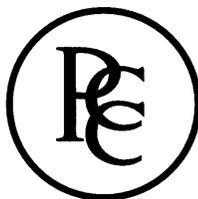


This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada (the permanent information record in Québec). Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Power Corporation of Canada, 751 Victoria Square, Montréal, Québec H2Y 2J3 (Telephone: 514-286-7400).

June 3, 1999

New Issue



Power Corporation of Canada

\$150,000,000

(6,000,000 shares)

5.60% Non-Cumulative First Preferred Shares, Series A

The 5.60% Non-Cumulative First Preferred Shares, Series A (the “Series A First Preferred Shares”) will be entitled to fixed non-cumulative preferential cash dividends, if, as and when declared by the Board of Directors, at a rate equal to \$1.40 per share per annum. The initial dividend, if declared, will be payable October 15, 1999 and will be \$0.483288 per share, based upon an anticipated issue date of June 11, 1999. Thereafter, dividends will be payable quarterly at a rate of \$0.35 per share. Certain provisions relating to the Series A First Preferred Shares are summarized under “Details of the Offering”.

On and after June 11, 2004, Power Corporation of Canada (“Power Corporation” or the “Corporation”) may, on not less than 30 nor more than 60 days' notice, redeem for cash the Series A First Preferred Shares in whole or in part, at the Corporation's option, at \$26.00 per share if redeemed on or prior to June 11, 2005, \$25.75 if redeemed thereafter and on or prior to June 11, 2006, \$25.50 if redeemed thereafter and on or prior to June 11, 2007, \$25.25 if redeemed thereafter and on or prior to June 11, 2008 and \$25.00 if redeemed thereafter, in each case together with all declared and unpaid dividends to the date of redemption. See “Details of the Offering”.

The Toronto Stock Exchange and the Montreal Exchange have conditionally approved the listing of the Series A First Preferred Shares. Listing is subject to the Corporation fulfilling all of the requirements of such exchanges on or before August 31, 1999.

Price: \$25.00 per share to yield 5.60%

	<u>Price to Public</u>	<u>Underwriters' Fee</u> ⁽¹⁾	<u>Net Proceeds to the Corporation</u> ⁽¹⁾⁽²⁾
Per Series A First Preferred Share.....	\$25.00	\$0.75	\$24.25
Total.....	\$150,000,000	\$4,500,000	\$145,500,000

(1) The Underwriters' fee is \$0.25 for each Series A First Preferred Share sold to certain institutions and \$0.75 for all other Series A First Preferred Shares which are sold. The Underwriters' fee set forth in the table assumes that no Series A First Preferred Shares are sold to such institutions.

(2) Before deduction of the expenses of this issue, estimated at \$300,000, which together with the Underwriters' fee will be paid from the general funds of the Corporation.

We, as principals, conditionally offer the Series A First Preferred Shares subject to prior sale, if, as and when issued by Power Corporation and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of Power Corporation by Blake, Cassels & Graydon, and on our behalf by Ogilvy Renault.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is intended that certificates in definitive form representing the Series A First Preferred Shares will be available for delivery at closing on or about June 11, 1999, or such later date as may be agreed upon, but not later than June 30, 1999.

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ELIGIBILITY FOR INVESTMENT

Eligibility of the Series A First Preferred Shares offered hereby for investment by purchasers to whom any of the following statutes apply is, in certain cases, governed by criteria which such purchasers are required to establish as policies or guidelines pursuant to the applicable statute (and, where applicable, the regulations thereunder) and is subject to the prudent investment standards and general investment provisions provided therein:

Insurance Companies Act (Canada)
Trust and Loan Companies Act (Canada)
Pension Benefits Standards Act, 1985 (Canada)
An Act respecting insurance (Québec)
An Act respecting trust companies and savings companies (Québec)
Supplemental Pension Plans Act (Québec)
Loan and Trust Corporations Act (Ontario)
Pension Benefits Act (Ontario)
The Pension Benefits Act (Manitoba)
Employment Pension Plans Act (Alberta)
Insurance Act (Alberta)
Loan and Trust Corporations Act (Alberta)
Financial Institutions Act (British Columbia)

In the opinion of Blake, Cassels & Graydon and Ogilvy Renault, the Series A First Preferred Shares, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) and the Regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans and, under proposed amendments to such Act and such Regulations, would be qualified investments for trusts governed by registered education savings plans.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Corporation filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the Annual Information Form dated April 30, 1999, including documents incorporated by reference therein;
- (b) the interim unaudited consolidated comparative financial statements as at and for the periods ended March 31, 1999 and 1998;
- (c) the audited consolidated comparative financial statements as at and for the years ended December 31, 1998 and 1997 and the report of the auditors thereon; and
- (d) the Management Proxy Circular dated April 9, 1999 with respect to the annual meeting of shareholders held on May 20, 1999.

All documents of the type referred to above, including all annual information forms, financial statements, material change reports (other than confidential material change reports) and information circulars, filed by the Corporation with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of the offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

POWER CORPORATION OF CANADA

General

Power Corporation is a diversified management and holding company that holds interests, directly or indirectly, in companies that are active in the financial services, communications and other business sectors. Power Corporation's head office and principal place of business is located at 751 Victoria Square, Montreal, Quebec, H2Y 2J3.

As at May 25, 1999, Power Corporation held, indirectly, 67.4% of the voting shares of Power Financial Corporation ("Power Financial"). Power Corporation also wholly-owns Gesca Ltée ("Gesca") and Power Broadcasting Inc. ("PBI").

Power Corporation employs directly and through subsidiaries approximately 23,000 people in North America.

Power Financial

As at May 25, 1999, Power Financial held directly and through a wholly-owned subsidiary 76.8%, and indirectly through Investors Group Inc. ("Investors Group") 4.3%, of the outstanding common shares of Great-West Lifeco Inc. ("Lifeco"), representing approximately 65% of the voting rights attached to all the outstanding Lifeco voting shares. As at May 25, 1999, Power Financial also held 67.4% of the outstanding common shares of Investors Group. Through its wholly-owned subsidiary, Power Financial Europe B.V. ("Power Financial Europe"), Power Financial owns a 50.0% interest in Parjointco N.V. ("Parjointco").

Great-West Lifeco Inc.

Lifeco holds 99.6% of the outstanding common shares and 35.2% of the outstanding preferred shares of The Great-West Life Assurance Company ("Great-West Life") and 100% of the outstanding preferred shares of London Life Insurance Company ("London Life"). Lifeco currently has no other holdings and carries on no business or activities unrelated to its holdings in Great-West Life. However, Lifeco is not restricted to investing in securities of Great-West Life.

The Great-West Life Assurance Company

Great-West Life's principal United States subsidiary is Great-West Life & Annuity Insurance Company ("GWL&A"), a company domiciled in the State of Colorado and qualified to do business directly or through its subsidiaries in all states. GWL&A is an indirect wholly-owned subsidiary of Great-West Life.

Great-West Life owns all of the common shares of London Insurance Group Inc. ("LIG"), which, in turn, owns 98.2% of the voting shares of London Life. Both Great-West Life and London Life are Canadian insurance companies governed by the *Insurance Companies Act* (Canada).

Through Great-West Life and LIG in Canada and GWL&A in the United States, a wide range of life insurance, health insurance, and retirement and investment products is offered to individuals, businesses and other private and public organizations. As well, through LIG in Canada, Great-West Life offers specialty reinsurance and general insurance products in specific niche markets. Canadian operations are managed from Winnipeg, Manitoba and London, Ontario, while United States operations are managed from Denver, Colorado. The marketing and development of products, investment management, and corporate functions are managed separately for Canada and the United States.

At March 31, 1999, 55.5% of Great-West Life's total assets under administration were attributable to its Canadian business and 44.5% were attributable to its United States business. For the three months ended March 31, 1999, Great-West Life received 45.1% of its total premiums, including self-funded premium equivalents and segregated funds deposits, from Canada and 54.9% from the United States.

The insurance business in which Great-West Life, London Life and GWL&A operate is highly competitive and participants in the industry frequently introduce new products and utilize new marketing approaches. Great-West Life, London Life and GWL&A have been able to compete successfully by identifying specific market niches and developing specific products so that they have improved and expanded their product base and market share.

Investors Group Inc.

Investors Group and its operating subsidiaries provide personal financial planning services and financial and investment options including mutual funds, guaranteed investment certificates, insurance and mortgages to over one million Canadians through its 3,800 representatives. Investors Group is the largest sponsor and distributor of mutual funds in Canada.

Power Financial Europe B.V.

As at May 25, 1999, Power Financial Europe held a 50% interest in Parjointco which held a 61.4% voting interest and a 55% equity interest in Pargesa Holding S.A. ("Pargesa") of Geneva, Switzerland. At such date, Pargesa held a 48.9% equity interest in Groupe Bruxelles Lambert S.A. ("GBL") of Brussels, Belgium. Also, Pargesa held an 85.9% equity interest in Orior Holding S.A. of Switzerland, a food products company. In addition, Pargesa held a 27.2% and GBL a 26.1% equity interest in ImJtal, S.A. of Paris, France, an industrial products company. Electrafina S.A. ("Electrafina") of Brussels, Belgium, a 78.9% owned subsidiary holding company of GBL, held a 10.7% equity interest in Suez-Lyonnaise des Eaux, a Franco-Belgian utility company, a 51.2% equity interest in Audiofina S.A. of Luxemburg, a holding company, and 24,172,631 shares of Total S.A. ("Total") of Paris, France, an energy company. Audiofina S.A. held a 50% equity interest in CLT-UFA Holding S.A. of Luxemburg, a company in the communications industry.

Pursuant to an agreement entered into in December 1998, Electrafina together with four other shareholders, contributed its holding of shares of PetroFina S.A. ("PetroFina") to Total, in exchange for new common shares of Total during the first quarter of 1999. On January 14, 1999, Total shareholders approved a public share exchange offer for the remaining outstanding shares of PetroFina. If all outstanding shares of PetroFina are tendered to the offer, completion of which is expected in July, 1999, Electrafina is expected to hold a 6.8% equity interest in Total. Total is expected to be renamed TotalFina S.A.

Gesca Ltée

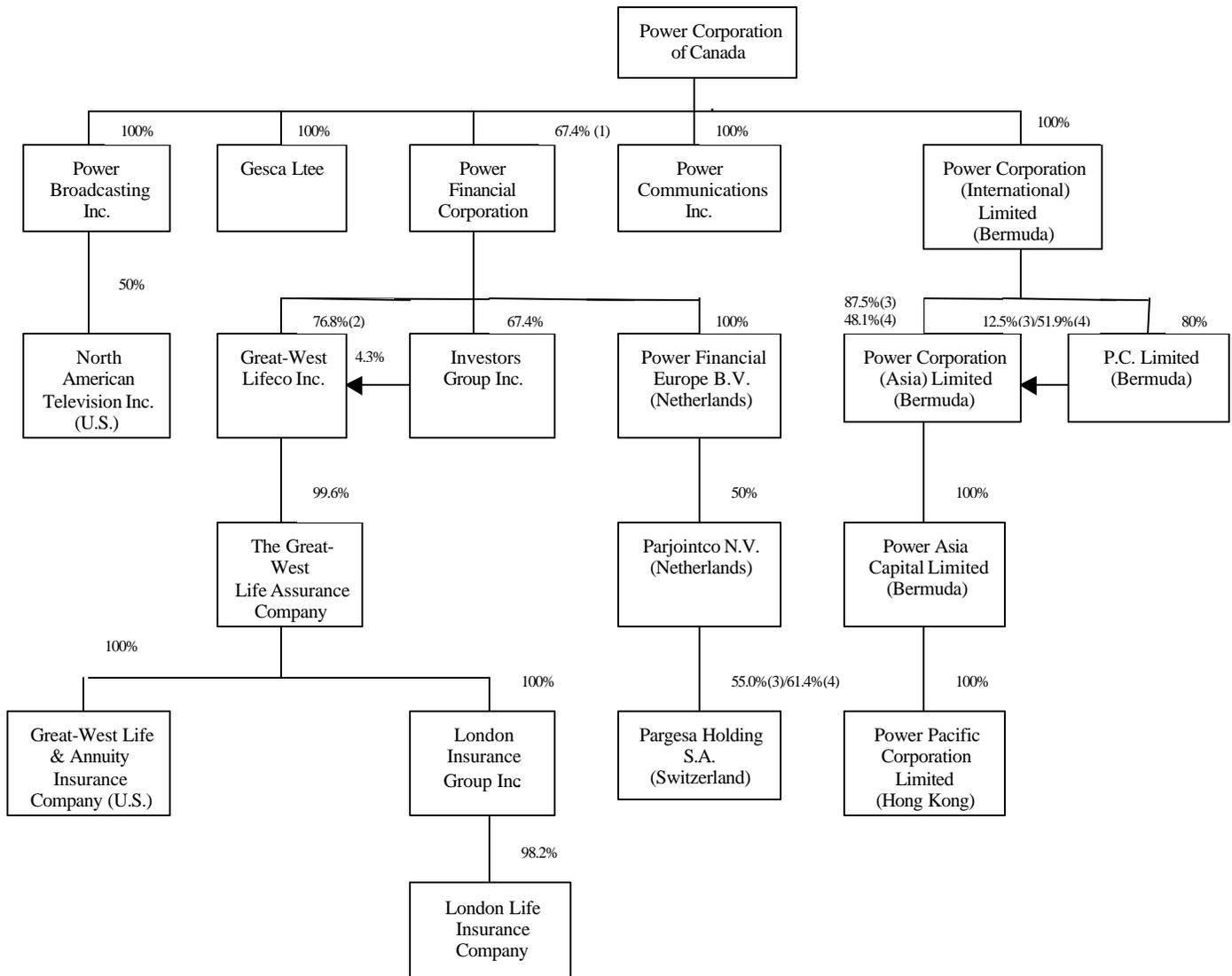
Gesca, a wholly-owned subsidiary of Power Corporation, owns publishing and printing interests in the province of Quebec of which La Presse, Ltée, an information company which publishes La Presse, a major Montreal French language daily newspaper, and Les Journaux Trans-Canada (1996) Inc., an information company which publishes three regional daily newspapers, form an integral part.

Power Broadcasting Inc.

PBI owns and operates 17 radio stations and 4 television stations in the provinces of Québec and Ontario and, through its 50% interest in North American Television Inc., also operates two satellite television networks, TRIO and Newsworld International, throughout the United States in partnership with the Canadian Broadcasting Corporation.

Corporate Structure

The following chart summarizes Power Corporation's corporate structure as at May 25, 1999, including selected subsidiaries and affiliates. Unless otherwise indicated, all companies were incorporated in Canada.



- (1) Owned by 171263 Canada Inc. which is wholly-owned by 2795957 Canada Inc. all the issued shares of which are owned by Power Corporation.
 (2) 65% direct and indirect voting interest, in the aggregate.
 (3) Equity interest.
 (4) Voting interest.

USE OF PROCEEDS

The net proceeds from the sale of the Series A First Preferred Shares offered hereunder will amount to approximately \$145,200,000 after deducting the Underwriters' fee and estimated expenses of the issue. Such fee and expenses will be paid out of the general funds of the Corporation. The net proceeds of this offering will be used to supplement the Corporation's financial resources and for general corporate purposes.

DETAILS OF THE OFFERING

The authorized capital of the Corporation consists of an unlimited number of First Preferred Shares, an unlimited number of Participating Preferred Shares and an unlimited number of Subordinate Voting Shares.

The First Preferred Shares of the Corporation may be issued in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of the Corporation designates. As of the date hereof, the First Preferred Shares, 1986 Series is the only series of First Preferred Shares outstanding. The following is a summary of certain provisions of the First Preferred Shares as a class and of the Series A First Preferred Shares.

Certain Provisions of the First Preferred Shares as a Class

Priority

With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series and in priority to the Participating Preferred Shares, the Subordinate Voting Shares and any other shares ranking junior to the First Preferred Shares. On such a distribution, the rights of the holders of the First Preferred Shares of each series will be subject to the prior satisfaction of all claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the First Preferred Shares.

Approval by First Preferred Shareholders

In addition to any shareholder approvals required by applicable law, the approval of the holders of the First Preferred Shares as a class is required to delete, add to or vary any right, privilege, preference, restriction or condition attaching to the First Preferred Shares as a class.

Voting Rights

The holders of First Preferred Shares shall not be entitled to notice of or to attend or to vote at any meeting of the shareholders of the Corporation unless and until the Corporation shall at any time have failed to pay dividends on the First Preferred Shares of any one series equal in the aggregate to one and one-half times the annual rate or amount of dividends carried by the First Preferred Shares of such series in accordance with the terms thereof, whether or not consecutive and whether or not such dividends shall have been declared and whether or not there shall have been any monies of the Corporation properly applicable to the payment of dividends, and for such purpose such dividends shall be deemed to have accrued from day to day. Thereafter, but only so long as any dividends on the First Preferred Shares of any series, if dividends on such First Preferred Shares of any such series be cumulative, remain in arrears or, if dividends on such First Preferred Shares of any such series be non-cumulative, until an amount or amounts equal in the aggregate to one year's dividends at the annual rate or amount of dividends carried by such non-cumulative First Preferred Shares of any such series shall have been paid thereon, the holders of the First Preferred Shares as a class shall be entitled to receive notice of all general meetings of shareholders of the Corporation and to attend thereat, other than any meetings of the holders of any particular series of First Preferred Shares held separately and as a series, and shall at any such meetings which they shall be entitled to attend, except when the vote of the holders of shares of any other class is to be taken separately and as a class, be entitled to one vote in respect of each First Preferred Share held by each of such holders respectively.

Certain Provisions of the Series A First Preferred Shares

Dividends

The holders of the Series A First Preferred Shares will be entitled to receive quarterly non-cumulative preferential cash dividends, if, as and when declared by the Board of Directors, on the 15th day of January, April, July and October in each year at a rate equal to \$0.35 per share. The initial dividend, if declared, will be payable on October 15, 1999 and will be \$0.483288 per share, assuming an issue date of June 11, 1999.

Redemption by the Corporation

The Series A First Preferred Shares will not be redeemable prior to June 11, 2004. Subject to the provisions of any shares of the Corporation ranking prior to or *pari passu* with the Series A First Preferred Shares, and to the provisions described under “Restrictions on Dividends and Retirement of Shares”, the Corporation may redeem at any time on or after June 11, 2004 all or from time to time any of the then outstanding Series A First Preferred Shares. Such redemption may be made upon payment in cash of the amount of \$26.00 per share if redeemed on or prior to June 11, 2005, \$25.75 if redeemable thereafter and on or prior to June 11, 2006, \$25.50 if redeemed thereafter and on or prior to June 11, 2007, \$25.25 if redeemed thereafter and on or prior to June 11, 2008 and \$25.00 if redeemed thereafter, in each case together with an amount equal to all declared and unpaid dividends thereon to but excluding the date of redemption. The Corporation shall provide not less than 30 nor more than 60 days' notice of such redemption to each holder of Series A First Preferred Shares to be redeemed.

If less than all outstanding Series A First Preferred Shares are at any time to be redeemed, the shares to be redeemed will be selected in such manner as the Corporation may determine.

Purchase for Cancellation

Subject to the provisions described under “Restrictions on Dividends and Retirement of Shares”, and subject to the provisions of any shares of the Corporation ranking prior to or *pari passu* with the First Preferred Shares, the Corporation may at any time or times purchase for cancellation all or any part of the Series A First Preferred Shares at any price if the purchase is effected prior to June 11, 2004 and at a price per share not exceeding the redemption price at the time of purchase together with an amount equal to all declared and unpaid dividends to but excluding the date of purchase and the costs of purchase if effected on or after June 11, 2004.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series A First Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series A First Preferred Shares given as described under “Modification of Series”:

- (i) declare or pay any dividends (other than stock dividends in shares ranking junior to the Series A First Preferred Shares) on the Participating Preferred Shares, the Subordinate Voting Shares or any other shares of the Corporation ranking junior or *pari passu* to the Series A First Preferred Shares;
- (ii) except out of the net cash proceeds of an issue of shares ranking junior to the Series A First Preferred Shares, redeem or call for redemption or purchase or otherwise retire or make any return of capital in respect of the Participating Preferred Shares, Subordinate Voting Shares or other shares ranking junior to the Series A First Preferred Shares;
- (iii) redeem or call for redemption or purchase or otherwise retire or make any return of capital in respect of less than all of the Series A First Preferred Shares; or
- (iv) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching thereto, redeem or call for redemption or purchase or otherwise retire or make any return of capital in respect of any shares ranking *pari passu* with the Series A First Preferred Shares;

unless all dividends (including cumulative dividends, if any) for the immediately preceding payment date (as defined in the share provisions) in respect of the Series A First Preferred Shares and all other shares ranking prior to or *pari passu* with the Series A First Preferred Shares shall have been declared and paid or monies set aside for payment.

Voting Rights

The holders of the Series A First Preferred Shares shall not be entitled to notice of or to attend or to vote at any meeting of the shareholders of the Corporation unless and until the Corporation shall at any time have failed to pay dividends on the Series A First Preferred Shares equal in the aggregate to one and one-half times the annual rate or amount of dividends carried by the Series A First Preferred Shares in accordance with the terms thereof, whether or not consecutive and whether or not such dividends shall have been declared and whether or not there shall have been any monies of the Corporation properly applicable to the payment of dividends, and for such purpose such dividends shall be deemed to have accrued from day to day. Thereafter, until an amount or amounts equal in the aggregate to one year's dividends at the annual rate or amount of dividends carried by the Series A First Preferred Shares shall have been paid thereon, the holders of the Series A First Preferred Shares shall be entitled to receive notice of all general meetings of shareholders of the Corporation and to attend thereat, other than any meetings of the holders of any other series of First Preferred Shares held separately and as a series, and shall at any such meetings which they shall be entitled to attend, except when the vote of the holders of shares of any other class or series is to be taken separately and as a class or series, be entitled to one vote in respect of each Series A First Preferred Share held by each of such holders respectively.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series A First Preferred Shares, the holders of the Series A First Preferred Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per Series A First Preferred Share plus declared and unpaid dividends up to and including the date of distribution before any amount shall be paid or any assets of the Corporation shall be distributed to the holders of Participating Preferred Shares, Subordinate Voting Shares or shares of any other class of the Corporation ranking junior to the Series A First Preferred Shares. After payment to the holders of the Series A First Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

Modification of Series

Approval of variations to the provisions of the Series A First Preferred Shares as a series and any other authorization required to be given by the holders of such shares as a series may be given by a resolution passed by an affirmative vote of not less than two-thirds of the votes cast at a general meeting of the holders of Series A First Preferred Shares duly called for such purpose and held upon at least 21 days' notice at which the holders of a majority of the outstanding shares of such series are present in person or represented by duly qualified proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series A First Preferred Shares then present in person or represented by proxy will form the necessary quorum.

Tax Election

The provisions of the Series A First Preferred Shares as a series require the Corporation to make an election in prescribed form pursuant to the provisions of subsection 191.2(1) of the *Income Tax Act* (Canada), and within the time limits provided therein, for purposes of determining the tax payable under Part VI.1 of such Act with respect to the Series A First Preferred Shares. See "Certain Canadian Federal Income Tax Considerations".

DIVIDEND COVERAGE

The annual dividend requirement (based on interest rates prevailing on March 31, 1999) on all outstanding Non-participating shares of the Corporation, including the Series A First Preferred Shares outstanding after this issue, will amount to approximately \$11.5 million. The consolidated net earnings of the Corporation for the 12 months ended December 31, 1998 before deduction of dividends on such non-participating shares was approximately \$420 million, which is approximately 36.5 times the annual dividend requirements. The consolidated net earnings of the Corporation for the 12 months ended March 31, 1999 before deduction of dividends on such non-participating shares was approximately \$514 million, which is approximately 44.7 times the annual dividend requirements.

ASSET COVERAGE

Based on the Corporation's unaudited consolidated balance sheet as at March 31, 1999 and its audited consolidated balance sheet as at December 31, 1998, consolidated net tangible assets of the Corporation, after the following adjustments and after giving effect to the issuance of the Series A First Preferred Shares are as follows:

	<u>March 31, 1999</u>	<u>December 31, 1998</u>
	<u>(millions)</u>	
Total consolidated assets	\$58,425	\$58,925
Adjustments:		
Stocks and real estate of Great-West Lifeco adjusted to written-down cost	(35)	(35)
Deferred income taxes	(190)	(216)
Goodwill	<u>(1,714)</u>	<u>(1,719)</u>
Adjusted consolidated net assets	<u>56,486</u>	<u>56,955</u>
Less:		
Policy liabilities		
Actuarial liabilities	40,640	41,128
Other	3,514	3,562
Deposit liabilities	354	372
Long term-debt.....	861	849
Other liabilities	4,333	4,688
Non-controlling interests	<u>5,476</u>	<u>5,181</u>
	<u>55,178</u>	<u>55,780</u>
Consolidated net tangible assets after the above adjustments	1,308	1,175
Net proceeds of the Series A First Preferred Shares (estimated).....	<u>145</u>	<u>145</u>
Consolidated net tangible assets after the above adjustments after giving effect to this issue.....	<u>1,453</u>	<u>1,320</u>
Stated value of Non-participating shares of the Corporation after giving effect to this issue.....	<u>218</u>	<u>219</u>

Based upon the foregoing, consolidated net tangible assets, after giving effect to the issuance of the Series A First Preferred Shares, are approximately 6.7 times, as at March 31, 1999, and approximately 6.0 times, as at December 31, 1998, the stated value of all Non-participating shares of the Corporation to be outstanding after giving effect to this issuance.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon, counsel to the Corporation, and Ogilvy Renault, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Series A First Preferred Shares pursuant to this short form prospectus (a “Holder”) who, for purposes of the *Income Tax Act* (Canada) (the “Act”), is, or is deemed to be, resident in Canada, deals at arm’s length with the Corporation, holds such Series A First Preferred Shares as capital property, is not a “financial institution” as defined by Section 142.2 of the Act or a “specified financial institution” as defined in the Act (as such definitions are proposed to be amended by the Tax Proposals as defined below) and is not affiliated with the Corporation. Purchasers who do not hold their Series A First Preferred Shares as capital property and specified financial institutions should consult their own tax advisors with respect to their own particular circumstances.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon the current provisions of the Act, the regulations thereunder, all specific proposals to amend the Act and such regulations publicly announced by the Minister of Finance prior to the date hereof (the “Tax Proposals”), and counsel’s understanding of the current published administrative and assessing policies of Revenue Canada. This summary does not otherwise take into account or anticipate any changes in law or in the administrative or assessing policies of Revenue Canada, whether by legislative, governmental or judicial action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations. No assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all.

Dividends

Dividends (including deemed dividends) received on the Series A First Preferred Shares by an individual will be included in the individual’s income and will generally be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

Dividends (including deemed dividends) received on Series A First Preferred Shares by a corporation will be included in computing the corporation’s income and will generally be deductible in computing the corporation’s taxable income.

The Series A First Preferred Shares are “taxable preferred shares” as defined in the Act. The terms of the Series A First Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Act so that Holders will not be subject to tax under Part IV.1 of the Act on dividends received (or deemed to be received) on the Series A First Preferred Shares.

A “private corporation”, as defined in the Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33^a% refundable tax under Part IV of the Act on dividends received (or deemed to be received) on the Series A First Preferred Shares to the extent such dividends are deductible in computing its taxable income.

Dispositions

A Holder who disposes of or is deemed to dispose of Series A First Preferred Shares (including on a redemption) will generally realize a capital gain (or sustain a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption or acquisition by the Corporation of Series A First Preferred Shares will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain or loss arising on disposition of such Series A First Preferred Shares. If the Holder is a corporation, any capital loss arising on a disposition of a Series A First Preferred Share may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on the Series A First Preferred Share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. Generally, three-quarters of any capital gain will be included in computing the Holder's income as a taxable capital gain, and three-quarters of any capital loss may be deducted from the Holder's taxable capital gains in accordance with the rules in the Act.

Corporations that are "Canadian-controlled private corporations" as defined in the Act may be subject to an additional refundable 6% tax on their "aggregate investment income" (which is defined in the Act to include an amount in respect of taxable capital gains but not dividends or deemed dividends deductible in computing taxable income).

Redemption

If the Corporation redeems Series A First Preferred Shares, or otherwise acquires or cancels Series A First Preferred Shares (other than by a purchase in the open market in the manner in which shares are normally purchased by any member of the public in the open market) the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital of such shares at such time as computed for purposes of the Act. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate Holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "Underwriting Agreement") dated as of May 26, 1999 between the Corporation and Nesbitt Burns Inc., TD Securities Inc., CIBC World Markets Inc., Merrill Lynch Canada Inc., RBC Dominion Securities Inc., ScotiaMcLeod Inc. and Jvesque Beaubien Geoffrion Inc. as underwriters (the "Underwriters"), the Corporation has agreed to sell and the Underwriters have severally agreed to purchase, as principals, subject to compliance with all necessary legal requirements and to the terms and conditions contained therein, on June 11, 1999 or such other date not later than June 30, 1999 as may be agreed upon by the parties (the "Closing Date"), all but not less than all of the 6,000,000 Series A First Preferred Shares at an aggregate price of \$150,000,000, payable to the Corporation against delivery of certificates representing the Series A First Preferred Shares.

In consideration for their services in connection with this offering, the Corporation has agreed to pay the Underwriters a fee equal to \$0.25 per Series A First Preferred Share sold to certain institutions and \$0.75 per share with respect to all other sales of Series A First Preferred Shares. Assuming that no Series A First Preferred Shares are sold to such institutions, the Underwriters' fee will be \$4,500,000. All fees payable to the Underwriters will be paid on account of services rendered in connection with the issue and will be paid out of the general funds of the Corporation.

The Underwriting Agreement provides that the Underwriters may, at their discretion, terminate their obligations thereunder upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the Series A First Preferred Shares if any Series A First Preferred Shares are purchased under the Underwriting Agreement.

The Underwriters may not, throughout the period of distribution, bid for or purchase the Series A First Preferred Shares. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series A First Preferred Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable stock exchanges relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series A First Preferred Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

RATINGS

The Series A First Preferred Shares are rated P-1 Low by CBRS Inc. ("CBRS") and Pfd-2 (high) n by Dominion Bond Rating Service Limited ("DBRS").

A P-1 rating by CBRS is granted to preferred shares which possess excellent asset protection with the very strong earnings capacity necessary to pay all dividends and any capital repayment on the preferred shares. The outlook for future earnings growth and continued protection is excellent. A P-1 Low rating is the highest rating granted by CBRS for non-cumulative preferred shares.

A Pfd-2 rating by DBRS is the second highest of five categories granted by DBRS for preferred shares and is granted to companies presenting satisfactory credit quality where protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as Pfd-1 rated companies. "High" and "Low" grades may be used to indicate the relative standing of a credit within a particular rating category. The "n" designation is attached to all ratings for securities that are non-cumulative.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon by Blake, Cassels & Graydon for the Corporation and by Ogilvy Renault for the Underwriters. As of May 28, 1999, the partners and associates of Blake, Cassels & Graydon as a group and the partners and associates of Ogilvy Renault as a group, owned beneficially, directly or indirectly, less than one percent of any class of securities of Power Corporation, Power Financial, Lifeco, Great-West Life, LIG and Investors Group.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Power Corporation are Deloitte & Touche LLP, Montréal, Québec. The registrar and transfer agent for the Series A First Preferred Shares will be Montreal Trust Company or its agent at its principal office in each of the cities of Montréal and Toronto.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Dated: June 3, 1999

The foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities laws of all the provinces of Canada. For the purposes of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

By: (signed) PAUL DESMARAIS, JR.
Co-Chief Executive Officer

By: (signed) ANDRI DESMARAIS
Co-Chief Executive Officer

By: (signed) MICHEL PLESSIS-BILAIR
Chief Financial Officer

On behalf of the Board of Directors

By: (signed) P. MICHAEL PITFIELD
Director

By: (signed) JOHN A. RAE
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 3, 1999

To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities laws of all the provinces of Canada. For the purposes of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

NESBITT BURNS INC.

TD SECURITIES INC.

By: (signed) George R. Hucal

By (signed) Gary Littlejohn

CIBC WORLD MARKETS INC.

MERRILL LYNCH CANADA INC.

RBC DOMINION SECURITIES INC.

SCOTIAMCLEOD INC.

By: (signed) François Gervais

By: (signed) Enrico Pallotta

By: (signed) Marc A. Courtois

By: (signed) Alain B. Auclair

LIVESQUE BEAUBIEN GEOFFRION INC.

By (signed) Eric Bouchard

The following includes the name of each person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

NESBITT BURNS INC.: a wholly-owned subsidiary of The Nesbitt Burns Corporation Limited, a majority-owned subsidiary of a Canadian chartered bank;

TD SECURITIES INC.: a wholly-owned subsidiary of a Canadian chartered bank;

MERRILL LYNCH CANADA INC.: a wholly-owned indirect subsidiary of Merrill Lynch & Co., Inc.;

CIBC WORLD MARKETS INC.: a wholly-owned subsidiary of a Canadian chartered bank;

RBC DOMINION SECURITIES INC.: an indirect wholly-owned subsidiary of a Canadian chartered bank;

SCOTIAMCLEOD INC.: a wholly-owned subsidiary of a Canadian chartered bank; and

LIVESQUE BEAUBIEN GEOFFRION INC.: a wholly-owned subsidiary of Livesque, Beaubien and Company Inc., a majority-owned subsidiary of a Canadian chartered bank.