



POWER CORPORATION
OF CANADA

ADDRESS

BY

ANDRÉ DESMARAIS

DEPUTY CHAIRMAN, PRESIDENT
AND CO-CHIEF EXECUTIVE OFFICER

ANNUAL MEETING OF SHAREHOLDERS

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Forward-Looking Statements

Certain statements in this document, 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, reflect 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 list of factors in the previous paragraph, 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 its most recent Management's Discussion and Analysis and Annual Information Form, filed with the securities regulatory authorities in Canada and 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 attributable to participating shareholders are classified into the following components:

- operating earnings attributable to participating shareholders; and
- other items or non-operating earnings, 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 and jointly controlled corporations and associates.

However, management uses these financial measures 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 attributable to participating shareholders 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.

The visual presentation accompanying Mr. Desmarais' remarks is available on the Corporation's website at www.powercorporation.com.

**PRESIDENT'S ADDRESS
TO THE ANNUAL MEETING OF SHAREHOLDERS**

POWER CORPORATION OF CANADA

May 15, 2013

Thank you, Mr. Chairman.

And thank you all for joining us this morning here at the Fairmont Winnipeg for our Annual Meeting. Winnipeg has great importance to the Corporation, home as it is to two of our largest holdings, Great-West Lifeco and IGM Financial. In fact, Power Corporation has had a presence in Winnipeg for the past 45 years.

We employ some 4,400 people in Manitoba, many of whom were educated at the University of Manitoba and the University of Winnipeg, which we have always found to be a rich source of the skilled, educated talent we require to run our businesses and serve our customers across the country.

We believe that as we invest in our businesses and our employees, we must also invest in the communities where we operate. Great-West Lifeco and IGM Financial, and Power Corporation directly, have long been involved in charitable and community-based initiatives in both the city and throughout the province. Over the years we have developed many strong relationships that have enriched these communities and extended the reach and goodwill of our various brands and we are extremely proud of this.

It is a mutually beneficial model that we attempt to emulate wherever we do business.

So given our presence here, it is most appropriate that we hold this year's Annual Meeting in Winnipeg. To my memory, this is the first time that the meeting has been held outside of Montréal and I am indeed very pleased that it is in Winnipeg.

It is a pleasure for me to report to you on developments at Power Corporation during the past year. Please note that unless otherwise indicated, all figures are in Canadian dollars.

The Power Corporation group of companies and our investments had a solid year in 2012, with stable results from the financial services businesses and a meaningful contribution from investing activities. While 2012 showed continued progress in global economic recovery, the year was nonetheless challenging. Interest rates remained low and the economy and equity markets began to show signs of a sustained recovery. Over the last few years, our results indicate that we have the risk-management culture, capital and liquidity to navigate these economic conditions successfully and that investment gains represent an attractive upside to our business.

FINANCIAL RESULTS FOR 2012

I will now turn to the results for 2012.

Power Corporation of Canada reported operating earnings of \$963 million, compared with \$1,152 million in 2011. The decrease is mainly due to lower income from investments realized in 2012, and to a lesser extent, a lower contribution from Power Financial. At Power Financial, higher earnings from Great-West Lifeco were offset by lower contributions from IGM, higher dividend charges from the issuance of preferred shares and a one-time tax benefit in 2011.

Net earnings were \$832 million for 2012, compared with \$1,075 million in 2011.

The Corporation maintained its participating shareholder dividend at a quarterly rate of 29 cents in 2012.

GROUP COMPANIES' RESULTS

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

POWER FINANCIAL

Power Corporation currently holds 65.8% of the common equity of Power Financial Corporation.

Power Financial and its subsidiaries produced solid financial results in 2012 in an environment which remained challenging for many of the company's businesses. Ongoing uncertainty regarding the resolution of financial challenges in Europe and the United States resulted in clients remaining very cautious in their investment and insurance decisions. Interest rates also remained at historically low levels throughout the year.

Low interest rates create challenges for individual savers, for pension funds and also for insurance companies, because it becomes difficult for us to invest the money we collect from client premiums at high enough rates to meet their needs and earn an adequate profit for the company.

Against this backdrop, the companies in the Power Financial group continued to invest in strengthening their product and service offerings to their clients and the advisors who serve them with a view to enhancing the long-term growth prospects of their businesses.

Power Financial's operating earnings were \$1,686 million in 2012, compared with \$1,729 million in 2011. Net earnings were \$1,626 million, compared with \$1,722 million in 2011.

GREAT - WEST LIFECO

Power Financial holds a 71% economic interest in Great-West Lifeco, which has operations in Canada, the United States and Europe.

Great-West Lifeco reported operating earnings of \$1,955 million in 2012, compared with \$1,898 million in 2011.

Great-West Lifeco's earnings stability leads the industry and its balance sheet remains as strong as ever.

Great-West Lifeco's return on equity in 2012 of 15.9% on operating earnings continued to rank among the strongest in the financial services sector.

In Canada, one of Great-West Lifeco's strengths and a key differentiator is its deep commitment to building and sustaining the advisor channel. This strategy is further leveraged by the strength of its Canadian insurance brands — Great-West Life, London Life and Canada Life. Great-West Lifeco's Canadian operations generated net income of \$1,040 million in 2012, compared to \$986 million the previous year. Great-West Lifeco's companies maintained leading market positions in their individual and group businesses in 2012, and experienced strong organic growth across all of their major business lines.

In Europe, Great-West Lifeco has operations through Canada Life in the United Kingdom, Isle of Man, Ireland and Germany. Net income was \$618 million in 2012, 10% higher than in 2011.

In the United States, Great-West is the fourth largest provider of defined contribution retirement plans with 4.8 million individual participants in its 401(k) and other such plans. It also sells life insurance, annuities and retirement accounts directly and through other financial institutions. In 2012, Great-West Life & Annuity introduced a single brand identity, Great-West Financial, across all lines of business. The clarity of one brand with a focused message will build name recognition and create stronger brand equity to augment growth. Great-West Financial continued to post solid results in 2012, with net earnings of \$325 million.

Let me now talk about Putnam Investments.

Putnam Investments is a global asset management and retirement plan provider based in Boston offering investment management services across a broad range of investment categories. Putnam's assets under management ended 2012 at US\$128 billion, reflecting favourable market conditions as well as positive sales momentum at PanAgora Asset Management, an institutional investment manager owned by Putnam and PanAgora management.

Putnam made substantial progress in 2012 toward its goal of delivering superior investment performance, providing innovative product offerings, while maintaining award-winning customer service. The firm was named the Number 1 U.S. fund family by *Barron's Magazine* for 2012, having the best investment performance among the 62 fund companies *Barron's* tracks. This is the second time in four years Putnam has been ranked Number 1. In fact, the four-year investment track record of Putnam's mutual fund family ranks first among all of the 62 companies that *Barron's* tracks. Four years is very relevant, because it corresponds to the time since Putnam made significant senior leadership and investment management changes. We continue to invest in the future of Putnam because we believe in the quality of the people, the products and the service offering. They provide Putnam with the opportunity to become a very substantial investment management firm in the future.

The week before last, Great-West Lifeco announced the appointment of Paul Mahon to the position of President and Chief Executive Officer of the corporation. Paul has led the Canadian operations of Great-West with great success for the past five years and has been with the company for 27 years. Paul succeeds Allen Loney, who announced his retirement after 5 years as Chief Executive Officer and 42 years of service to the company.

Mr. Jeffrey Orr, CEO of Power Financial, was appointed to succeed Mr. Ray McFeetors as Chairman of the boards of Great-West Lifeco, Great-West Life, London Life and Canada Life.

Ray McFeetors announced that he was stepping down as Chairman of Great-West Lifeco, after five years in the role. Ray had previously been Chief Executive Officer for 16 years and has been at Great-West for 45 years. I would ask Ray to stand and be recognized.

Fortunately for us, both Allen Loney and Ray McFeetors will continue to contribute as Directors within our group. Ray will also continue his ongoing role as a Vice-Chairman of Power Financial. We wish to thank them for their enormous contribution to the Power Group of companies, and congratulate Mr. Mahon and Mr. Orr on their appointments.

IGM FINANCIAL

Power Financial's other significant financial services subsidiary is IGM Financial, in which it holds a 61% economic interest.

IGM is one of Canada's premier personal financial services companies, and one of the country's largest managers and distributors of mutual funds and other managed asset products. The company serves the financial needs of Canadians through multiple distinct businesses, including Investors Group and Mackenzie Investments.

Operating earnings for 2012 were \$750 million, and net earnings were \$762 million. Earnings were lower compared to 2011 due principally to a pricing change implemented by Investors Group in the middle of 2012. Together with several product introductions, the changes are expected to enhance growth prospects in the future.

Return on equity for IGM Financial was 17.3% in 2012.

IGM Financial announced at its recent annual meeting the appointment of Jeffrey R. Carney to the position of Co-President and Chief Executive Officer of IGM and President and Chief Executive Officer of Mackenzie Inc. Mr. Carney has over 25 years of experience in the investment management and banking industries in Canada and the United States.

Mr. Carney succeeds Charlie Sims, who had performed the same roles very ably since 2005. We wish to thank Charlie for his great contribution over the years. Charlie will be continuing to contribute to the company's success at Power Financial.

I will now turn to IGM Financial's operating subsidiaries.

Investors Group mutual fund assets under management were \$60.6 billion at the end of 2012, up from \$57.7 billion in 2011. Mutual fund sales were \$5.8 billion, compared with \$6.0 billion in 2011. The redemption rate on long-term mutual funds was 10.0%, up slightly from 2011, but still substantially below industry level.

Mackenzie Investments had total assets under management of \$61.5 billion at the end of 2012. Total sales of investment products amounted to \$10.0 billion in 2012.

PARGESA GROUP

I will now turn to the Pargesa group in Europe. Together with the Frère group of Belgium, Power Financial holds a 55.6% equity interest in Pargesa. Operating earnings were SF359 million in 2012, compared with SF343 million in 2011. As a result of currency movements, the contribution to Power Financial's operating earnings was \$106 million in 2012, compared with \$110 million in 2011.

In December 2012, Power and the Frère family group announced that the term of their agreement governing their joint ownership and control of Pargesa had been extended to December 31, 2029, with provision for possible further extension. This very successful partnership has now been in place since 1990.

Pargesa recently announced that Mr. Arnaud Vial, who has been with the Power Group since 1997, was appointed as Managing Director effective June 1, 2013. Arnaud remains an officer of Power. He succeeds Mr. Jacques Drijard who has very ably served Pargesa for 17 years. We wish to thank Mr. Drijard for this great contribution.

An overview of the leading companies in the Pargesa portfolio and their contribution to Pargesa's operating earnings has been provided in our public documents, available on our website. Copies are also available just outside this room.

I will now turn to our various other investments, starting with Asia.

ASIA

CITIC PACIFIC

Power Corporation holds a 4.3% interest in CITIC Pacific, whose contribution to Power's results consists of dividend income. In 2012, CITIC Pacific had a profit of HK\$7 billion and paid dividends of \$9 million to Power.

The specialty steel sector contributed HK\$211 million to CITIC Pacific's profits. The decline in steel sector contribution was mainly due to a weak market caused by slower growth in China and in the global economy. This particularly affected special steel prices in the second half of 2012.

CITIC Pacific's top priority is to build its iron ore mine in Western Australia and bring it to full production as quickly as possible.

CHINA ASSET MANAGEMENT CO. LTD.

In 2011, Power Corporation acquired a 10% stake in China Asset Management Co. Ltd. (China AMC). China AMC was established in 1998 and was one of the first asset management companies approved by the China Securities Regulatory Commission. It is recognized as the leading company in the Chinese asset management sector. This investment continues to offer us a unique platform to participate in China's fast-growing asset management industry. It also builds on our existing local strength and knowledge base, and leverages our extensive relationships in China.

Since the end of 2011, assets under management at China AMC have grown by 44%.

Let me now say a few words about Power's fund business, starting with China.

SAGARD CHINA

Our asset management team in China manages 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. Since 2004, Power has operated as a Qualified Foreign Institutional Investor in the Chinese “A” Shares market, with an initial investment quota of US\$50 million.

In addition, Power has also set aside US\$50 million to invest in Chinese companies listed on the Hong Kong Stock Exchange, referred to as “H” shares, and the Shenzhen or Shanghai Stock Exchanges, referred to as “B” shares.

The value of these investments was \$287 million at December 31, 2012, compared to \$275 million in 2011.

SAGARD EUROPE

Turning now to Europe, Sagard SAS, a subsidiary of the Corporation based in Paris, manages two private equity funds, Sagard 1 and Sagard 2.

In Fund 1, Sagard has made 12 investments, of which 10 had been sold at December 31, generating solid returns and earnings for the Corporation. As for Sagard 2, it currently holds seven investments. We look forward to realizing a return on some of the investments in Sagard 2 in the coming years.

To date, Power has invested a total of \$370 million in the Sagard 1 and Sagard 2 funds. The Corporation has received distributions from both funds totalling \$418 million and the value of the remaining investments is \$129 million.

SAGARD U.S.

In the United States, our subsidiary Sagard Capital Partners has been principally investing in mid-cap public companies. This is part of a strategy to invest some of our cash resources in selected opportunities in that country. To date, Power has invested \$281 million and the value of these investments at December 31, 2012 has grown to \$369 million.

The strong team we have had in place at Sagard Capital since 2008 continues to successfully offer a unique and highly differentiated value proposition to companies seeking the support of long-term shareholders. We are confident that our Sagard team will continue to grow this business.

OTHER INVESTMENTS IN FUNDS

Over the years, Power Corporation has invested in a number of selected private equity funds and hedge funds.

The aggregate carrying value of these investments was \$354 million at December 31, 2012.

POWER ENERGY CORPORATION

Power Corporation is also investing in the renewable energy sector.

Through its wholly owned subsidiary, Power Energy Corporation, Power holds investments in energy-related operating companies. Most notably, Power Energy is the controlling shareholder of Potentia Solar Inc., a solar power producer in Ontario.

We believe in the future of renewable and clean energy. Although our renewable energy investments are not significant at this stage, this sector offers attractive long-term growth prospects and our view is that we can expand our investments in this area over time.

COMMUNICATIONS

Turning to our communications interests.

Through Square Victoria Communications Group, the Corporation participates in many sectors of the communications industry.

Gesca holds our interests in seven daily newspapers, including Canada's leading French-language daily, *La Presse*, and operates La Presse.ca, a leading Canadian French-language news website.

After three years of research and development, *La Presse* launched a daily digital edition of the newspaper for iPad users on April 18. Called La Presse+, each edition delivers news in an in-depth, interactive, user-friendly environment, combining the best of print, web, mobile and video. This is a historic change for *La Presse*, propelling it to the forefront of innovation in digital media.

La Presse+ was created from a vision to reimagine the daily newspaper by creating a whole new medium. It leverages the multi-functional capabilities of a tablet such as the iPad, while building on *La Presse's* formidable reputation for content, quality and depth.

La Presse chose to launch on the iPad as it is the most popular tablet in Québec and amongst its subscribers.

La Presse+ is offered for free, a strategy that will help it quickly gain market share. In fact, in the one month following its launch, La Presse+ has reached more than 180,000 readers every week, an outstanding result which surpasses the three-month post-launch objective set for La Presse+.

It will offer unique features and platforms to advertisers which we believe will drive new revenue streams.

La Presse+ is now the flagship digital platform of the newspaper's entire information ecosystem.

In addition, Power Corporation is active in the digital world through Square Victoria Digital Properties. This entity has built a strong portfolio of digital businesses in the online recruitment, real estate, sales representation and business sectors. Square Victoria Digital Properties is also engaged in television production.

PEER COMPARISON

Let me now give you a perspective on how your corporation performed over the past five years.

While Power and its group companies have faced much more challenging conditions in recent years, a little perspective is warranted. Over the past five years, through the worst financial crisis in 70 years, Power Corporation has earned a total of \$4.1 billion for its participating shareholders and has paid them dividends of \$2.6 billion.

This stable performance is in contrast to most of our peers in the insurance and investment businesses.

This slide shows the cumulative earnings and dividends of Great-West, Sun Life and Manulife from 2008 to 2012. As you can see, during this period, Great-West's earnings were greater than those of Sun Life or Manulife. The same is true for dividends. More importantly, during this very difficult period, Great-West retained more earnings than its peers, thus ensuring the maintenance of its financial solidity.

The story at IGM is similar, but to a lesser extent. Shareholders have earned a 5.9% annual return over the past five years versus 1.0% per annum for the U.S. asset management industry. There are not many publicly listed Canadian peers for IGM, and the comparison with the few that are public is a mixed story.

Our group has outperformed over the long term, but the last five years have demonstrated that this historic performance was built on a solid foundation of prudent balance sheet management and controlled risk taking.

From this position of strength, we continue to invest and build upon our market leadership positions across the company. Our business strategy is focused on creating long-term growth, but we are committed to doing so while maintaining a strong financial position and managing risks on a prudent basis.

RESULTS FOR THE FIRST QUARTER OF 2013

I will now briefly report on Power Corporation's results for the first quarter of 2013.

Operating earnings were \$247 million, compared with \$205 million in 2012, an increase of 20.2% on a per share basis.

Net earnings were \$225 million, compared with \$260 million in 2012. In 2012, net earnings included one-time gains at Pargesa.

DIVIDENDS

I am also pleased to announce that at its meeting this morning, your Board of Directors declared a quarterly dividend on the Participating Preferred and Subordinate Voting Shares of 29 cents per share, thus maintaining Power Corporation's previous dividend. This is in addition to declaring the regular dividend on the Non-Participating Preferred Shares.

CONCLUSION

To conclude, I would like to express our gratitude to the management, directors and employees of Power Corporation and its group companies who have contributed to the solid results we achieved. I also thank the clients of our group of companies for the trust and support they have shown.

Finally, I want to thank you, our shareholders, for your continuing support and for your attention today.



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