



POWER CORPORATION
OF CANADA

NEWS RELEASE
FOR IMMEDIATE RELEASE

Readers are referred to the sections entitled “Forward-looking Statements” and “Non-IFRS Financial Measures” at the end of this release. The Corporation’s financial results are reported under International Financial Reporting Standards (IFRS) and all comparative figures have been restated accordingly.

Power Corporation of Canada Reports 2011 Third Quarter Financial Results and Dividends

Toronto, Ontario, November 11, 2011 – Power Corporation of Canada’s operating earnings for the nine-month period ended September 30, 2011 were \$942 million or \$1.98 per share, compared with \$756 million or \$1.58 per share in the corresponding period of 2010. This represents a 25.1% increase on a per share basis.

The increase in operating earnings reflects a higher contribution from Power Financial Corporation, a subsidiary of the Corporation, and higher income from investments.

Subsidiaries contributed \$871 million to Power Corporation’s operating earnings for the nine-month period ended September 30, 2011, compared with \$823 million in the corresponding period of 2010. Results from corporate activities were a net contribution of \$71 million in the nine-month period ended September 30, 2011, compared with a net charge of \$67 million in the same period in 2010. This increase is mainly due to income from investments generated by the Corporation’s interest in the Sagard 1 fund in Europe which is managed by Sagard SAS, a subsidiary of the Corporation, and income from other investment funds.

Other items in the nine-month period ended September 30, 2011 represented a charge of \$150 million and include a write-down of the Corporation’s investment in CITIC Pacific for an amount of \$72 million recorded in the third quarter. Also included in other items is the Corporation’s share (in the amount of \$87 million) of Pargesa’s impairment charge recorded in the third quarter on its indirect investment in Lafarge S.A. In the corresponding nine-month period of 2010, other items were a charge of \$227 million and included an impairment charge on CITIC Pacific of \$133 million and the Corporation’s share (in the amount of \$96 million) of a litigation provision recorded by Great-West Lifeco Inc. (Lifeco), a subsidiary of Power Financial.

Net earnings attributable to participating shareholders (including other items and after dividends on non-participating shares) for the nine-month period ended September 30, 2011 were \$761 million or \$1.66 per share, compared with \$498 million or \$1.09 per share in the corresponding period of 2010.



THIRD QUARTER RESULTS

Operating earnings for the three-month period ended September 30, 2011 were \$348 million or \$0.73 per share, compared with \$275 million or \$0.58 per share in the corresponding period in 2010. This represents an increase of 27.6% on a per share basis.

Power Corporation's share of operating earnings from its subsidiaries was \$284 million for the three-month period ended September 30, 2011, compared with \$293 million for the same period in 2010. Corporate activities represented a net contribution of \$64 million in the quarter ended September 30, 2011, compared with a net charge of \$18 million in the corresponding period in 2010, mainly due to income from investments generated by the Corporation's interest in the Sagard 1 fund in Europe and income from other investment funds.

Other items were a charge of \$148 million in the three-month period ended September 30, 2011, compared with a charge of \$96 million in the corresponding period of 2010.

Net earnings attributable to participating shareholders (including other items and after dividends on non-participating shares) for the three-month period ended September 30, 2011 were \$190 million or \$0.41 per share, compared with \$169 million or \$0.37 per share in the corresponding period in 2010.

RESULTS OF POWER FINANCIAL CORPORATION

Power Financial Corporation's operating earnings for the nine-month period ended September 30, 2011 were \$1,385 million or \$1.84 per share, compared with \$1,294 million or \$1.73 per share in the corresponding period in 2010. This represents an increase of 6.8% on a per share basis.

The increase in operating earnings reflects primarily the increase in the contribution from Power Financial's subsidiaries, Lifeco and IGM Financial Inc.

For the nine-month period ended September 30, 2011, other items represented a charge of \$118 million and consisted mainly of Power Financial's share (in the amount of \$133 million) of Pargesa's impairment charge recorded in the third quarter on its indirect investment in Lafarge S.A. In the corresponding nine-month period of 2010, other items were a charge of \$142 million and consisted mainly of Power Financial's share of a litigation provision recorded by Lifeco, established in the third quarter.

Net earnings attributable to common shareholders of Power Financial (including other items and after dividends on perpetual preferred shares) for the nine-month period ended September 30, 2011 were \$1,189 million or \$1.68 per share, compared with \$1,079 million or \$1.53 per share in the corresponding period of 2010.

For the three-month period ended September 30, 2011, Power Financial reported operating earnings of \$454 million or \$0.60 per share, compared with \$465 million or \$0.62 per share for the same period in 2010.



Other items for the third quarter of 2011 were a charge of \$116 million, compared with a charge of \$144 million for the same quarter in 2010.

Net earnings attributable to common shareholders of Power Financial (including other items and after dividends on perpetual preferred shares) for the three-month period ended September 30, 2011 were \$312 million or \$0.44 per share, compared with \$294 million or \$0.42 per share in the corresponding quarter of 2010.

DIVIDENDS ON PREFERRED SHARES

The Board of Directors today declared quarterly dividends on the Corporation's preferred shares, as follows:

TYPE OF SHARES	RECORD DATE	PAYMENT DATE	AMOUNT
1986 Series	December 23, 2011	January 15, 2012	To be determined in accordance with the articles of the Corporation
Series A	December 23, 2011	January 15, 2012	35¢
Series B	December 23, 2011	January 15, 2012	33.4375¢
Series C	December 23, 2011	January 15, 2012	36.25¢
Series D	December 23, 2011	January 15, 2012	31.25¢

DIVIDENDS ON PARTICIPATING SHARES

The Board of Directors also declared a dividend of 29 cents per share on the Participating Preferred and Subordinate Voting Shares of the Corporation, payable December 30, 2011 to shareholders of record December 9, 2011.

For purposes of the *Income Tax Act* (Canada) and any similar provincial legislation, all of the above dividends on the Corporation's preferred shares (including the Participating Preferred Shares) and Subordinate Voting Shares are eligible dividends.

Forward-Looking Statements

Certain statements in this News Release, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflects such subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".



By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes, business competition, operational and reputational risks, technological change, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the foregoing list of factors, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including this MD&A and its Annual Information Form filed with the securities regulatory authorities in Canada, available at www.sedar.com.

Non-IFRS Financial Measures

In analyzing the financial results of the Corporation and consistent with the presentation in previous years, net earnings are subdivided into the following components:

- operating earnings; and
- other items, which include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful, and also include the Corporation's share of any such item presented in a comparable manner by its subsidiaries.

Management has used these financial measures for many years in its presentation and analysis of the financial performance of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation.

Operating earnings and operating earnings per share are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities.

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Attachments:

FINANCIAL INFORMATION

For further information, please contact:

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POWER CORPORATION OF CANADA
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited) [in millions of Canadian dollars]	September 30, 2011	December 31, 2010	January 1, 2010
Assets			
Cash and cash equivalents	3,568	4,016	5,383
Investments			
Bonds	80,191	74,250	67,942
Mortgages and other loans	20,947	20,209	20,613
Shares	7,368	7,736	7,584
Investment properties	3,238	2,959	2,615
	111,744	105,154	98,754
Loans to policyholders	7,144	6,827	6,957
Funds held by ceding insurers	10,118	9,856	10,984
Reinsurance assets	2,220	2,533	2,800
Investments in associates	2,255	2,566	2,948
Deferred tax assets	1,291	1,272	1,332
Other assets	7,493	7,444	7,355
Assets held for sale	898	–	–
Intangible assets	4,396	4,317	4,433
Goodwill	8,813	8,755	8,686
Segregated funds for the risk of unit holders	94,053	94,827	87,495
Total assets	253,993	247,567	237,127
Liabilities			
Insurance contract liabilities	114,070	107,367	104,988
Investment contract liabilities	784	791	841
Deposits and certificates	149	835	907
Funds held under reinsurance contracts	177	149	331
Obligation to securitization entities	3,554	3,505	3,310
Debentures and other borrowings	6,294	6,720	6,339
Capital trust securities and debentures	531	535	540
Preferred shares of subsidiaries	–	–	499
Deferred tax liabilities	1,159	1,165	1,043
Other liabilities	7,950	7,784	7,122
Liabilities held for sale	659	–	–
Insurance and investment contracts on account of unit holders	94,053	94,827	87,495
Total liabilities	229,380	223,678	213,415
Equity			
Stated capital			
Non-participating shares	780	783	787
Participating shares	571	549	526
Retained earnings	7,952	7,573	7,390
Reserves	328	541	894
Total shareholders' equity	9,631	9,446	9,597
Non-controlling interests	14,982	14,443	14,115
Total equity	24,613	23,889	23,712
Total liabilities and equity	253,993	247,567	237,127

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended September 30		Nine months ended September 30	
(unaudited) [in millions of Canadian dollars, except per share amounts]	2011	2010	2011	2010
Revenues				
Premium income				
Gross premiums written	5,059	4,956	14,980	15,091
Ceded premiums	(667)	(643)	(2,021)	(1,953)
Total net premiums	4,392	4,313	12,959	13,138
Net investment income				
Regular net investment income	1,365	1,514	4,312	4,173
Change in fair value	2,091	2,641	2,615	5,387
	3,456	4,155	6,927	9,560
Fee and media income	1,398	1,345	4,345	4,129
Total revenues	9,246	9,813	24,231	26,827
Expenses				
Policyholder benefits	3,704	3,557	11,484	11,305
Policyholder dividends and experience refunds	385	382	1,115	1,116
Change in insurance and investment contract liabilities	2,737	3,418	4,104	7,226
	6,826	7,357	16,703	19,647
Commissions	564	528	1,742	1,622
Operating expenses	977	1,326	2,951	3,305
Financing charges	108	116	334	352
Total expenses	8,475	9,327	21,730	24,926
	771	486	2,501	1,901
Share of earnings (losses) of investment in associates	(96)	60	(32)	117
Earnings before income taxes	675	546	2,469	2,018
Income taxes	119	76	484	421
Net earnings before non-controlling interests– continuing operations	556	470	1,985	1,597
Net earnings before non-controlling interests– discontinued operations	31	–	33	–
Net earnings before non-controlling interests	587	470	2,018	1,597
Attributable to non-controlling interests	(387)	(291)	(1,226)	(1,068)
Net earnings attributable to shareholders	200	179	792	529
Non-participating share dividends	(10)	(10)	(31)	(31)
Net earnings attributable to participating shareholders	190	169	761	498
Earnings per participating share				
Net earnings attributable to participating shareholders				
– Basic	0.41	0.37	1.66	1.09
– Diluted	0.41	0.37	1.64	1.08
Net earnings from continuing operations to participating shareholders				
– Basic	0.38	0.37	1.63	1.09
– Diluted	0.38	0.37	1.61	1.08

SEGMENTED INFORMATION
INFORMATION ON PROFIT MEASURE

Three months ended September 30, 2011	Lifeco	IGM	Parjointco	Other	Total
Revenues					
Premium income	4,392	–	–	–	4,392
Net investment income					
Regular net investment income	1,330	34	–	1	1,365
Change in fair value	2,080	11	–	–	2,091
	3,410	45	–	1	3,456
Fee and media income	704	628	–	66	1,398
	8,506	673	–	67	9,246
Expenses					
Policyholder benefits, dividends and experience refunds, and change in insurance and investment contract liabilities	6,826	–	–	–	6,826
Commissions	372	219	–	(27)	564
Operating expenses	693	156	–	128	977
Financing charges	72	24	–	12	108
	7,963	399	–	113	8,475
	543	274	–	(46)	771
Share of operating earnings of investment in associates	–	–	36	1	37
Share of non-operating earnings of investment in associates	–	–	(133)	–	(133)
Earnings before income taxes	543	274	(97)	(45)	675
Income taxes	54	62	–	3	119
Contribution to net earnings before non-controlling interests– continuing operations	489	212	(97)	(48)	556
Contribution to net earnings before non-controlling interests– discontinued operations	–	31	–	–	31
Contribution to net earnings before non- controlling interests	489	243	(97)	(48)	587
Attributable to non-controlling interests	(282)	(152)	33	14	(387)
Contribution to net earnings attributable to participating shareholders	207	91	(64)	(34)	200

SEGMENTED INFORMATION (CONTINUED)
INFORMATION ON PROFIT MEASURE (CONTINUED)

Three months ended September 30, 2010	Lifeco	IGM	Parjointco	Other	Total
Revenues					
Premium income	4,313	–	–	–	4,313
Net investment income					
Regular net investment income	1,493	16	–	5	1,514
Change in fair value	2,629	12	–	–	2,641
	4,122	28	–	5	4,155
Fee and media income	681	604	–	60	1,345
	9,116	632	–	65	9,813
Expenses					
Policyholder benefits, dividends and experience refunds, and change in insurance and investment contract liabilities	7,357	–	–	–	7,357
Commissions	346	207	–	(25)	528
Operating expenses	1,057	149	–	120	1,326
Financing charges	71	28	–	17	116
	8,831	384	–	112	9,327
	285	248	–	(47)	486
Share of operating earnings of investment in associates	–	–	55	1	56
Share of non-operating earnings of investment in associates	–	–	4	–	4
Earnings before income taxes	285	248	59	(46)	546
Income taxes	–	73	–	3	76
Contribution to net earnings before non-controlling interests – continuing operations	285	175	59	(49)	470
Contribution to net earnings before non-controlling interests– discontinued operations	–	–	–	–	–
Contribution to net earnings before non- controlling interests	285	175	59	(49)	470
Attributable to non-controlling interests	(164)	(110)	(20)	3	(291)
Contribution to net earnings attributable to participating shareholders	121	65	39	(46)	179

SEGMENTED INFORMATION (CONTINUED)
INFORMATION ON PROFIT MEASURE (CONTINUED)

Nine months ended September 30, 2011	Lifeco	IGM	Parjointco	Other	Total
Revenues					
Premium income	12,959	–	–	–	12,959
Net investment income					
Regular net investment income	4,173	106	–	33	4,312
Change in fair value	2,600	15	–	–	2,615
	6,773	121	–	33	6,927
Fee and media income	2,163	1,963	–	219	4,345
	21,895	2,084	–	252	24,231
Expenses					
Policyholder benefits, dividends and experience refunds, and change in insurance and investment contract liabilities	16,703	–	–	–	16,703
Commissions	1,139	682	–	(79)	1,742
Operating expenses	2,068	482	–	401	2,951
Financing charges	216	80	–	38	334
	20,126	1,244	–	360	21,730
	1,769	840	–	(108)	2,501
Share of operating earnings of investment in associates	–	–	103	–	103
Share of non-operating earnings of investment in associates	–	–	(135)	–	(135)
Earnings before income taxes	1,769	840	(32)	(108)	2,469
Income taxes	284	197	–	3	484
Contribution to net earnings before non-controlling interests– continuing operations	1,485	643	(32)	(111)	1,985
Contribution to net earnings before non-controlling interests– discontinued operations	–	33	–	–	33
Contribution to net earnings before non- controlling interests	1,485	676	(32)	(111)	2,018
Attributable to non-controlling interests	(852)	(422)	11	37	(1,226)
Contribution to net earnings attributable to participating shareholders	633	254	(21)	(74)	792

SEGMENTED INFORMATION (CONTINUED)
INFORMATION ON PROFIT MEASURE (CONTINUED)

Nine months ended September 30, 2010	Lifeco	IGM	Parjointco	Other	Total
Revenues					
Premium income	13,138	–	–	–	13,138
Net investment income					
Regular net investment income	4,245	75	–	(147)	4,173
Change in fair value	5,365	22	–	–	5,387
	9,610	97	–	(147)	9,560
Fee and media income	2,108	1,820	–	201	4,129
	24,856	1,917	–	54	26,827
Expenses					
Policyholder benefits, dividends and experience refunds, and change in insurance and investment contract liabilities	19,647	–	–	–	19,647
Commissions	1,064	633	–	(75)	1,622
Operating expenses	2,480	452	–	373	3,305
Financing charges	215	83	–	54	352
	23,406	1,168	–	352	24,926
	1,450	749	–	(298)	1,901
Share of operating earnings of investment in associates	–	–	114	1	115
Share of non-operating earnings of investment in associates	–	–	2	–	2
Earnings before income taxes	1,450	749	116	(297)	2,018
Income taxes	215	198	–	8	421
Contribution to net earnings before non-controlling interests– continuing operations	1,235	551	116	(305)	1,597
Contribution to net earnings before non-controlling interests– discontinued operations	–	–	–	–	–
Contribution to net earnings before non- controlling interests	1,235	551	116	(305)	1,597
Attributable to non-controlling interests	(712)	(347)	(40)	31	(1,068)
Contribution to net earnings attributable to participating shareholders	523	204	76	(274)	529