

ANNUAL SHAREHOLDER MEETING

MAY 9, 2008

PRESIDENT'S ADDRESS

BY

ANDRÉ DESMARAIS

PRESIDENT AND CO-CHIEF EXECUTIVE OFFICER

CHAIRMAN'S ADDRESS

BY

PAUL DESMARAIS, JR.

CHAIRMAN OF THE BOARD AND CO-CHIEF EXECUTIVE OFFICER



POWER CORPORATION OF CANADA

FORWARD-LOOKING STATEMENTS > Certain statements, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's and its subsidiaries' current expectations. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of Power Corporation and its subsidiaries 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", "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".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific. A variety of material 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, 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 and integrate acquisitions, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation's and its subsidiaries' forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements.

Other than as specifically required by 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 associated with the Corporation's business is provided in its disclosure materials, including its most recent Management's Discussion and Analysis of Operating Results and its Annual Information Form, filed with the securities regulatory authorities in Canada, available at www.sedar.com.

NON-GAAP FINANCIAL MEASURES > In analysing 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 Power Financial, Lifeco or IGM.

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. As a consequence of Great-West Life & Annuity Insurance Company's sale of its healthcare business, the results from Lifeco's U.S. healthcare business are presented in the consolidated financial statements as "discontinued operations" in accordance with GAAP. Power Corporation's share of these results is included in operating earnings. Operating earnings and operating earnings per share are non-GAAP financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities.

PRESIDENT'S ADDRESS

BY

ANDRÉ DESMARAIS

It is a pleasure for me to report to you on developments at Power Corporation during the past year. I will start by commenting on the financial results for the full year 2007. I will then discuss group developments since the last shareholder meeting, and I will close by announcing our results for the first quarter of 2008 as well as the quarterly dividend. All figures are in Canadian dollars, except if otherwise indicated.

FINANCIAL RESULTS FOR 2007

First, the full-year results for 2007.

Power Corporation of Canada reported operating earnings of \$1.458 billion or \$3.12 per participating share for the year ended December 31, 2007, compared with \$1.166 billion or \$2.49 per share in 2006. This represents a 25.3 per cent increase on a per share basis.

Other items, not included in operating earnings, were \$5 million or \$0.01 per share in 2007, compared with \$227 million or \$0.51 per share in 2006, which included an amount of \$236 million or \$0.52 per share representing the impact of the gain recorded by Groupe Bruxelles Lambert on the sale of its interest in Bertelsmann.

As a result, net earnings were \$1.463 billion or \$3.13 per share in 2007, compared with \$1.393 billion or \$3.00 per share in 2006.

Dividends paid on our participating shares rose from 76 cents per share in 2006, to over 92 cents per share in 2007, an increase of 21 per cent. Dividends were also increased during the year at Power Financial Corporation, Great-West Lifeco Inc., IGM Financial Inc. and Pargesa Holding SA.

Our corporate balance sheet at Power continues to be a source of strength. Power Corporation's high liquidity and absence of leverage has been an advantage in the recent environment.

GROUP COMPANIES' RESULTS

I will turn now to the financial results of the companies in our group.

POWER FINANCIAL

Power Corporation holds 66.4 per cent of the common equity of Power Financial Corporation.

Power Financial's operating earnings for 2007 were \$2.082 billion, or \$2.84 per share, compared with \$1.802 billion or \$2.46 per share in 2006. This represents a 15.8 per cent increase on a per share basis.

Other items not included in operating earnings were a net charge of \$38 million or \$0.05 per share in 2007. In 2006, other items were \$353 million, or \$0.50 per share, including an amount of \$356 million representing the impact of the gain recorded by Groupe Bruxelles Lambert on the sale of its interest in Bertelsmann.

As a result, net earnings were \$2.044 billion or \$2.79 per share in 2007, compared with \$2.155 billion or \$2.96 per share in 2006.

For the fifteenth consecutive year, Power Financial Corporation's common share dividend was increased. The dividends declared on Power Financial's common shares totalled \$1.16 per share in 2007, compared with \$1.00 in 2006, representing an increase of 16 per cent. Power Financial also announced yesterday that its quarterly dividend has been raised from 31.25 cents to 33.5 cents. This represents an increase of 7.2 per cent.

**POWER FINANCIAL CORPORATION – SUBSIDIARIES' AND INVESTMENT
AT EQUITY RESULTS**

GREAT-WEST LIFECO

| OVERVIEW | Power Financial holds a 73 per cent economic interest in Great-West Lifeco.

Great-West Lifeco had a very successful year in 2007, marked by strong earnings performance and sales growth. These favourable results were achieved notwithstanding very challenging capital and currency markets. The conservative investment policies and underwriting standards followed by the company proved very beneficial in 2007, as Lifeco avoided many of the investment challenges that confronted other market participants.

Lifeco's success is driven by its operating subsidiaries across its three main operating regions: Canada, Europe and the United States.

Great-West Lifeco has been pursuing a strategy to expand and broaden its financial services business globally, with particular focus on the United States and Europe.

In 2007, Lifeco evolved this strategy in the United States through its acquisition of Putnam, and the sale of its U.S. healthcare business, which closed on April 1, 2008.

The acquisition of Putnam has provided our group with a major presence in the mutual fund and institutional asset management industry in the United States, with operations in Europe and Asia, and a world-class brand.

Great-West Lifeco closed the acquisition in August of last year.

Since that time, the management of Putnam has been focused on a number of priorities.

The first was to improve the economics of the business through a program composed primarily of cost reductions but also of a number of revenue enhancements.

The second was to build on the growing momentum that Putnam's institutional businesses had been experiencing.

The third priority was to continue to improve investment performance in the company's equity mutual funds with a view to turning the outflows into inflows. At the time of the acquisition, we believed that this would take time to turn around, perhaps several years.

Notwithstanding the challenges that we knew were present at Putnam at the time of the announcement of the deal, and the current weak state of financial markets, we are very pleased with Great-West Lifeco's acquisition, and are confident that Putnam will provide our group with a broad platform from which to build a growing asset management presence over the long term in the United States and internationally.

The sale of Lifeco's U.S. Healthcare Division, which had been a part of its business portfolio for decades, is also an important event in the history of the corporation. At its current operating level, this business did not provide the scale needed to be successful in the long term, given the industry consolidation taking place. The proceeds realized by Lifeco from the sale of its U.S. healthcare business forms a significant part of the permanent financing for the Putnam acquisition. This redeployment of capital allows Lifeco, in the United States, to focus exclusively on the financial services sector.

Lifeco is now very firmly established in the asset management business in the United States for the long term. The corporation believes that the asset management industry will consolidate over time, with the potential emergence of a small number of asset managers with exceptional scale.

| 2007 RESULTS | Turning to the financial numbers for the year, Lifeco reported adjusted net income attributable to common shareholders of \$2.153 billion or \$2.413 per share in 2007, compared with \$1.875 billion or \$2.104 per share in 2006, an increase of 15 per cent. Adjusted net income in 2007 excludes an after-tax provision of \$97 million for certain Canadian retirement plans.

Dividends paid per common share at Great-West Lifeco increased from 93 cents in 2006 to \$1.06 in 2007, or 14 per cent.

IGM FINANCIAL

| OVERVIEW | Power Financial's other major North American financial services holding is its controlling interest in IGM Financial. Power Financial holds a 58.4 per cent economic interest.

IGM Financial continues as one of Canada's premier financial services companies. Comparing long-term mutual fund assets across the industry, IGM Financial has a dominant number one position.

IGM Financial and its operating companies experienced continued growth in 2007 which, once again, produced positive financial results and dividends for its shareholders. Investors Group Inc. and Mackenzie Financial Corporation, IGM's principal businesses, continued to generate strong activity in terms of sales, product innovation, investment management and resource development.

| 2007 RESULTS | IGM Financial's adjusted net income for 2007 was \$864 million, compared with \$763 million in 2006, an increase of 13.2 per cent. Adjusted net income for both years excluded non-cash income tax benefits. Adjusted earnings per share on this basis were \$3.23, compared with \$2.85 in 2006.

Dividends increased for the 18th consecutive year, rising 24 cents or 15 per cent to \$1.775 per share for the year.

The Great-West Lifeco and IGM Financial group companies have, over the years, focused on improving their strategic and competitive positioning. Together they have built one of the most powerful financial services distribution networks in Canada, while expanding internationally on a rational and carefully considered basis. They have been leaders in the consolidation of the Canadian financial services industry in recent years. The results speak for themselves.

PARGESA HOLDING SA

I will now turn to the Pargesa group in Europe. Power Financial holds, together with the Frère Group of Belgium, a 62.9 per cent voting interest in Pargesa. At December 31, 2007, Pargesa held a 50.2 per cent voting interest in the Belgian holding company GBL.

Pargesa reported operating earnings of SF609 million in 2007, compared with SF539 million in 2006. Non-operating earnings were SF113 million in 2007, compared with SF1.754 billion in 2006, the latter being composed primarily of Pargesa's share of the gain recorded by GBL on the sale of its interest in Bertelsmann.

As a result, net earnings reported by Pargesa were SF722 million in 2007, compared with SF2.293 billion in 2006.

Dividends in 2007 paid by Pargesa totalled SF2.37 per bearer share. The dividend payable in 2008 is SF2.62 per bearer share, an increase of 10.5 per cent.

I will briefly provide an overview of the leading companies in the Pargesa portfolio. Before doing so, I would like to point out that Imerys' results are consolidated in the financial statements of Pargesa, while the contribution from Total,

Suez, Lafarge and Pernod Ricard to GBL's operating earnings in 2007 consists of the dividends received from these companies. Starting in 2008, the investment in Lafarge is to be accounted for under the equity method. The following ownership figures are as at December 31, 2007.

| TOTAL | GBL holds a 3.9 per cent equity interest in Total, the integrated petroleum company.

Created from successive mergers of Total, PetroFina and Elf Aquitaine, Total is a global leader in oil and gas.

Total's adjusted net income expressed in euros was down slightly in 2007, whereas it reached record levels when expressed in U.S. dollars. On the whole, the group enjoyed growth in its production and continued to take advantage of its productivity programs, which enabled it to lessen the substantial impact of cost inflation.

| SUEZ | GBL holds a 9.3 per cent equity interest in Suez. Suez is an international industrial and services group in the Energy (electricity and gas) and Environment (water and waste services) sectors.

Preparation for the merger between Suez and Gaz de France has continued, as the Boards of Directors of both groups approved a revised merger plan in 2007.

| IMERYS | Imerys, in which the Pargesa group holds a 54.1 per cent interest, is a world-leading producer of value-added minerals.

In 2007, Imerys benefited from healthy markets overall for consumer goods and industrial equipment alike, driven by the rapid expansion of the emerging economies. On the other hand, construction markets recorded a sharp downturn in the United States. The depreciation of the U.S. dollar against the euro also became more pronounced.

| LAFARGE | GBL holds a 17.9 per cent interest in Lafarge. With a presence in more than 80 countries, Lafarge holds leading positions in each of its business segments.

The year 2007 was marked by growth in Lafarge's operations in emerging countries and by the restructuring and refocusing efforts that began in 2006. In keeping with these efforts, the €8.8 billion acquisition by Lafarge of Orascom Cement Industries, which holds leading positions in the Middle East and the Mediterranean basin, was announced in December 2007.

| PERNOD RICARD | GBL holds a 6.2 per cent equity interest in Pernod Ricard.

The wine and spirits market benefited from globally favourable economic activity and enjoyed sustained growth in 2007. The group's performance was also boosted by the development of commercial synergies stemming from the integration of Allied Domecq. In March 2008, Pernod Ricard announced the acquisition of Vin & Spirit, owner of the Absolut brand, a world leader in the premium vodka category. With this acquisition, Pernod Ricard became the co-leader in the global wine and spirits industry.

ASIA

CITIC PACIFIC

Power has been active in China for a number of years. Currently, Power's most significant investment is an approximate 71 per cent interest in CITIC Pacific. While the company is Hong Kong-based, it has gradually shifted its focus over the recent years towards mainland China, where CITIC is an important participant in the economy. As a result, the majority of CITIC's assets are now located in China.

I will now say a few words about CITIC's major businesses.

SPECIAL STEEL > CITIC Pacific Special Steel operates through three steel plants in mainland China with total annual production capacity of over seven million tonnes. It is a leader in the manufacturing of special steel used in bearings and gears, among others. The three plants are ideally located to cover the main markets for special steel in Eastern, Central and Northern China, including the growing automotive sector. Profit contribution from this business was HK\$2.242 billion in 2007, an increase of 68 per cent from 2006.

IRON ORE MINING > CITIC Pacific owns the mining rights to two billion tonnes of magnetite iron ore with options for another four billion tonnes in the Pilbara region of Western Australia. The two billion tonnes of ore are capable of initially producing 27.6 million tonnes of product annually to supply mainland China and CITIC Pacific's steel plants in particular. CITIC is well advanced in finalizing the project financing. Production is expected to begin towards the end of 2009, early 2010.

PROPERTY > CITIC Pacific's property team has extensive experience in building and managing medium- and large-scale residential and commercial projects, including Shanghai's CITIC Square and New Westgate Garden, and Hong Kong's CITIC Tower.

In the past few years, CITIC Pacific has been active in investing in properties in mainland China, where it will be developing approximately 45 million square feet of gross floor area in the coming years. Currently CITIC Pacific has a large quality land bank in Shanghai, major secondary cities in the Yangtze Delta area and Hainan Island.

| **2007 RESULTS** | CITIC recorded a net profit of HK\$10.843 billion for the year 2007. This represents a growth of 31 per cent from CITIC's historic high of HK\$8.272 billion set in 2006. Earnings per share in 2007 were HK\$4.91. In November 2007, your Directors visited China and Hong Kong, where they received a number of presentations from senior management of CITIC Pacific. The visit to China included site visits to some of the core sector facilities of CITIC Pacific.

QFII

In China, an asset management team has been created by Power to manage a portfolio of investments in Chinese "A" Shares. "A" shares represent common shares of Chinese public companies which can normally only be acquired by local Chinese citizens and which are traded on the Shanghai and Shenzhen stock exchanges. Power operates as a Qualified Foreign Institutional Investor (or QFII), with an initial investment quota of US\$50 million. Power was the first Canadian company to be granted QFII status. This activity generated almost \$135 million in pre-tax earnings in 2007, as the local markets experienced significant growth.

OTHER INVESTMENTS

Power Corporation holds positions in several investment funds of the private equity, venture capital and hedge fund type. Over the years, and again in 2007, these funds have produced solid returns. While the contribution of these investments can vary from year to year, we have built our portfolio of private equity and venture capital funds around long-term relationships with funds that have demonstrated the quality and resilience of their franchise over the years, as well as their ability to adapt to changing market conditions and to handle economic cycles.

EUROPE

Established in 2001 and based in Paris, Sagard SAS, a subsidiary of the Corporation, currently manages two private equity funds focusing primarily on the mid-size market in certain parts of Europe. These two funds – Sagard 1 and Sagard 2 – have gathered in aggregate over €1.5 billion of commitments, including €300 million from the Corporation and €250 million from the Pargesa group. Sagard 1 is fully invested and has already disposed of four investments, including two in 2007. Cumulative net proceeds from these four sales distributed to investors as at December 31, 2007 amounted to €439 million, compared with a total of €569 million called from investors. There remain eight companies in the portfolio of Sagard 1. Sagard 2 closed its fund-raising in December 2006 with €1 billion in commitments, and has already invested €299 million in four investments completed in 2007.

UNITED STATES

Sagard Capital Partners, L.P., an investment fund that is indirectly wholly owned by the Corporation, has begun investing in small to mid-sized public companies in the United States.

COMMUNICATIONS AND TECHNOLOGY

I will now turn to our communications and technology interests.

COMMUNICATIONS

GESCA LTÉE

Gesca is a media group engaged primarily in the publication of daily newspapers in the provinces of Québec and Ontario, including *La Presse*.

The most recent figures from NADbank, the principal research arm of the Canadian daily newspaper industry, for the year ended December 31, 2007, indicate that *La Presse* is now the most widely read weekend newspaper by francophones in the Greater Montreal Region. For their work in the field, *La Presse* and its journalists recently received nominations as finalists for six different National Newspaper Awards. Also, on March 13, 2008, *La Presse* was admitted into the international newspaper printing elite as one of the 50 best printed newspapers in the world.

Pursuant to its development strategy, Gesca has reorganized to achieve greater revenue diversification. Gesca's development activities are now combined under a new division named *Gesca Development*, which brings together Cyberpresse and other Web sites, television production, magazine and book publishing activities, Gesca Digital Investments, as well as the company's interests in Workopolis and the online advertising network Olive Canada.

TECHNOLOGY

POWER TECHNOLOGY INVESTMENT CORPORATION

Power Technology Investment Corporation has built a diversified portfolio of investments in the technology and biotech sectors. These investments are at various stages of development.

Last November, Neurochem announced important initiatives following key events that took place during 2007, including the termination of the pharmaceutical drug development program known as ALZHEMED™. The company has indicated that it intends to take steps to commercialize this compound as a branded nutraceutical, subject to various approvals and authorizations. Neurochem also announced that it will continue to advance eprodisate (KIACTA™) programs for Amyloid A (AA) amyloidosis, as well as for type II Diabetes.

In light of its expanded strategy, now including nutraceutical and pharmaceutical activities, Neurochem has recently changed its name to Bellus Health Inc.

While we recognize that potential returns from these sectors can be significant, we also recognize that the associated risks are equally important. Given the diversity of our investments and the modest portion it represents relative to our overall holdings, we remain comfortable that these are acceptable risks for Power.

FINANCIAL REVIEW

I would now, typically, discuss Power Corporation's long-term returns. However, following yesterday's announcement of the retirement of Robert Gratton as Chairman of Power Financial, please allow me to present a brief financial review which will, I hope, reflect the outstanding returns achieved at Power Financial under Robert's leadership since his appointment in 1990 as its President and Chief Executive Officer. The Chairman will have more to say about Mr. Gratton, on our behalf, in a few minutes.

Going back to 1992, shortly after Mr. Gratton became the CEO of Power Financial, after-tax operating earnings have grown fifteen-fold to \$2.1 billion. That's a compounded annual growth rate of close to 20 per cent.

Quarterly dividends have increased from just over 2 cents a share to the 31.25 cents declared last quarter, a compound annual growth rate of 19.4 per cent.

The market value of the company's common shares grew from \$1.8 billion to \$28.7 billion over the period. Over the same time, total dividends paid to common shareholders amounted to \$4.7 billion.

All in all, the compounded annual total return to shareholders was 23.5 per cent.

These returns have significantly outpaced those of the TSX in general, and of the TSX financial service sub-index over the period, and would place Power Financial at the top of the performance charts of all financial service companies in North America over the period.

We can also look at it in a different way: \$1,000 invested 15 years ago in the S&P/TSX Index and the S&P/TSX Financial Index would be worth \$5,480 and \$7,260, respectively, today. The same \$1,000 invested in Power Financial would be worth \$23,660. This is \$16,000 more than if this \$1,000 had been invested in the S&P/TSX Financial Index.

What a record. What a legacy. And, of course, with Power Financial as our major asset, these returns flow through to Power Corporation and its shareholders. As I said earlier, the Chairman will be addressing Mr. Gratton's considerable achievements, on our behalf, in just a few minutes. Thank you, Robert, once again, for your truly outstanding contribution to our success, and I am delighted that you have accepted to stay on as Deputy Chairman of Power Corporation.

Although the Chairman will also say a few words concerning the exceptional contribution of Mr. Michel Plessis-Bélair, who retired as Chief Financial Officer of Power Corporation on January 31st of this year, I would be remiss if I did not add my personal thanks. Michel's meticulous work and wise judgment have been part and parcel of Power Corporation's success. For this, he deserves a great deal of credit.

Mr. Plessis-Bélair continues to serve the Power group as Vice-Chairman of the Board of Directors of Power Corporation and as a Director of Power Financial and certain affiliated companies.

In January of this year, we also announced the appointment of Philip K. Ryan as Executive Vice-President and Chief Financial Officer of Power Corporation and Power Financial, replacing Mr. Plessis-Bélair in that capacity. Welcome, Phil, to our group.

I also feel it important to underline how much the Chairman and I, in our new capacity as Co-Chairmen of Power Financial, look forward to continuing our work with Mr. Jeffrey Orr, the President and Chief Executive Officer, and with Mr. Raymond McFeetors, who was appointed yesterday as Vice-Chairman of Power Financial.

In conclusion, with this team and with the strength of our companies, we feel confident that we are well positioned to take advantage of the opportunities that lie ahead for our group.

RESULTS FOR THE FIRST QUARTER OF 2008

Ladies and gentlemen, I will now report on Power Corporation's results for the first quarter of 2008.

Operating earnings for the quarter were \$304 million or \$0.64 per share, compared with \$363 million or \$0.78 per share in 2007.

The decrease in operating earnings in 2008 reflects a lower level of income from investments in 2008 compared with 2007, when the Corporation recorded substantial gains generated by the Corporation's investment in the Sagard 1 Fund in Europe and the Corporation's QFII operations in China.

Other income was \$72 million or \$0.16 per share in the first quarter of 2008, compared with nil in the first quarter of 2007 and consisted of the Corporation's share of non-operating earnings recorded by Power Financial.

As a result, net earnings for the first quarter were \$376 million, compared with \$363 million in 2007.

DIVIDENDS

I am also pleased to announce that at its meeting this morning, the Board of Directors, in addition to declaring the regular dividend on the non-participating Preferred Shares, declared a quarterly dividend on the Participating Preferred and Subordinate Voting Shares of 29 cents per share, compared with 24.125 cents prior to today. This represents an increase of 20.2 per cent. This works out to an annualized dividend rate of \$1.16. This increase reflects not only our strong results for 2007 but also a very solid view on our prospects.

CONCLUSION

I would like to express our gratitude to the management and directors as well as the employees of Power Corporation and of its group companies who have contributed to the outstanding results that the Power group has achieved. I also wish to thank the clients of our group of companies for the trust and support they have shown in these companies. Finally, and most importantly, I want to thank you, our shareholders, for your continuing support and for your attention today.

CHAIRMAN'S ADDRESS

BY

PAUL DESMARAIS, JR.

The President has presented the financial results for the year 2007 and for the first quarter of the current year. I am very happy to join him in thanking our outstanding team of dedicated employees and management for such exceptional results.

As you have seen, 2007 marks another milestone in what has been a tremendous period of growth at Power Corporation and our group companies.

As a company which is focused on long-term returns to its shareholders, we have reason to be very proud of our performance over the past 25 years at an annual rate of 20.8 per cent.

As I have said on a number of occasions at past annual meetings, one of the key factors behind our success has been the quality, dedication and stability of our senior management team at Power Corporation and in our group companies.

Our management philosophy is simple: we believe the selection of the Chief Executive Officer, in each of our companies, is the first of our priorities, and our ability to attract, keep and develop exceptional managers is something we value greatly and work on diligently.

As value investors with an eye to the long term, continuity in the management of our companies is not only desirable, it is essential! We and the boards of our group companies therefore invest a great deal of energy in succession planning in our senior ranks.

It is thus with great pride and appreciation that I would like to comment on some of the recent appointments within our senior management group.

Yesterday, at the Annual Meeting of Shareholders of Power Financial Corporation, Robert Gratton announced his retirement from the position of Chairman of Power Financial Corporation after 26 incredibly successful years in executive functions with Power Financial Corporation and its subsidiaries.

Mr. Gratton, who joined our group in 1982 as Chairman and CEO of Montreal Trust, became President of Power Financial in 1989, and in 1990 its Chief Executive Officer, a position he held until 2005 when he was appointed Chairman. Since then, he has shared executive functions with Jeff Orr, the company's President and Chief Executive Officer.

Under Robert's leadership Power Financial enjoyed spectacular growth, as the President just illustrated.

And the transformation of Power Financial's strategic position from the mid-1990s to its position today is truly remarkable. It is not an exaggeration to say that the change in scale and scope is dramatic.

In a time of industry consolidation, he spearheaded four successful major acquisitions, totalling nearly \$20 billion, which have transformed IGM Financial into the leader of the Canadian mutual fund industry, with a dominant number one position when comparing long-term mutual fund assets under management, and Great-West Life into a powerhouse

among the top 10 in the North American insurance industry and one of the top 20 life insurance companies in the world: London Life in 1997, Mackenzie Financial in 2001, Canada Life in 2003, and Putnam Investment Trust in the United States in 2007.

But to stop at the successful acquisitions doesn't go far enough. He pursued a balanced approach of building through acquisition and strengthening from within.

That strengthening from within occurred on four fronts:

- › building and enhancing distribution systems;
- › developing consistently high-quality financial products;
- › managing costs; and
- › the prudent management of investments.

In whatever strategy that was being followed, one special quality which Mr. Gratton has always brought to the company was his ability to rise above the conventional wisdom of the day and spot opportunity. And he has done this countless times, to the benefit of our shareholders.

In order to implement these strategies, Mr. Gratton worked very closely with the senior management teams at the group's public subsidiaries, such as Great-West Lifeco and IGM Financial, through his chairmanship of these companies' boards and various board committees.

In fact, a model of governance was perfected which saw Power Financial act as an active major shareholder, involved through the boards in all major items of strategic importance, while at the same time allowing the management teams of the operating companies the freedom and room to execute their strategies.

The model included the creation of active boards made up of non-management directors, even at the wholly owned subsidiaries of the public companies themselves. This highly unusual structure, rare among public companies, meant that proper attention and focus was brought to bear on any business unit that was large enough or sufficiently distinct to warrant it.

This governance model has been and remains one of our group's great strengths.

Before I conclude my thoughts about Mr. Gratton, I'd like this meeting to hear things from the perspective of one of the heads of our operating subsidiaries.

It is and always has been fundamental to our governance model, here in the Power group of companies, that one of the most important functions that we play is the selection of the CEOs of our operating companies, and then the ongoing oversight and support of them.

Kevin Kavanagh was one of those CEOs. He was President and Chief Executive Officer of Great-West Lifeco from 1986 to 1992, and a Director of Great-West for over twenty years. He worked at close range with Robert. I believe the comments you are about to hear from him will give an insight into the governance system in our group and, more importantly today, will encapsulate best the vital role that Robert played in that fundamental relationship with our chief executive officers.

VIDEO CLIP OF KEVIN KAVANAGH

I believe Kevin's remarks provide a marvellous synopsis of Robert's invaluable working relationship with our group CEOs and his contribution to strengthening the culture of our group in a lasting way.

I am very pleased to announce that Mr. Gratton has agreed to continue serving our group as Deputy Chairman of Power Corporation. His unique and extensive experience will thus continue to be available to our directors and senior management.

On behalf of all our shareholders, and the Desmarais family, I would like to thank Mr. Gratton for his truly outstanding contribution.

He is with us here today, and I would ask him to stand and be recognized.

As you know, Mr. Gratton leaves the management of Power Financial in the able and experienced hands of Mr. Jeffrey Orr, who was appointed President and CEO in 2005, after successfully demonstrating outstanding leadership performance at IGM Financial and Investors Group after joining our group in 2001.

Our relationship with him goes back some 25 years, to when he was an investment banker at Nesbitt Thomson (now BMO Nesbitt Burns). Throughout this period, we have had many occasions to work closely with him. He was an important participant in the successful acquisitions I mentioned earlier. The President and I have always enjoyed working with Mr. Orr, and we look forward to a long and fruitful association.

Also, following yesterday's Annual Meeting of Shareholders of Power Financial, my brother André and I were appointed Co-Chairmen of the Board.

Power Financial also announced yesterday the election and appointment of Raymond McFeetors as Vice-Chairman of the Board. Mr. McFeetors had been President and CEO of Great-West Life since 1992, and last week became its Chairman, continuing a very productive 40-year career at Great-West.

Under Mr. McFeetors' leadership, Great-West has become Canada's leading life insurance company with almost \$400 billion in assets under management. It is now in a position under new leadership to continue its growth. Three new CEOs were appointed last week at Great-West: Mr. Allen Loney for Canada, Mr. Mitchell Graye for the United States, and Mr. Bill Acton for Europe.

Mr. McFeetors will have an office in Montreal and will work closely with Mr. Orr, with ongoing responsibility for our involvement in the Great-West Lifeco group of companies.

And at its meeting this morning, the Board of Power Corporation resolved to nominate Mr. McFeetors for election to the Power Corporation Board. The election of Directors will be held later in this meeting.

On behalf of all shareholders, and our family, I would like to extend our warmest thanks to Mr. McFeetors for his exceptional contribution. We look forward to working with him in his new capacity.

Mr. McFeetors is with us here today, and I would ask him to stand and be recognized.

I would also like to take this opportunity to acknowledge the tremendous contribution of Mr. Michel Plessis-Bélair, who retired as Chief Financial Officer of Power Corporation on January 31st of this year.

Mr. Plessis-Bélair joined Power Corporation in 1986 as Vice-President, Finance and Administration and was named Executive Vice-President and Chief Financial Officer in 1991. In 1996 he was named Vice-Chairman and Chief Financial Officer.

Mr. Plessis-Bélair continues to serve the Power group as Vice-Chairman of the Board of Directors of Power Corporation, and as a Director of Power Financial and certain affiliated companies.

On a personal note and on behalf of all of us at Power Corporation, I would like to express to you our deep gratitude for your loyalty and professionalism and good judgment during your years as CFO. You are in my mind the quintessential definition of a gentleman who made it such that we could sleep at night knowing you were our CFO.

Thank you, Michel. Michel, would you please stand and be recognized.

On January 31st, we also announced the appointment of Philip K. Ryan as Executive Vice-President and Chief Financial Officer of Power Corporation and Power Financial, replacing Mr. Plessis-Bélair in that capacity. Mr. Ryan joined our group after a successful career of 22 years at Credit Suisse Group, where he held a number of senior management positions, including that of Chief Financial Officer. Phil, would you please stand.

The appointments we announced today are part of a transition plan which was initiated some three years ago. As I mentioned earlier, succession planning is something we take very seriously in the Power group. Continuity and stability in our senior management ranks is a key part of our corporate governance model.

In a world, where on average, CEOs are replaced after a little more than three years, we, as investors seeking long-term returns to shareholders, value just the opposite. We are a team that has for the most part known each other and worked together for many years. I am convinced that this is one of the real strengths of our group: to bring together people of varied experiences and backgrounds who share our common values, to work together at choosing the best strategic alternatives for our companies, and then monitor our management teams as they implement them with great care.

We are living in a period of significant turbulence and instability in our financial markets and the economy. This is not the first time we have had such a critical period and it will not be our last.

It is important in all such times to learn from the mistakes that cause them and work for the proper balance of public policies and private actions required to surmount them. This is what is happening at the present time.

In the Power group of companies, the management of credit risk and the proper execution of our fiduciary responsibilities are fundamental to the way we manage our group. All the more so in difficult times.

These principles are not new. They have been at the foundation of our companies since their inception. They have been reinforced by the controlling shareholder and by successive generations of managements over the past forty years, and the new management team sticks to them rigorously.

And while the challenges which lie ahead will require our full attention, we are confident that the solid strategic foundations on which our group of companies has been built, along with the quality and dedication of our directors, management team and employees, bode well for our future.

Ladies and gentlemen, I thank you for your attention and, on behalf of our Board and management, I wish to thank all our shareholders for their continuing support.



POWER CORPORATION OF CANADA