

provided, however, that in any of the foregoing cases, the Fund Manager, the Trust Company, the Plan, the Plan Administrator or the Crown Agent, as the case may be, is not then making a Take-over Bid, has not then announced an intention to make a Take-over Bid and is not then acting jointly or in concert with any other Person who is making a Take-over Bid or who has announced an intention to make a Take-over Bid, other than an Offer to Acquire Voting Shares or other securities (X) pursuant to a distribution by the Corporation, (Y) by means of a Permitted Bid or a Competing Permitted Bid, or (Z) by means of market transactions made in the ordinary course of the business of such Person (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market;

- (vi) such Person is a Client of the same Fund Manager as another Person on whose account the Fund Manager holds such security, or because such Person is an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security, or because such Person is a Plan with the same Plan Administrator as another Plan on whose account the Plan Administrator holds such securities;
- (vii) such Person is a Client of a Fund Manager and such security is owned at law or in equity by the Fund Manager or because such Person is an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or such Person is a Plan and such security is owned at law or in equity by the Plan Administrator; or

- (viii) because such Person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository;
- (e) "**Board of Directors**" shall mean the board of directors of the Corporation or, if duly constituted and whenever duly empowered, any committee of the board of directors of the Corporation;
- (f) "**Business Day**" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law to close;
- (g) "**Canada Business Corporations Act**" shall mean the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, and the regulations made thereunder, and any comparable or successor laws or regulations thereto;
- (h) "**Canadian Dollar Equivalent**" of any amount which is expressed in United States dollars shall mean, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date;
- (i) "**certificate**" shall have the meaning ascribed thereto in Section 2.5;
- (j) "**close of business**" on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the offices of the transfer agent for the Common Shares (or, after the Separation Time, the offices of the Rights Agent) are closed to the public in the city in which such transfer agent or Rights Agent has an office for the purposes of this Agreement;
- (k) "**Common Share**" shall mean a common share of the Corporation and any other share of the Corporation into which such share may be subdivided, consolidated, reclassified or changed from time to time;
- (l) "**Competing Permitted Bid**" shall mean a further Permitted Bid that is made after any previous Permitted Bid has been made and prior to the expiry, termination or withdrawal of any such previous Permitted Bid;
- (m) "**controlled**": a Person is "**controlled**" by another Person or two or more Persons acting jointly or in concert if:
 - (i) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or two or more Persons acting jointly or in concert and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; or
 - (ii) in the case of a Person which is not a body corporate, more than 50% of the voting interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or two or more Persons acting jointly or in concert;

and "**controls**", "**controlling**" and "**under common control with**" shall be interpreted accordingly;

- (n) "**Convertible Security**" shall mean a security that is convertible, exercisable or exchangeable into a Voting Share (other than the Rights) or other securities which are directly or indirectly convertible, exercisable or exchangeable into Voting Shares, whether immediately or within or after a specified period and whether or not on condition or on the happening of any contingency;
- (o) "**Convertible Security Acquisition**" shall mean the acquisition of Voting Shares by a Person upon the purchase, exercise, conversion or exchange of Convertible Securities acquired or received by such Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition;
- (p) "**Co-Rights Agents**" shall have the meaning ascribed thereto in Section 5.1(a);
- (q) "**dividends paid in the ordinary course**" shall mean cash dividends paid in any financial year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:
 - (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding financial year;
 - (ii) 300% of the arithmetic average of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding financial years; and
 - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding financial year;
- (r) "**Election to Exercise**" shall have the meaning ascribed thereto in Section 3.1(d)(ii);
- (s) "**equivalent common shares**" shall have the meaning ascribed thereto in Section 3.2(b);
- (t) "**Exempt Acquisition**" shall mean an acquisition by a Person of Voting Shares and/or Convertible Securities:
 - (i) in respect of which the Board of Directors has waived the application of Section 4.1 pursuant to the provisions of Section 6.1(b), 6.1(c) or 6.1(d);
 - (ii) made as an intermediate step in a series of related transactions in connection with an acquisition by the Corporation or its Subsidiaries of a Person or assets, provided that the Person who acquires such securities distributes or is deemed to distribute such securities to its securityholders within ten Business Days of the completion of such acquisition, and following such distribution no Person has become the Beneficial Owner of 20% or more of the Corporation's then-outstanding Voting Shares;
 - (iii) pursuant to a distribution of Voting Shares or Convertible Securities made by the Corporation:
 - (A) to the public pursuant to a prospectus, provided that such Person does not thereby become the Beneficial Owner of a greater percentage of Voting Shares so offered than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such distribution; or
 - (B) by way of a private placement or under a share purchase plan or option plan of the Corporation or any Subsidiaries, provided that (x) all necessary stock exchange approvals for such private placement, stock option plan or share purchase plan have been obtained and such private placement, stock option plan

or share purchase plan complies with the terms and conditions of such approvals, and (y) such Person does not thereby become the Beneficial Owner of a greater percentage of Voting Shares so offered than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such acquisition; or

- (iv) pursuant to an amalgamation, merger, arrangement, business combination or other similar transaction (statutory or otherwise, but for greater certainty not including a Take-over Bid) requiring approval by shareholders of the Corporation;
- (u) "**Exercise Price**" shall mean, as of any date, the price at which a holder of a Right may purchase the securities issuable upon exercise of such Right. Until adjustment thereof in accordance with the terms hereof, the Exercise Price for each Right shall be \$161.00;
- (v) "**Expiration Time**" shall mean, subject to Section 6.15, the earlier of:
 - (i) the Termination Time; and
 - (ii) the close of business on that date which is the earliest date of termination of this Agreement as provided for in Section 6.15;
- (w) "**Flip-in Event**" shall mean a transaction in or pursuant to which any Person shall become an Acquiring Person;
- (x) "**Grandfathered Person**" shall have the meaning ascribed thereto in Section 1.1(a)(v);
- (y) "**holder**" shall have the meaning ascribed thereto in Section 2.5;
- (z) "**Independent Shareholders**" shall mean holders of Voting Shares other than Voting Shares Beneficially Owned by: (i) an Acquiring Person; (ii) an Offeror, other than a Person described in any one or more of Sections 1.1(d)(v) (A) through (E), inclusive; (iii) any Associate or Affiliate of such Acquiring Person or Offeror; (iv) any Person acting jointly or in concert with such Acquiring Person or Offeror; or (v) any employee benefit plan, stock purchase plan, deferred profit sharing plan and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;
- (aa) "**Market Price**" per share of any securities on any date of determination shall mean the average of the weighted average trading price per share of such securities (determined as described below) for the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 3.2 shall have caused the sale prices in respect of any Trading Day used to determine the Market Price not to be fully comparable with the sale prices on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such sale price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 3.2 in order to make it fully comparable with the sale price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The weighted average trading price per share of any securities on any date shall be determined by dividing the aggregate sale price of all securities sold on the principal stock exchange in Canada on which such securities are listed and posted for trading divided by the total number of securities so sold, provided that:
 - (i) if for any reason such prices are not available on such day or the securities are not listed and posted for trading on any stock exchange in Canada, the Market Price shall be

calculated using the sale prices for such securities as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange in the United States on which such securities are listed or admitted to trading;

- (ii) if for any reason such prices are not available on such day or the securities are not listed and posted for trading on a stock exchange in Canada or a national securities exchange in the United States, the Market Price shall be calculated using the sale prices for such securities in the over-the-counter market, as reported by The Canadian Dealing Network Inc. or such other comparable system then in use as determined in good faith by the Board of Directors; or
- (iii) if for any reason on any such date the securities are not quoted by any such organization or reporting system, the Market Price shall be calculated using the average of the closing bid and asked prices for such date as furnished by a professional market maker making a market in the securities selected in good faith by the Board of Directors,

provided further, however, that if on any such date none of such prices is available, the weighted average trading price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker chosen by the Corporation with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;

- (bb) "**NI 62-104**" shall mean National Instrument 62-104 – *Take-Over Bids and Issuer Bids* adopted by the Canadian securities regulatory authorities, as amended, re-enacted or replaced from time to time, and any comparable or successor laws or instruments thereto;
- (cc) "**Nominee**" shall have the meaning ascribed thereto in Section 3.1(c);
- (dd) "**Offer to Acquire**" shall include:
 - (i) an offer to purchase, or a solicitation of an offer to sell; and
 - (ii) an acceptance of an offer to sell, whether or not such offer to sell has been solicited,or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an offer to acquire to the Person that made the offer to sell;
- (ee) "**Offeror**" shall mean a Person that has announced a current intention to make or who is making a Take-over Bid;
- (ff) "**Permitted Bid**" shall mean a Take-over Bid that is made by means of a take-over bid circular pursuant to and in accordance with NI 62-104 and that is made to all holders of Voting Shares as registered on the books of the Corporation, other than the Offeror; provided, however, that a Take-over Bid that qualified as a Permitted Bid shall cease to be a Permitted Bid at any time and as soon as such time as when such Take-over Bid ceases to meet the provisions of this definition;
- (gg) "**Permitted Bid Acquisition**" shall mean an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (hh) "**Permitted Lock-Up Agreement**" shall mean an agreement between a Person and one or more holders of Voting Shares pursuant to which such holders (each a "**Locked-Up Person**") agree to deposit or tender Voting Shares to a Take-over Bid (the "**Lock-Up Bid**") made or to be made by

such Person or any of such Person's Affiliates or Associates or any other Person with which such Person is acting jointly or in concert, provided that:

- (i) the terms of such agreement are publicly disclosed and a copy of such agreement is made available to the public (including the Corporation) not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has been made prior to the date on which such agreement is entered into, not later than the first Business Day following the date of such agreement;
- (ii) the agreement permits a Locked-Up Person to terminate its obligation to deposit or tender Voting Shares to, or not to withdraw such Voting Shares from, the Lock-Up Bid, and to terminate any obligation with respect to the voting of such Voting Shares, in order to tender or deposit the Voting Shares to another Take-over Bid or to support another transaction:
 - (A) where the price or value of the consideration per Voting Share offered under such other Take-over Bid or transaction:
 - (I) is greater than the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Voting Shares to the Lock-Up Bid; or
 - (II) exceeds by as much as or more than a specified amount (the "**Specified Amount**") the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Voting Shares to the Lock-Up Bid, provided that such Specified Amount is not greater than 7% of the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Voting Shares to the Lock-Up Bid; and
 - (B) if the number of Voting Shares offered to be purchased under the Lock-Up Bid is less than 100% of the Voting Shares held by Independent Shareholders, where the number of Voting Shares to be purchased under such other Take-over Bid or transaction at a price or value per Voting Share that is not less than the price or value per Voting Share offered under the Lock-Up Bid:
 - (I) is greater than the number of Voting Shares that the Offeror has offered to purchase under the Lock-Up Bid; or
 - (II) exceeds by as much as or more than a specified number (the "**Specified Number**") the number of Voting Shares that the Offeror has offered to purchase under the Lock-Up Bid, provided that the Specified Number is not greater than 7% of the number of Voting Shares offered to be purchased under the Lock-Up Bid,

and, for greater clarity, the agreement may contain a right of first refusal or require a period of delay to give such Person an opportunity to match a higher price in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Voting Shares from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares during the period of the other Take-over Bid or transaction; and

- (iii) no "**break-up**" fees, "**top-up**" fees, penalties, expenses or other amounts that exceed in aggregate the greater of:
 - (A) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock-Up Bid to a Locked-Up Person; and

(B) 50% of the amount by which the price or value of the consideration received by a Locked-Up Person under another Take-over Bid or transaction exceeds the price or value of the consideration that the Locked-Up Person would have received under the Lock-Up Bid,

shall be payable by such Locked-Up Person pursuant to the agreement if the Locked-Up Person fails to deposit or tender Voting Shares to the Lock-Up Bid, withdraws Voting Shares previously tendered thereto or supports another transaction;

- (ii) "**Person**" shall include any individual, body corporate, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, group, joint venture, unincorporated organization, syndicate, government or governmental agency or instrumentality or other entity;
- (jj) "**Privacy Laws**" shall have the meaning ascribed thereto in Section 6.21;
- (kk) "**Pro Rata Acquisition**" shall mean an acquisition by a Person of Voting Shares pursuant to:
 - (i) a stock dividend, a stock split or other event pursuant to which a Person receives or acquires Voting Shares on the same pro rata basis as all other holders of the same class of Voting Shares;
 - (ii) any dividend reinvestment plan or other plan made available by the Corporation to holders of all of its Voting Shares (other than holders resident in any jurisdiction where participation in such plan is restricted or impractical to the Corporation as a result of applicable law); or
 - (iii) the receipt and/or exercise of rights issued by the Corporation to all the holders of a class of Voting Shares to subscribe for or purchase Voting Shares (other than holders resident in any jurisdiction where the distribution or exercise of such rights is restricted or impractical as a result of applicable law), provided that such rights are acquired directly from the Corporation and not from any other Person, and provided that the Person does not thereby Beneficially Own a greater percentage of the Voting Shares than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such acquisition;
- (ll) "**Record Time**" shall mean 4:00 p.m. (Toronto time) on April 25, 2018;
- (mm) "**Redemption Price**" shall have the meaning ascribed thereto in Section 6.1(a);
- (nn) "**Right**" shall mean a right to purchase a Common Share of the Corporation, upon the terms and subject to the conditions set out in this Agreement;
- (oo) "**Rights Agent**" shall mean AST Trust Company (Canada), its successors or permitted assigns;
- (pp) "**Rights Certificates**" shall mean the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Exhibit A;
- (qq) "**Rights Plan**" shall have the meaning ascribed thereto in the recitals to this Agreement;
- (rr) "**Rights Register**" and "**Rights Registrar**" shall have the respective meanings ascribed thereto in Section 2.3(a);
- (ss) "**Securities Act (Ontario)**" shall mean the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and the regulations and rules thereunder, and any comparable or successor laws or regulations thereto;

- (tt) "**Separation Time**" shall mean, subject to Section 6.1(d), the close of business on the tenth Trading Day after the earlier of:
- (i) the Stock Acquisition Date;
 - (ii) the date of the commencement of, or first public announcement of, the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
 - (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such;
- or such later time as may be determined by the Board of Directors; provided that if the foregoing results in the Separation Time being prior to the Record Time, the Separation Time shall be Record Time and provided further that, if any Take-over Bid referred to in Section 1.1(tt)(ii) expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this Section 1.1(tt), never to have been made;
- (uu) "**Stock Acquisition Date**" shall mean the date of the first public announcement (which, for purposes of this definition, shall include, without limitation, the filing of a report pursuant to section 5.2(1) of NI 62-104 or section 13(d) of the *U.S. Exchange Act*) by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person;
- (vv) "**Subsidiary**" a Person is a Subsidiary of another corporation if:
- (i) it is controlled by (A) that other; or (B) that other and one or more Persons each of which is controlled by that other; or (C) two or more Persons, each of which is controlled by that other; or
 - (ii) it is a Subsidiary of a Person that is that other's Subsidiary;
- (ww) "**Take-over Bid**" shall mean an Offer to Acquire Voting Shares or other securities of the Corporation if, assuming that the Voting Shares or other securities of the Corporation subject to the Offer to Acquire are acquired at the date of such Offer to Acquire by the Person making such Offer to Acquire, the Voting Shares Beneficially Owned by the Person making the Offer to Acquire would constitute, in the aggregate, 20% or more of the Voting Shares of the Corporation then outstanding;
- (xx) "**Termination Time**" shall mean the time at which the right to exercise Rights shall terminate pursuant to Section 6.1(g);
- (yy) "**Trading Day**", when used with respect to any securities, shall mean a day on which the principal stock exchange (as determined by volume of trading for the relevant 20 consecutive Trading Days) on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any stock exchange, a Business Day;
- (zz) "**Transferee**" has the meaning ascribed thereto in Section 4.1(b);
- (aaa) "**U.S.-Canadian Exchange Rate**" shall mean, on any date:
- (i) if, on such date, the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; or
 - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of Directors from time to time acting in good faith;

- (bbb) "**U.S. Exchange Act**" shall mean the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations thereunder as from time to time in effect;
- (ccc) "**U.S. Securities Act**" shall mean the United States Securities Act of 1933, as amended and the rules and regulations thereunder as from time to time in effect;
- (ddd) "**Voting Share**" shall mean any share in the capital of the Corporation to which is attached a right to vote for the election of all directors generally; and
- (eee) "**Voting Share Reduction**" shall mean an acquisition or redemption by the Corporation or a Subsidiary of the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding, increases the percentage of outstanding Voting Shares Beneficially Owned by any Person to 20% or more of the Voting Shares then outstanding.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Descriptive Headings

Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

1.4 Number and Gender

Wherever the context so requires, terms used herein importing the singular number only shall include the plural and vice-versa and words importing only one gender shall include all others.

1.5 References to Agreement

References to "**this Agreement**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Agreement as amended or supplemented from time to time and not to any particular Article or Section or other portion hereof and include any and every instrument supplemental or ancillary hereto.

1.6 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares

- (a) For the purposes of this Agreement, in determining the percentage of the outstanding Voting Shares with respect to which a Person is or is deemed to be the Beneficial Owner, all unissued Voting Shares of the Corporation of which such Person is deemed to be the Beneficial Owner shall be deemed to be outstanding.
- (b) The percentage of outstanding Voting Shares Beneficially Owned by any Person shall, for the purposes of this Agreement, be and be deemed to be the product determined by the formula:

$$100 \times \frac{A}{B}$$

where:

A = the number of votes for the election of all directors generally attaching to the outstanding Voting Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

The percentage of outstanding Voting Shares represented by any particular group of Voting Shares acquired or held by any Person shall be determined in like manner *mutatis mutandis*.

1.7 Acting Jointly or in Concert

For purposes of this Agreement, a Person is acting jointly or in concert with its Affiliates and Associates and with every Person who is a party to an agreement, commitment, arrangement or understanding, whether formal or informal or written or unwritten, with the first Person, or with any other Person acting jointly or in concert with the first Person, to acquire or Offer to Acquire any Voting Shares or Convertible Securities (other than (i) customary agreements with and between the Corporation and underwriters or members of banking groups or selling groups with respect to a distribution of securities by the Corporation and (ii) pledges of securities in the ordinary course of the pledgee's business).

ARTICLE 2 **THE RIGHTS**

2.1 Legend on Certificates

Certificates for Common Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence, in addition to the Common Shares, one Right for each Common Share evidenced thereby and shall have impressed on, printed on, written on or otherwise affixed to the following legend:

UNTIL THE SEPARATION TIME (AS DEFINED IN THE RIGHTS AGREEMENT REFERRED TO BELOW), THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN A SHAREHOLDER RIGHTS PLAN AGREEMENT, DATED AS OF THE 23rd DAY OF FEBRUARY, 2018 BETWEEN TOROMONT INDUSTRIES LTD. (THE "**CORPORATION**") AND AST TRUST COMPANY (CANADA), AS RIGHTS AGENT (AS THE SAME MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS THEREOF) (THE "**RIGHTS AGREEMENT**"), THE TERMS OF WHICH ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND A COPY OF WHICH MAY BE INSPECTED DURING NORMAL BUSINESS HOURS AT THE PRINCIPAL EXECUTIVE OFFICES OF THE CORPORATION. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, SUCH RIGHTS MAY BE TERMINATED, MAY EXPIRE, MAY BECOME VOID (IF, IN CERTAIN CASES, THEY ARE "BENEFICIALLY OWNED" BY AN "ACQUIRING PERSON", AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT, WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR ANY SUBSEQUENT HOLDER) OR MAY BE EVIDENCED BY SEPARATE CERTIFICATES AND MAY NO LONGER BE EVIDENCED BY THIS CERTIFICATE. THE CORPORATION WILL MAIL OR ARRANGE FOR THE MAILING OF A COPY OF THE RIGHTS AGREEMENT TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE AS SOON AS IS PRACTICABLE AFTER THE RECEIPT OF A WRITTEN REQUEST THEREFOR.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend, until the earlier of the Separation Time and the Expiration Time.

2.2 Execution, Authentication, Delivery and Dating of Rights Certificates

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any of the Chairman of the Board, the President or any Vice-President, together with any other of such Persons or together with any one of the Secretary, the Treasurer, any Assistant Secretary or any Assistant Treasurer.

The signature of any of the officers of the Corporation on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices either prior to or after the countersignature and delivery of such Rights Certificates.

- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature and a disclosure statement describing the Rights, and the Rights Agent shall countersign such Rights Certificates in a manner satisfactory to the Corporation and deliver such Rights Certificates and disclosure statement to the holders of the Rights pursuant to Section 3.1(c). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of the countersignature thereof.

2.3

Registration, Registration of Transfer and Exchange

- (a) After the Separation Time, the Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed the "**Rights Registrar**" for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times. After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Section 2.3(c), the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.
- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.3, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.4

Mutilated, Destroyed, Lost and Stolen Rights Certificates

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:
 - (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate; and
 - (ii) such security and indemnity as may be required by each of them, in their sole discretion, to save each of them and any of their agents harmless, then, in the absence of notice to the Corporation or

the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Corporation shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so destroyed, lost or stolen.

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.4, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.
- (d) Every new Rights Certificate issued pursuant to Section 2.4 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Corporation.

2.5 Persons Deemed Owners of Rights

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "**holder**" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares) and the term "**certificate**", when used in the context of a certificate representing Voting Shares or a Rights Certificate, shall include any document or written acknowledgement constituting evidence of book-entry ownership of the applicable securities as may be adopted from time to time by the Corporation.

2.6 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided for in this Section 2.6, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation on request.

2.7 Agreement of Rights Holders

Every holder of Rights by accepting the same consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of the Rights held;
- (b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share certificate representing such Right;
- (c) that after the Separation Time, the Rights Certificates will be transferable only upon registration of the transfer on the Rights Register as provided herein;
- (d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in

whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;

- (e) that such holder of Rights has waived its right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided herein);
- (f) that, subject to the provisions of Section 6.5, without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and
- (g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by a governmental authority, prohibiting or otherwise restraining performance of such obligations.

2.8 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Right or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share which may at any time be issuable on the exercise of such Right, nor shall anything contained herein or in any Rights Certificate be construed or deemed to confer upon the holder of any Right or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a shareholder of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of Common Shares at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any shareholder of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by any Rights Certificate shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3 EXERCISE OF THE RIGHTS

3.1 Initial Exercise Price; Exercise of Rights; Detachment of Rights

- (a) Subject to adjustment as herein set forth, from and after the Separation Time and prior to the Expiration Time, each Right will entitle the holder thereof to purchase one Common Share for the Exercise Price (which Exercise Price and number of Common Shares are subject to adjustment as set forth below).
- (b) Until the Separation Time:
 - (i) the Rights shall not be exercisable and no Right may be exercised; and
 - (ii) each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to be a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) From and after the Separation Time and prior to the Expiration Time:

- (i) the Rights shall be exercisable; and
- (ii) the registration and transfer of the Rights shall be separate from and independent of Common Shares.

Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person or any other Person whose Rights are or become void pursuant to the provisions of Section 4.1(b) and other than, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "Nominee")) and, in respect of each Convertible Security converted into Common Shares after the Separation Time and prior to the Expiration Time, promptly after such conversion, the Corporation will prepare or cause to be prepared and the Rights Agent will mail to the holder so converting (other than an Acquiring Person, any other Person whose Rights are or become void pursuant to the provisions of Section 4.1(b) and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the Nominees), at such holder's address as shown by the records of the Corporation (and the Corporation hereby agrees to furnish copies of such records to the Rights Agent for this purpose):

- (A) a Rights Certificate representing the number of Rights held by such holder at the Separation Time in substantially the form of Exhibit A hereto, appropriately completed and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
- (B) a disclosure statement describing the Rights,

provided that a Nominee shall be sent the materials provided for in clauses (A) and (B) above only in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Common Shares which are Beneficially Owned by another Person, the Corporation may require such first Person to furnish such information and documentation as the Corporation deems necessary.

- (d) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its principal office in the city of Toronto or any other office of the Rights Agent designated for that purpose from time to time by the Corporation:
 - (i) the Rights Certificate evidencing such Rights;
 - (ii) an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
 - (iii) payment, by certified cheque, wire transfer, banker's draft or money order payable to the order of the Rights Agent, of a sum equal to the applicable Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or other governmental charge which may be payable in respect of the transfer or delivery of

Rights Certificates or the issuance or delivery of certificates for the relevant Common Shares in a name other than that of the holder of the Rights being exercised.

- (e) Upon receipt of the Rights Certificate which is accompanied by a completed Election to Exercise that does not indicate that such Right is null and void as provided by Section 4.1(b) and payment as set forth in Section 3.1(d), the Rights Agent (unless otherwise instructed in writing by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
 - (i) requisition from a transfer agent for the relevant Common Shares, certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agents to comply with all such requisitions);
 - (ii) when appropriate, and subject to Sections 6.4(a) and 6.4(b), requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;
 - (iii) after receipt of such Common Share certificate, deliver the same to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
 - (iv) when appropriate, after receipt, deliver such cash referred to in Section 3.1(e)(ii) to or to the order of the registered holder of the Rights Certificate; and
 - (v) tender to the Corporation all payments received on exercise of the Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of Section 6.4(a)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
 - (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates representing such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, issued and delivered as fully paid and non-assessable;
 - (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the *Canada Business Corporations Act*, the *Securities Act* (Ontario), the *U.S. Securities Act*, the *U.S. Exchange Act* and the applicable securities laws or comparable legislation of each of the other provinces and territories of Canada and states of the United States and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;
 - (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the principal exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;
 - (iv) cause to be reserved and kept available out of its authorized and unissued Common Shares the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
 - (v) pay when due and payable any and all applicable federal and provincial transfer taxes and charges (for greater certainty, not including any income taxes of the holder or exercising

holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Common Shares to be issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or other governmental charge which may be payable in respect of the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised; and

- (vi) not, after the Separation Time, except as permitted by Section 6.1 or 6.5, take (or permit any Subsidiary of the Corporation to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

3.2 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number of Common Shares or other securities subject to purchase upon the exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 3.2 and in Section 4.1(a).

- (a) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time:
 - (i) declare or pay a dividend on the Common Shares payable in Common Shares or Convertible Securities other than pursuant to any dividend reinvestment program;
 - (ii) subdivide or change the outstanding Common Shares into a greater number of Common Shares;
 - (iii) combine or change the outstanding Common Shares into a smaller number of Common Shares; or
 - (iv) issue any Common Shares or Convertible Securities in respect of, in lieu of or in exchange for existing Common Shares,

the Exercise Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or other change, and the number of Common Shares or other securities, as the case may be, issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive, upon payment of the applicable Exercise Price then in effect, the aggregate number of Common Shares or other securities, as the case may be, which, if such Right had been exercised immediately prior to such date and at a time when the share transfer books of the Corporation were open, such holder would have been entitled to receive as a result of such dividend, subdivision, combination or reclassification.

- (b) In case the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them to subscribe for or purchase (for a period expiring within 45 calendar days after such record date) Common Shares (or shares having the same rights, privileges and preferences as Common Shares ("**equivalent common shares**")) or securities convertible into Common Shares or equivalent common shares at a price per Common Share or per equivalent common share (or having a conversion price per share, if a security convertible into Common Shares or equivalent common shares) less than 90% of the Market Price per Common Share on the second Trading Day immediately preceding such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of

Common Shares that the aggregate offering price of the total number of Common Shares and/or equivalent common shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Market Price per Common Share; and (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares and/or equivalent common shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed and, in the event that such rights, options or warrants are not so issued or, if issued, are not exercised prior to the expiration thereof, the Exercise Price in respect of the Rights shall be re-adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed or, to the Exercise Price which would be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

- (c) For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to a dividend reinvestment plan or program, or any employee benefit, stock option or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in all such cases, the right to purchase Common Shares is at a price per share of not less than 90% of the then current market price per share (determined as provided in such program or plans) of the Common Shares.
- (d) In case the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger or amalgamation in which the Corporation is the continuing corporation) of evidences of indebtedness or assets, including cash (other than a dividend paid in the ordinary course or a dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares), or subscription rights or options or warrants entitling them to subscribe for or purchase Common Shares (excluding those referred to in Section 3.2(b)) at a price per Common Share that is less than 90% of the Market Price per Common Share on the second Trading Day immediately preceding such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or options or warrants applicable to a Common Share; and (ii) the denominator of which shall be such Market Price per Common Share. Such adjustments shall be made successively whenever such a record date is fixed and, in the event that such distribution is not so made, the Exercise Price in respect of the Rights shall be adjusted to be the Exercise Price in respect of the Rights which would have been in effect if such record date had not been fixed.

- (e) Notwithstanding anything herein to the contrary, no adjustment in an Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such Exercise Price; provided, however, that any adjustments which by reason of this Section 3.2(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 3.2 shall be made to the nearest cent or to the nearest ten-thousandth of a Common Share or other share, as the case may be. Notwithstanding the first sentence of this Section 3.2(e), any adjustment required by this Section 3.2 shall be made no later than the earlier of: (i) three years from the date of the transaction which mandates such adjustment; and (ii) the Expiration Time.
- (f) If as a result of an adjustment made pursuant to Section 4.1, the holder of any Right thereafter exercised shall become entitled to receive any shares other than Common Shares, thereafter the number of such other shares so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as is practicable to the provisions with respect to the Common Shares contained in this Section 3.2, and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other shares.
- (g) All Rights originally issued by the Corporation subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the respective number of Common Shares, as the case may be, purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.
- (h) Unless the Corporation shall have exercised its election as provided in Section 3.2(i), upon each adjustment of an Exercise Price as a result of the calculations made in Sections 3.2(b) and 3.2(d), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares, as the case may be (calculated to the nearest one ten-thousandth), obtained by:
 - (i) multiplying:
 - (A) the number of such Common Shares which would have been issuable upon the exercise of a Right immediately prior to this adjustment; by
 - (B) the relevant Exercise Price in effect immediately prior to such adjustment of the relevant Exercise Price; and
 - (ii) dividing the product so obtained by the relevant Exercise Price in effect immediately after such adjustment of the relevant Exercise Price.
- (i) The Corporation may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which such a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of the relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Corporation shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 3.2(i), the Corporation shall, as promptly as is practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing,

subject to Section 6.4, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Corporation, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Corporation, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Corporation, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

- (j) Irrespective of any adjustment or change in an Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the relevant Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (k) In any case in which this Section 3.2 shall require that an adjustment in an Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer, until the occurrence of such event, the issuance to the holder of any Right exercised after such record date of the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the relevant Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional Common Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.
- (l) Notwithstanding anything in this Section 3.2 to the contrary, the Corporation shall be entitled to make such reductions in each Exercise Price, in addition to those adjustments expressly required by this Section 3.2, as and to the extent that in its good faith judgment the Board of Directors shall determine to be advisable in order that any: (i) consolidation or subdivision of Common Shares; (ii) issuance wholly for cash of any Common Share or securities that by their terms are convertible into or exchangeable for Common Shares; (iii) stock dividends; or (iv) issuance of rights, options or warrants referred to in this Section 3.2, hereafter made by the Corporation to holders of its Common Shares, shall not be taxable to such shareholders.
- (m) Whenever an adjustment to the Exercise Price or a change in the securities purchaseable upon exercise of the Rights is made at any time after the Separation Time pursuant to this Section 3.2, the Corporation shall promptly:
 - (i) file with the Rights Agent and with the transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and
 - (ii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights;

provided that failure to file such certificate or cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

3.3 Date on Which Exercise Is Effective

Each Person in whose name any certificate for Common Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the relevant Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which

the relevant Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the holder of record of such Common Shares on, and such certificate shall be dated, the next succeeding Business Day on which the relevant Common Share transfer books of the Corporation are open.

ARTICLE 4
ADJUSTMENT TO THE RIGHTS IN
THE EVENT OF CERTAIN TRANSACTIONS

4.1 **Flip-in Event**

- (a) Subject to Section 4.1(b) and Sections 6.1(b) and 6.1(c), in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall constitute, effective on and after the later of its date of issue and the close of business on the tenth Trading Day following the Stock Acquisition Date, the right to purchase from the Corporation, upon payment of the relevant Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the relevant Exercise Price for an amount in cash equal to the relevant Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustments provided for in Section 3.2 upon each occurrence after the Stock Acquisition Date of any event analogous to any of the events described in Section 3.2).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by: (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or (ii) a transferee or other successor in title, directly or indirectly, (a "**Transferee**") of Rights held by an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) that becomes a Transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any other Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), that has the purpose or effect of avoiding this Section 4.1(b) shall become null and void without any further action, and any holder of such Rights (including any Transferee) shall not have any right whatsoever to exercise such Rights under any provision of this Agreement and shall not have thereafter any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set out in the Rights Certificate establishing that such Rights are not void under this Section 4.1(b) shall be deemed to be an Acquiring Person for the purposes of this Section 4.1(b) and such Rights shall become null and void.
- (c) In the event that there shall not be sufficient Common Shares authorized for issuance to permit the exercise in full of the Rights in accordance with this Section 4.1, the Corporation shall take all such action as may be necessary to authorize additional Common Shares for issuance upon the exercise of the Rights.
- (d) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 4.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the *Canada Business Corporations Act*, the *Securities Act* (Ontario), the *U.S. Securities Act*, the *U.S. Exchange Act*, and the applicable securities laws or comparable legislation of each of the provinces and territories of Canada and each of the states of the United States (and

any other applicable jurisdiction), in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

- (e) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Section 4.1(b)(i) or 4.1(b)(ii), and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence shall contain the following legend:

THE RIGHTS REPRESENTED BY THIS RIGHTS CERTIFICATE WERE ISSUED TO A PERSON WHO WAS AN ACQUIRING PERSON OR AN AFFILIATE OR AN ASSOCIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR A PERSON WHO WAS ACTING JOINTLY OR IN CONCERT WITH AN ACQUIRING PERSON OR AN AFFILIATE OR ASSOCIATE OF AN ACQUIRING PERSON (INCLUDING, WITHOUT LIMITATION, A PERSON WHO HAS ENTERED INTO AN AGREEMENT OR ARRANGEMENT TO SELL SHARES TO AN ACQUIRING PERSON). THIS RIGHTS CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY ARE VOID OR SHALL BECOME VOID IN THE CIRCUMSTANCES SPECIFIED IN SECTION 4.1(B) OF THE RIGHTS AGREEMENT.

Provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such Person is not a Person described in such legend.

ARTICLE 5

THE RIGHTS AGENT

5.1 General

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint one or more co-rights agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and Co-Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent and Co-Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder (including the reasonable fees and disbursements of any expert or advisor retained by the Rights Agent with the approval of the Corporation, acting reasonably). The Corporation also agrees to indemnify the Rights Agent, its officers, directors and employees for, and to hold it and them harmless against, any loss, liability or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement and/or including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement and/or the resignation or removal of the Rights Agent. The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time, upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current directors of the Corporation, provided that failure to inform the Rights Agent of any such events, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it in good faith to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

5.2 Merger or Amalgamation or Change of Name of Rights Agent

- (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 5.4. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates has not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.
- (b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

5.3 Duties of the Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the holders of certificates of Common Shares and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent may consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion. The Rights Agent may also, with the approval of the Corporation (where such approval may reasonably be obtained and such approval not to be unreasonably withheld) and at the expense of the Corporation, consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under the Agreement and the Rights Agent shall be entitled to rely in good faith on the advice of any such expert;
- (b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be a senior officer

of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

- (c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 4.1(b)) or any adjustment required under the provisions of Section 3.2 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 3.2 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
- (f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any Person designated in writing by the Corporation, and to apply to such Persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with the instructions of any such Person;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity;
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof; and
- (j) the Rights Agent may deposit any cash that may be delivered to it at any time and from time to time in an account at any Canadian chartered bank including, without limitation, Canadian Imperial Bank of Commerce or Mellon Bank N.A., or any trust corporation existing under the laws of Canada or any province thereof.

5.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 90 days' notice in writing (or such lesser notice as is acceptable to the Corporation) mailed to the Corporation and to each transfer agent of Common Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 6.8. The Corporation may remove the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 6.8. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Corporation), then the holder of any Rights or the predecessor Rights Agent may apply to any court of competent jurisdiction for the appointment of a new Rights Agent at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Corporation to the predecessor Rights Agent of all outstanding fees and expenses owing by the Corporation to the predecessor Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this Section 5.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

5.5 Compliance with Anti-Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice to the Corporation, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's reasonable satisfaction within such 10-day period, then such resignation shall not be effective.

5.6 Liability

(a) Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (i) breach by any other party of securities law or other rule of any securities regulatory authority, (ii) lost profits or (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

(b) Notwithstanding any other provision of this Agreement, any liability of the Rights Agent shall be limited, in the aggregate, to the aggregate amount of fees paid by the Corporation to the Rights Agent, except in the case of the Rights Agent's negligence, bad faith or wilful misconduct.

ARTICLE 6
MISCELLANEOUS

6.1 **Redemption and Waiver**

- (a) Until the occurrence of a Flip-in Event as to which the application of Section 4.1 has not been waived pursuant to this Section 6.1, the Board of Directors may, with the prior consent of the holders of Voting Shares or the holders of Rights given in accordance with Section 6.1(i) or 6.1(j), as the case may be, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.001 per Right, appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 3.2, if an event of the type analogous to any of the events described in Section 3.2 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").

- (b) Until the occurrence of a Flip-in Event as to which the application of Section 4.1 has not been waived pursuant to this Section 6.1, upon written notice to the Rights Agent, the Board of Directors may, with the prior consent of the holders of Voting Shares given in accordance with Section 6.1(i), determine, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular to all holders of record of Voting Shares and otherwise than in the circumstances set forth in Section 6.1(d), to waive the application of Section 4.1 to such Flip-in Event. In the event that the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 Business Days following the meeting of shareholders called to approve such waiver.

- (c) Until the occurrence of a Flip-in Event as to which the application of Section 4.1 has not been waived pursuant to this Section 6.1, upon written notice delivered to the Rights Agent, the Board of Directors may determine to waive the application of Section 4.1 to any Flip-in Event provided that the Flip-in Event would occur by reason of a Take-over Bid made by take-over bid circular sent to all holders of record of Voting Shares and provided further that if the Board of Directors waives the application of Section 4.1 to such Flip-in Event, the Board of Directors shall be deemed to have waived the application of Section 4.1 to any other Flip-in Event occurring by reason of any Take-over Bid made by take-over bid circular to all holders of record of Voting Shares which is made prior to the expiry of any Take-over Bid (as the same may be extended from time to time) made by take-over bid circular in respect of which a waiver is, or is deemed to have been, granted under this Section 6.1(c).

- (d) Notwithstanding the provisions of Section 6.1(b) or 6.1(c), upon written notice to the Rights Agent, the Board of Directors may waive the application of Section 4.1 in respect of any Flip-in Event, provided that both of the following conditions are satisfied:
 - (i) the Board of Directors has determined that the Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person; and

 - (ii) such Person has reduced its Beneficial Ownership of Voting Shares such that at the time of the granting of a waiver pursuant to this Section 6.1(d), such Person is no longer an Acquiring Person,

and, in the event of any such waiver, for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred and the Separation Time shall be deemed not to have occurred as a result of such Person having inadvertently become an Acquiring Person.

- (e) The Board of Directors shall, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the date that a Person that has made a Permitted Bid, a Competing Permitted Bid or Take-over Bid in respect of which the Board of Directors has waived, or is deemed to have waived, pursuant to Section 6.1 the application of Section 4.1, takes up and pays for Voting Shares pursuant to the terms and conditions of such Permitted Bid, Competing Permitted Bid or Take-over Bid, as the case may be.
- (f) Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the then outstanding Rights, without the consent of the holders of Voting Shares or the holders of Rights, at the Redemption Price and reissue Rights under this Agreement to holders of record of Common Shares immediately following the time of such redemption and, thereafter, all of the provisions of this Agreement shall continue in full force and effect and such Rights, without any further formality, shall be attached to the outstanding Voting Shares in the same manner as prior to the occurrence of such Separation Time.
- (g) If the Board of Directors elects or is deemed to have elected to redeem the Rights and, in circumstances in which Section 6.1(a) is applicable, such redemption is approved by the holders of Voting Shares or the holders of Rights in accordance with Section 6.1(i) or 6.1(j), as the case may be, the right to exercise the Rights will thereupon, without further action and without notice, terminate, and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.
- (h) Within 10 Business Days after the Board of Directors electing or having been deemed to have elected to redeem the Rights or, if Section 6.1(a) applies, within 10 Business Days after the holders of Voting Shares or the holders of Rights have approved the redemption of Rights in accordance with Section 6.1(i) or 6.1(j), as the case may be, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at such holder's last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 6.1, and other than in connection with the purchase of Common Shares prior to the Separation Time.
- (i) If a redemption of Rights pursuant to Section 6.1(a) or a waiver of a Flip-in Event pursuant to Section 6.1(b) is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Voting Shares. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of such holders duly held in accordance with applicable laws and the Corporation's by-laws.
- (j) If a redemption of Rights pursuant to Section 6.1(a) is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by holders of Rights by a majority of the votes cast by the holders of Rights represented in person or by proxy at and entitled to vote at a meeting of such holders. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in clauses (i) to (v) inclusive of the definition of Independent Shareholders or whose Rights have become null and void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the *Canada Business Corporations Act* with respect to meetings of shareholders of the Corporation.

- (k) The Corporation shall not be obligated to make a payment of the Redemption Price to any holder of Rights unless the holder is entitled to receive at least \$1.00 in respect of all Rights held by such holder.

6.2 Expiration

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 5.1.

6.3 Issuance of New Rights Certificate

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

6.4 Fractional Rights and Fractional Shares

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Right would otherwise be issuable, an amount in cash equal to the fraction of the Market Price of a whole Right that the fraction of a Right which would otherwise be issuable is of one whole Right.
- (b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of a whole Common Share that the fraction of a Common Share which would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise.
- (c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to Section 6.4(a) or 6.4(b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be.

6.5 Supplements and Amendments

- (a) The Corporation may make amendments to this Agreement to correct any clerical or typographical error or which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder. The Corporation may, up to five (5) days prior to the date of the 2018 shareholders' meeting of the Corporation referred to in Section 6.15(a), or any adjournment or postponement thereof, to be held for shareholders of the Corporation to consider and, if deemed advisable, to adopt a resolution approving, ratifying and confirming this Agreement and the Rights issued or issuable pursuant hereto, supplement or amend this Agreement without the approval of any holders of Rights or Voting Shares in order to make any changes which the Board of Directors acting in good faith may deem necessary; provided that the Corporation shall promptly notify the shareholders of any such change by generally disseminating a news release through a widely circulated news or wire service. Notwithstanding anything in this Section 6.5 to the contrary, no such supplement or amendment shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent to such supplement or amendment.
- (b) Subject to Section 6.5(a), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time prior to the Separation Time, supplement or amend

any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Voting Shares duly called and held in compliance with applicable laws and the articles and by-laws of the Corporation.

- (c) Subject to Section 6.5(a), the Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time, supplement or amend any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such supplement or amendment shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent thereto.
- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in clauses (i) to (v) inclusive of the definition of Independent Shareholders or whose Rights have become null and void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the *Canada Business Corporations Act* with respect to meetings of shareholders of the Corporation.
- (e) Any amendments made by the Corporation to this Agreement pursuant to Section 6.5(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rule or regulation thereunder shall:
 - (i) if made before the Separation Time, be submitted to the holders of Voting Shares of the Corporation at the next meeting of shareholders, and the holders of Voting Shares may, by the majority referred to in Section 6.5(b), confirm or reject such amendment; and
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Section 6.5(d), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent amendment to this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights, as the case may be.

- (f) The Corporation shall give notice in writing to the Rights Agent of any amendment or supplement to this Agreement pursuant to Section 6.5 within five Business Days of the date of any such amendment or supplement, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such supplement or amendment.

6.6 **Rights of Action**

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights. Any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against, actual or threatened violations of, the obligations of any Person subject to this Agreement.

6.7 **Notice of Proposed Actions**

In case the Corporation shall propose after the Separation Time and prior to the Expiration Time:

- (a) to effect or permit (in cases where the Corporation's permission is required) any Flip-in Event; or
- (b) to effect the liquidation, dissolution or winding-up of the Corporation or the sale of all or substantially all of the Corporation's assets,

then, in each such case, the Corporation shall give to each holder of a Right, in accordance with Section 6.8, a notice of such proposed action, which shall specify the date on which such Flip-in Event, liquidation, dissolution or winding-up is to take place, and such notice shall be so given at least 20 Business Days prior to the date of taking such proposed action.

6.8 **Notices**

Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or sent by facsimile or by registered or first-class mail, postage prepaid, addressed (until another facsimile number or address is filed in writing with the Rights Agent) as follows:

Toromont Industries Ltd.
P.O. Box 5511
3131 Highway 7 West
Concord, ON L4K 1B7

Attention: General Counsel and Corporate Secretary
Facsimile: 416-667-5555

Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by facsimile or by registered or first-class mail, postage prepaid, addressed (until another facsimile number or address is filed in writing with the Corporation) as follows:

AST Trust Company (Canada)
1 Toronto Street
Suite 1200
Toronto, Ontario
M5C 2V6

Attention: Vice President – Relationship Management
Facsimile: 1-877-715-0494

Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by registered or first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Corporation for the Common Shares. Any notice which is delivered in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

Any notice given or made in accordance with this Section 6.8 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of sending by facsimile or other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

If mail service is or is threatened to be interrupted at a time when the Corporation or the Rights Agent wishes to give a notice or demand hereunder to or on the holders of the Rights, the Corporation or the Rights Agent may, notwithstanding the foregoing provisions of this Section 6.8, give such notice by means, of publication once in each of two successive weeks in the business section of the Financial Post and if and for so long as the Corporation has a transfer agent in the United States, in a daily publication in the United States designated by the Corporation, or in such other publication or publications as may be designated by the Corporation and notice so published shall be deemed to have been given on the date on which the first publication of such notice in any such publication has taken place.

A requirement under this Agreement that a notice, document or other information be given or made in writing may be satisfied by the Corporation or the Rights Agent by providing an electronic notice, document or other information in accordance with the *Canada Business Corporations Act*, the *Electronic Commerce Act* (Ontario) and other applicable laws. An electronic document is deemed to have been received when it enters the information system designated by the addressee or, if the notice, document or information is posted on or made available through a generally accessible electronic source, when the addressee receives notice in writing of the availability and location of that electronic notice, document or information or, if such notice is sent electronically, when it enters the information system designated by the addressee.

6.9 Costs of Enforcement

The Corporation agrees that if it or any other Person the securities of which are purchasable upon exercise of Rights fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation or such Person will reimburse the holder of any Rights for the costs and expenses (including reasonable legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

6.10 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

6.11 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

6.12 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

6.13 **Counterparts**

This Agreement may be executed and delivered, including by electronic means, in any number of counterparts, with the same effect as if all parties had signed and delivered the same document, and all counterparts will be construed together to be an original and will constitute one and the same agreement.

6.14 **Severability**

If any section, term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such section, term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining sections, terms and provisions hereof or the application of such section, term or provision to circumstances other than those as to which it is held invalid or unenforceable.

6.15 **Effective Date**

- (a) This Agreement is in full force and effect in accordance with its terms from and after the date hereof. If the Rights Plan is not ratified and confirmed by a resolution passed by a majority of the votes cast by (i) the Independent Shareholders and (ii) if and only to the extent such separate approval is required by The Toronto Stock Exchange or any other stock exchange on which the Common Shares are listed or posted for trading, the holders of Common Shares, in each case, present in person or represented by proxy at the Corporation's annual and special meeting of shareholders to be held on April 26, 2018, or any adjournment or postponement thereof, then this Agreement and the Rights Plan and any outstanding Rights shall, without further formality, be of no further force and effect as at the earlier of the close of such meeting of shareholders and any adjournment or postponement thereof.
- (b) The Rights Plan must be reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders present or represented by proxy at a meeting of shareholders of the Corporation at the third annual meeting following each shareholders' meeting at which the Rights Plan is either ratified or reconfirmed. If the Rights Plan is not so reconfirmed or is not presented for reconfirmation at such annual meeting, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of such annual meeting; provided that the termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Sections 6.1(c) and 6.1(e)), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 6.15.

6.16 **Determinations and Actions by the Board of Directors**

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors in good faith for the purposes hereof shall not subject the Board of Directors or any director of the Corporation to any liability to the holders of the Rights.

6.17 **Time of the Essence**

Time shall be of the essence in this Agreement.

6.18 **Regulatory Approvals**

Any obligation of the Corporation or action contemplated by this Agreement, including any amendment hereto, shall be subject to the receipt of any requisite approval or consent from any applicable regulatory authority including, without limiting the generality of the foregoing, any necessary approvals of The Toronto Stock Exchange or any other stock exchange.

6.19 **Declaration as to Non-Canadian and Non-U.S. Holders**

If, in the opinion of the Board of Directors (who may rely upon the advice of counsel), any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada or the United States of America, the Board of Directors acting in good faith shall take such actions as it may deem appropriate to ensure compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

6.20 **Fiduciary Duties of the Directors**

Nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Voting Shares and/or Convertible Securities reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to shareholders that the directors believe are necessary or appropriate in the exercise of their fiduciary duties.

6.21 **Privacy Legislation**

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially-reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

6.22 **Force Majeure**

No party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 6.22.

6.23 **Language**

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

TOROMONT INDUSTRIES LTD.

by (signed) "Paul R. Jewer"

Name: Paul R. Jewer

Title: Executive Vice President & CFO

(signed) "Lynn M. Korbak"

Name: Lynn M. Korbak

Title: General Counsel & Corporate Secretary

AST TRUST COMPANY (CANADA)

by (signed) "Jennifer Andersen"

Name: Jennifer Andersen

Title: Authorized Signatory

(signed) "Gregory Ashby"

Name: Gregory Ashby

Title: Authorized Signatory

EXHIBIT A

FORM OF RIGHTS CERTIFICATE

Certificate No. _____ Rights _____

RIGHTS CERTIFICATE

This certifies that _____ is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Amended and Restated Shareholder Rights Plan Agreement dated as of February 23, 2018, as the same may be amended or supplemented from time to time (the "**Rights Agreement**"), between Toromont Industries Ltd., a corporation existing under the laws of Canada (the "**Corporation**") and AST Trust Company (Canada), a trust company existing under the laws of Canada, as rights agent (the "**Rights Agent**", which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Corporation at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid Common Share of the Corporation (a "**Common Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise and Declaration of Ownership duly executed and submitted to the Rights Agent at its principal office in the city of Toronto or any other office of the Rights Agent designated for that purpose for time to time by the Rights Agent. The Exercise Price shall initially be \$161.00 per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase more or less than one Common Share, all as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the registered office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate may be, and under certain circumstances are required to be, redeemed by the Corporation at a redemption price of \$0.001 per Right.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other shares of the Corporation which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders of the Corporation at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders of the Corporation (except as provided in the Rights Agreement), or to receive dividends or

subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been manually countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

Date: _____

TOROMONT INDUSTRIES LTD.

By: _____

President

By: _____

Secretary

Countersigned:

AST TRUST COMPANY (CANADA)

By: _____

Authorized Signature

FORM OF ELECTION TO EXERCISE

TO: TOROMONT INDUSTRIES LTD.

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares issuable upon the exercise of such Rights and requests that certificates for such Common Shares be issued to:

Name

Address

City and Province

Social Insurance Number or other
taxpayer identification number

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Name

Address

City and Province

Social Insurance Number or other
taxpayer identification number

Dated: _____

Signature

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by an "Eligible Institution", *i.e.* a Canadian Schedule I chartered bank or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, including certain trust companies in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in Canada or the United States.

(To be completed if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any other Person acting jointly or in concert with any of the foregoing (as such terms are defined in the Rights Agreement).

Signature

FORM OF ASSIGNMENT

FOR VALUE RECEIVED _____

hereby sells, assigns and transfers unto _____

(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein.

Dated: _____
Signature

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by an "Eligible Institution", *i.e.* a Canadian Schedule I chartered bank or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, including certain trust companies in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in Canada or the United States.

(To be completed if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any other Person acting jointly or in concert with any of the foregoing (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights will be null and void.

SCHEDULE D

TOROMONT INDUSTRIES LTD.

LIST OF PEER GROUP COMPANIES FOR COMPENSATION REVIEW REPORT

The following companies comprised the peer group used by Korn Ferry in the review it delivered in late 2017. They were recommended by Korn Ferry 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.	WSP Global Inc.	Methanex Corporation
Russel Metals Inc.	TFI International Inc.	Gold Corp.	Uni-Select Inc.
ShawCor Ltd.	Wajax Corporation	Norbord, Inc.	Capital Power Corporation
Canfor Corp.	Kinross Gold Corporation	CanWel Buildings Materials Group Ltd.	Ritchie Bros. Auctioneers Incorporated
Martinrea International Inc.	Agnico Eagle	Superior Plus Corp.	Stella-Jones Inc.
Bird Construction Inc.	Rocky Mountain Dealerships	Detour Gold Corp.	

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