POWER CORPORATION
OF CANADA

ADDRESS

BY

ANDRÉ DESMARAIS

DEPUTY CHAIRMAN, PRESIDENT
AND CO-CHIEF EXECUTIVE OFFICER

ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, MAY 15, 2012

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

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes, business competition, operational and reputational risks, technological change, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the foregoing list of factors, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

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

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

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

Operating earnings 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.

PRESIDENT'S ADDRESS
TO THE ANNUAL MEETING OF SHAREHOLDERS

POWER CORPORATION OF CANADA

May 15, 2012

Thank you, Mr. Chairman.

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 2011. Please note that unless otherwise indicated, all figures are in Canadian dollars.

The Power Corporation family of companies and investments had a strong year in 2011, with stable results from the financial services businesses and a meaningful contribution from investing activities. While 2011 showed continued progress in global economic recovery, the year was nonetheless challenging. Interest rates were low and the economy and equity markets showed progress during the first half. This largely reversed itself during the second half of the year. Our results indicate that we have the appropriate risk-management culture, capital and liquidity to navigate these economic conditions successfully and that investment gains represent an attractive upside to our company.

FINANCIAL RESULTS FOR 2011

I will now turn to the full-year results for 2011.

Power Corporation of Canada reported operating earnings of $1.152 billion or $2.50 per share, compared with $957 million or $2.09 per share in 2010. This represents an increase of 19.9% on a per share basis.

Net earnings were $1.075 billion for 2011, compared with $727 million in 2010.

The Corporation maintained its participating shareholder dividend at a quarterly rate of 29 cents in 2011, and paid a total of $1.16 per share for the year.

I would now normally review at this stage the returns we have succeeded in providing to our shareholders over the long term. Instead, I thought I would give you a perspective of how your corporation has performed over the past four years, the most turbulent period in the financial markets since the 1930s.

Net earnings for the years 2008 to 2011 are shown on this slide. During this very difficult period, Power Corporation has continued to deliver excellent performance, with our earnings being essentially back to the same level they were at prior to the financial crisis. In addition, your Corporation distributed a total of $2.1 billion in dividends to its shareholders during this period.

The Corporation's balance sheet remains strong and, in fact, has been recently strengthened. A number of measures have been taken to extend debt maturities coming due in the next few years in our group companies.

Our major operating subsidiaries have also performed very strongly. On a relative basis, Great-West Lifeco's total shareholder returns have materially outperformed its Canadian and U.S. life insurance peers over the past four years. The same can be said for IGM Financial and its asset management peers in both Canada and the U.S.

We will continue to manage our business in a prudent manner, as we have always done in the past. We believe this approach has worked well for us.

GROUP COMPANIES' RESULTS

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

POWER FINANCIAL

Power Corporation holds 66.1% of the common equity of Power Financial Corporation.

Power Financial's operating earnings were $1,729 million in 2011 compared with $1,625 million in 2010, an increase of 6%. Earnings growth was driven by higher earnings at both Great-West Lifeco and IGM Financial. Net earnings, including other items, were $1,722 million, compared with $1,468 million in 2010.

Our group has always been and remains focused upon building value over the long term. In this regard, 15-year performance remains outstanding. Compounded annual rates of return to Power Financial shareholders are 14.1% over 15 years at March 31, 2012.

Put another way, $100 invested in Power Financial shares 15 years ago would be worth $727 at March 31, 2012, compared to $290 if invested in the TSX index and $307 if invested in the TSX Financial Services sub-index.

GREAT-WEST LIFECO

OVERVIEW

I will now talk about 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's financial condition remains very solid as a result of its continued strong performance in 2011. Great-West Lifeco reported operating earnings of $1,898 million in 2011, compared with $1,819 million in 2010. 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 2011 was an industry-leading 16.6%, up from the 2010 level. Great-West Lifeco continues to outpace its peer group of major Canadian banks and life insurance companies. As you can see from the slide which covers the last 12 years, Great-West Lifeco has again opened up the gap against these companies since the financial turbulence began.

The Great-West Lifeco operating companies continue to enjoy strong ratings for financial strength and claims-paying ability from all major credit rating agencies. The company's ratings remain among the highest for stock life companies globally.

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 $986 million in 2011, compared to $975 million the previous year. Great-West Lifeco's companies maintained leading market positions in their individual and group businesses in 2011.

In Europe, Great-West Lifeco has operations through Canada Life in the United Kingdom, Isle of Man, Ireland and Germany. Net income in Europe for 2011 was $562 million, 5.6% higher than in 2010. The European segment includes our Reinsurance operations, and our 2011 results include provisions relating to the sad earthquake events in Japan and New Zealand. In fact, excluding these catastrophe provisions, earnings increased by 17.5% compared to 2010 results. This was accomplished despite the ongoing challenges in the European markets where we operate.

In the United States, Great-West Life & Annuity continued to post solid results in 2011, with net income of $355 million in 2011. Great-West Life & Annuity is the 4th largest provider of defined contribution employer-sponsored retirement savings plans in the United States, such as 401(k) plans. The company markets its products and services nationwide through its sales force and distribution partners. Expanded distribution and diverse products contributed to a 23% increase in 401(k) plan sales and a 57% increase in community bank business-owned life insurance sales.

Let me now talk about Putnam Investments.

Putnam made significant progress in 2011 as the firm continued to focus on further bolstering its investment and distribution capabilities, retirement offerings, brand strength in the marketplace, state-of-the-art technology and innovative product offerings, while maintaining award-winning customer service. Average assets under management expanded by 6% to US$123 billion while new sales increased by US$5.2 billion. Core operating earnings improved, driven by lower operating expenses.

In 2011, Putnam was recognized by a number of industry observers for strong investment results, service and business leadership. The firm received six Lipper Fund Awards based on performance excellence across multiple asset classes for periods of three years or more. Additionally, Putnam won the DALBAR Service Award for the 22nd consecutive year for providing the highest levels of investor service to mutual fund shareholders, and was named Retirement Leader of the Year by a major industry publication.

IGM FINANCIAL

OVERVIEW

Power Financial's other significant financial services subsidiary is IGM Financial, in which it holds a 60% 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, with over $118 billion in total assets under management at December 31, 2011.

IGM Financial and its operating companies experienced an increase in net earnings in 2011, as average total assets under management increased year over year. Operating net income for 2011 was $833 million, compared to $759 million in 2010, an increase of almost 10%.

Turning to IGM Financial's operating subsidiaries, Investors Group mutual fund assets under management were $57.7 billion at the end of 2011, compared with $61.8 billion in 2010. Mutual fund sales were $6.0 billion, an increase of 4.8% over 2010. The redemption rate on long-term mutual funds for 2011 was 8.8 per cent, compared to 8.3 per cent at December 31, 2010, but still well below the redemption rate for the rest of the industry.

Mackenzie Financial had total sales of $10.3 billion in 2011, compared with $12.2 billion in 2010. As at December 31, 2011, total assets under management were $61.7 billion, down 9.8% from the prior year-end, as a result of lower stock market levels and net redemptions in its primary distribution channels.

ASSETS UNDER ADMINISTRATION

In total, Power Financial's subsidiaries have over $600 billion in assets under management or administration in mutual funds, segregated funds, institutional mandates and retirement programs, as well as in assets managed for our companies' own balance sheets.

PARGESA GROUP

I will now discuss the Pargesa group in Europe. Together with the Frère group of Belgium, Power Financial holds a 56.5% equity interest in Pargesa. At December 31, 2011, Pargesa held a 50% equity interest and 52.0% of the voting shares in the Belgian holding company Groupe Bruxelles Lambert. Through GBL, the Pargesa group holds significant positions in six large companies based in Europe: Imerys, Lafarge, Total, GDF Suez, Suez Environnement and Pernod Ricard.

At the level of Pargesa, operating earnings were SF342 million in 2011 versus SF466 million in 2010, mainly due to a weakening of the euro against the Swiss franc.

In April 2011, Pargesa sold its 25.6% interest in Imerys. This repositioning enables Pargesa to concentrate within GBL the oversight of its controlling stake in Imerys. It also provides Pargesa with greater flexibility in its cash management.

In March 2012, GBL sold part of its investment in Pernod Ricard and all of its investment in Arkema for total cash proceeds of €931 million. These transactions are expected to allow GBL to reinforce its financial and strategic flexibility.

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.

MEDIA

Normally at this stage, I would review the operations of our communications group. I will however address this later on in my speech when I elaborate on our companies' operating principles.

ASIA

CITIC PACIFIC

In Asia, Power Corporation holds a 4.3% interest in CITIC Pacific. The contribution from CITIC Pacific to Power's results consists of dividend income. In 2011, Power received dividends of $9 million from CITIC Pacific. The company realized a profit equivalent to over $1.1 billion for the year 2011, a 4% increase from 2010.

The number one priority for CITIC Pacific management remains the building of the world's largest magnetite iron ore mine in Western Australia and bringing it into production this year. CITIC is targeting to begin commissioning the two production lines by the end of August and the end of December 2012, respectively.

Let me now turn to Power's fund business, starting with China.

QFII

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 2005, Power operates as a Qualified Foreign Institutional Investor (or QFII), 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 Shenzen or Shanghai Stock Exchange, referred to as "B" shares.

The total value of these investments was $275 million at December 31, 2011.

EUROPE

In Europe, Sagard SAS, a subsidiary of the Corporation based in Paris, manages two private equity funds, Sagard 1 and Sagard 2. In 2011, Sagard Europe's contribution to the Corporation's operating earnings was $82 million. I will talk in more detail about our European funds in just a minute.

UNITED STATES

In the United States, Sagard Capital Partners, an investment fund owned by the Corporation, has been investing in mid-cap public companies, taking an active core shareholder approach. The value of these investments at December 31, 2011 was $236 million, while their historical cost is $183 million.

The strong team we have had in place at Sagard Capital since its creation in 2008 continues to successfully invest based on the Power principles of long-term ownership and deep fundamental value analysis. We are confident that our Sagard team will continue to grow this business in the future.

INVESTMENT IN FUNDS

Over the years, Power Corporation has also invested in a number of other selected investment funds, hedge funds and securities. The Corporation holds investments in a limited number of North American-based private equity funds. In general, these funds performed well in 2011, and the Corporation remains satisfied with the superior rates of return and earnings generated over the years by its private equity portfolio.

To summarize, Power Corporation holds impact ownership investments in Asia, wholly owned investment businesses in China, Europe and the United States, as well as specific investment funds. Power has also invested in private equity and hedge funds. Together, these investments contributed $143 million to Power's earnings in 2011. This slide shows earnings from these funds for the past five years. As you can see, the contribution of these investments to our earnings can vary from year to year. The funds made a positive contribution to the company's profitability in 2011, while at the same time have mitigated our risk, both in terms of the industries in which we invest and the location of our investments.

OPERATING PRINCIPLES

In conclusion, I would now like to take a few minutes to discuss our operating principles, and illustrate how they remain at the core of our overall strategy.

We are first and foremost in the business of trust, as thousands of our group employees and financial advisors are helping millions of people in Canada and elsewhere prepare for their future. Trust is more than an important responsibility; it is a privilege. To deliver on this commitment, we continue to be guided throughout our group by the following five operating principles which are directly in line with our Mission Statement:

1. a long-term perspective;
2. a robust governance model centred around active ownership;
3. a prudent approach to risk management;
4. a tradition of acting ethically and in a socially responsible manner; and
5. a strong focus on our human capital.

These are the principles established by my father as he built the company. They are at the heart of how we operate and manage our business. They have been, and continue to be, essential in creating and maintaining strong business franchises capable of performing in good times and in bad. They were as relevant in 1968 when my father took control of Power Corporation as they are now, more than forty years later. These principles also remain a source of inspiration for the more than 32,000 people employed by our group, of which more than 4,000 are here in Québec.

More importantly, these principles have allowed us to have a clear vision and a sharp understanding of how and where we want to drive the company.

Please allow me to illustrate my point by using a few examples in our portfolio.

Let me first talk about China.

China is the most obvious place where building relationships and having a long-term vision was essential to our business strategy and success. Building trust at a personal level is an essential pre-condition to succeeding in China. When you go to China, "you do not negotiate a contract, you negotiate a relationship". And building trust — constructing this long bridge — is not instantaneous. It requires time.

We have taken the necessary time to learn about Chinese culture and to understand the significant challenges faced by the country. We have established a relationship of mutual trust and respect with our Chinese friends since 1979, which has allowed us to invest in that country with a better understanding of this vast market.

Building on the foundations laid by my father, the new management team at Power has since been involved in many projects with and in China. Our first substantial investment was made in 1998 in CITIC Pacific. Our active presence in China over a sustained period of time has earned us a reputation for having a deep commitment to the Chinese people. This commitment, along with our strong reputation in the North American financial services sector, allowed Power to become the first Canadian investor in the Chinese stock market in 2005, through our QFII licence, now known as Sagard China.

In addition, Power Corporation recently became the only foreign investor when we acquired a 10% stake in China Asset Management in 2011, the leading company in the Chinese asset management sector. This investment offers us a unique platform to participate in China's fast-growing asset management industry. It also builds on our existing local strength and knowledge, and leverages our extensive relationships in China. We are very excited by this opportunity.

The same principles and vision have also guided our every step in Europe.

Our presence in Europe dates back to the late 1970s, when we made a modest but strategic investment in Paribas. Our thinking, then, was that an investment in Paribas would open a door to Europe, expecting that a large market would be created, leading to significant opportunities. It would also help Power create a network of business alliances.

It was in this context that my father met Albert Frère at Paribas. Both families, along with many other investors, then became shareholders in Pargesa, which was then a small Switzerland-based holding company.

Over the years, the partnership with the Frère group, which we formalized in 1990, has evolved into a solid friendship between the two families.

Pargesa, under the guidance of successive generations of the Frère and Desmarais families, further developed and significantly changed its strategy during the 1990s. Today, it holds significant positions in six large industrial companies based in Europe.

The exceptional relationships we have built over time in Europe with the Frère family and other prominent European families, and with leading financial institutions, have allowed us to create the Sagard Funds in Paris. These funds have attracted many great industrial families as investors. In addition to the capital they are bringing to the table, these entrepreneurs have also contributed their know-how and their business network to the funds, leading to value creation.

To date, our two Sagard funds in Europe have acquired, or invested in, 19 companies located in France, Belgium and Switzerland. The funds are performing well. We have, for instance, received distributions from the Sagard 1 Fund equivalent to three times our commitment since its creation in 2002.

Let me now turn to our media assets here in Canada.

My father initially invested in the newspaper industry more than 40 years ago. At the time, there was no Internet, no social media and no iPads.

The technological revolution of recent years has had a tremendous impact on the newspaper industry worldwide: newspaper groups must adapt to this new reality and to new consumer habits. Otherwise, they will not survive. In fact, we have seen a number of newspaper groups around the world close their operations as they were not able to keep up with the new pace.

I am particularly proud of our media group, now called Square Victoria Communications Group, and of the management team we have put in place, for the way they have embraced the new paradigm facing the newspaper industry. And they have done so in the Power way: step-by-step, strategically and prudently.

Gesca, which holds our interests in seven newspapers, including *La Presse*, continues to provide consumers with leading newspapers which have received many awards for their excellence in journalism. Gesca has also responded to new consumer demands for multiple platforms of information by launching laPresse.ca, a leading information website, and a number of mobile applications such as La Presse mobile and La Presse Hockey.

In addition, we are particularly active in the digital world through our subsidiary Square Victoria Digital Properties. We have, so far, built a strong portfolio of digital assets in the online recruitment, sales representation, real estate and on-line business sectors.

Our media group continues to benefit from our support as it significantly changes its business model and strategically diversifies. We believe it is uniquely positioned to reap the benefits of this technological revolution. In fact, we see this revolution as a great opportunity.

And all this, I am proud to say, is being done with great respect for our employees and partners, and for editorial independence. I wish to take this opportunity to thank all the employees of Gesca for their support, their commitment, their hard work and for the quality of the products they are consistently delivering to our clients.

I hope these few examples have been helpful in explaining how we are building a portfolio of very exciting companies for the future, while staying true to our values and operating principles.

RESULTS FOR THE FIRST QUARTER OF 2012

Ladies and gentlemen, I will now briefly report on Power Corporation's results for the first quarter of 2012.

Operating earnings attributable to participating shareholders were $209 million or $0.45 per share, compared with $218 million or $0.47 per share in the corresponding period of 2011.

Including the gains realized by Pargesa that I mentioned earlier, net earnings attributable to participating shareholders were $264 million or $0.57 per share, compared with $216 million or $0.47 per share in the first quarter of 2011.

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, thus maintaining Power Corporation's previous dividend.

APPOINTMENT OF CHIEF FINANCIAL OFFICER

Now, as many of you know, Mr. Philip K. Ryan is stepping down today as Executive Vice-President and Chief Financial Officer. During his four years with the Power group of companies, he has made a significant contribution to Power and its subsidiaries. We wish to express our great appreciation and personal thanks to Phil, and we wish him the very best with his upcoming projects in the United States, including board-related work and teaching. Phil, would you please stand and be recognized.

We also announced in April this year the appointment of Gregory D. Tretiak as Executive Vice-President and Chief Financial Officer of Power Corporation and Power Financial to replace Mr. Ryan. Mr. Tretiak has been with IGM Financial Inc. for 24 years, where he was most recently the Executive Vice-President and Chief Financial Officer, a position he has held since 1999. Throughout this period, we have had many occasions to work closely with him. Allow me to extend a warm welcome to Mr. Tretiak as he joins our team. Greg, would you stand to be recognized.

CHANGES IN BOARD COMPOSITION

Although the Chairman will properly acknowledge the tremendous contribution of the Directors who are leaving the Corporation today, I would be remiss if I did not add my personal thanks. Thank you to each and every one of you: Mr. Robert Parizeau, The Right Honourable Donald F. Mazankowski, Mr. Jerry E. A. Nickerson and Dr. James R. Nininger, for your outstanding contribution to our success. It has been a real privilege to work with you over all these years. I would also like to acknowledge the contribution of our executive officers leaving the Board today and l look forward to continuing to work closely with you as part of our management team.

CONCLUSION

To conclude, I would like to express our gratitude to the management and directors as well as the employees of Power Corporation and its group companies who have contributed to the solid 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.

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

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