



POWER CORPORATION
OF CANADA

ADDRESS

BY

PAUL DESMARAIS, JR.

CHAIRMAN
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.

CHAIRMAN'S ADDRESS TO THE ANNUAL MEETING OF SHAREHOLDERS

POWER CORPORATION OF CANADA

May 15, 2012

At past annual meetings, I have addressed shareholders on a number of topics relevant to the way in which we select and manage our investments. This has included our view on effective corporate governance, our belief that trust must underlie all of our business activities, and the assertion that we pursue a long-term investment strategy as the most effective means of achieving stability and sustainable returns, while acting as a responsible and active corporate citizen.

The strong core values and prudent investment strategy, which together have formed the cornerstone of our model for many years, have allowed us to pass through the crucible of the 2008 financial crisis and its aftermath in a solid position. Continued adherence to these same values, and to this same prudent investment strategy, will be fundamental to our efforts to maintain superior performance in the future.

The concept of acting as an “owner” is central to our investment strategy. It is the mindset of an owner that we adopt when seeking to guide and strengthen the companies in which we have interests. Ownership equates to long-term stewardship. Owners see their roles as permanent — not transitory — and their sense of commitment and responsibility is only heightened during difficult times.

In my brief remarks to you today, I would like to discuss another element of our investment strategy — Corporate Social Responsibility, or CSR.

Our belief in responsible management has long influenced our investment and management decisions. It has drawn us to invest in companies that have sustainable business models. It has drawn us to investments in financial services and insurance companies because they promote personal financial security and well-being. It has drawn us to investments in industrial companies that place great emphasis on developing responsible products.

Responsible management has led us to be good corporate citizens, to be considerate of the environment, to support our communities, and above all else, to behave ethically and with integrity.

As such, responsible management has long been an intrinsic corporate value at our company and remains today a guiding principle that we believe is essential to long-term profitability and value creation. Because we do act as owners, we seek to protect the integrity and reputation of our franchise and its capital position.

Companies that manage responsibly are predisposed to investing in innovative, beneficial products and services for customers. Such products and services create better returns through greater customer satisfaction and repeat business. A long-term investment view demands complementary strategies to create a loyal, sustained customer base.

My point is that CSR, as embodied in the spirit of responsible management, has been a mainstay of our underlying investment philosophy during the history of the company. When you are in the business of trust, there is simply no other way but to act responsibly at all times.

Let me offer an example. In 1997, when we made our successful acquisition of London Life, there were concerns within the London, Ontario community that we would cut jobs, cease certain local operations and move them to Winnipeg or Toronto. In fact, while there was some initial downsizing, we stayed true to our commitments to the local community in the long term. We kept the London Life brand and maintained the headquarters for our Individual Life business in London. Today, the number of employees at London Life is significantly higher than at the time we acquired the company. Employment increased because of the overall growth of the business and the contribution of our team in London.

Notably, in March of this year, London Life was named a Corporate Icon of the City of London, as voted on by the 20 members of the London Chamber of Commerce Board of Directors. In giving the award, the Board noted that with 2,500 employees, London Life is one of the city's largest private-sector employers.

We invested in London Life because we had a long-term perspective and it represented excellent financial potential. London Life was managed in a responsible fashion, which was consistent with Power Corporation's investment philosophy. And subsequently, we acted as active owners, enhancing the brand, broadening the product array, strengthening the financial services teams and managing for long-term, sustainable growth.

I also mentioned London Life because it serves as an excellent example of a company that supports the communities in which it operates.

Support of local communities is an important role for socially responsible companies.

In addition to the contributions our group companies make in the communities in which they are active, Power Corporation and Power Financial, headquartered here in Montréal, make community investments throughout Québec and across Canada. In certain circumstances, such as the Asian tsunamis or the earthquake in Haiti, these investments are also made internationally.

These community investments focus on health, education, arts and culture, community development and the environment.

We make these community investments because we have a strong belief in the power of the voluntary sector, working in partnership with governments and business, to build a better society with better opportunities for all Canadians.

Just as we value business entrepreneurship we also value the vibrant entrepreneurship which is so prevalent throughout the voluntary sector.

When we contribute to hospitals or medical research, we are investing in health entrepreneurs; when we contribute to universities, we are investing in educational entrepreneurs; when we contribute to theatres and musical organizations, we are investing in artistic entrepreneurs; when we contribute to Centraide or any number of community organizations to help the less-advantaged, we are investing in social entrepreneurs; and when we contribute to organizations committed to preserving our wilderness or the quality of the water supply, we are investing in environmental entrepreneurs.

These entrepreneurs are dedicated and professional. Their commitment is a vital part of our society and adds to its richness in the best sense of the word. We are proud to play our part.

We make these investments in the form of donations but also realize that this alone is not enough. We support the involvement of all our employees and senior management teams when they volunteer their time to a cause of their choosing. Our skilled professionals have much to offer to their communities, helping them grow and prosper. We encourage them in their willingness to serve.

In some instances, the charities we support leverage our initial donations to gain greater visibility for their cause and to encourage other donors to come on board. This effectively increases the impact of our contributions.

Power Corporation and the IGM Financial and Great-West companies have been members of the Imagine charitable giving program for many years. We are proud to note that our community investments have resulted in Power consistently exceeding the Imagine minimum donations guideline of one per cent of pre-tax domestic profit. Over the years, Power has generously contributed to more than 800 organizations in Canada.

At Power, we believe that such hallmarks of responsible management must not only be done but must also be properly communicated to, and understood by, our stakeholders. We are actively involved in the communities where we are established and we take this role very seriously. We feel it is now necessary for us to better articulate our progress on the corporate social responsibility front, and we plan to achieve this through an ongoing dialogue with our investors and other stakeholders.

And we further that process with you today.

We are working closely with many of our group companies on strategic issues that relate to corporate social responsibility. Our work in this area has become a powerful forum for the sharing of best practices within the group as we strive to learn from one another through the numerous initiatives under way.

For example, the various entities which operate under the Great-West Lifeco and IGM Financial umbrellas support a remarkable array of initiatives, including socially responsible investment products, community-based programs and environmental management activities.

Within our European portfolio, group companies such as Imerys and Lafarge have implemented various sustainability programs that are industry- and world-leading in their scope and impact.

At our headquarters located here in Montréal, and even though our environmental impact is minimal given the nature of our business as a holding company, we have implemented sound CSR practices and have begun reporting on our carbon emissions to appropriate agencies. In one such initiative, we are working with the Carbon Disclosure Project, known as the CDP, to formalize reporting of our carbon footprint. This will be the first time we will be reporting to the CDP.

There are numerous other examples of our long-standing commitment to corporate social responsibility through responsible management of our investments. We believe we must make progress in the formal reporting of these initiatives. We will continue to work with our group companies to explore opportunities for such reporting and to determine how to best share our CSR accomplishments with our stakeholders.

We are determined to demonstrate how our long-term investment philosophy — combined with responsible management, including CSR — serves as a reliable buttress against turmoil in the market and produces sustained returns.

I would now like to address the Board composition changes that were recently announced. Power Corporation of Canada will reduce the size of its Board from 21 to 12 Directors. Although the current model has served us well for many years, we feel the timing is right for such a change, as a number of our Directors have reached the age of 75. This is a normal evolution of our governance model that is appropriate to our circumstances as a holding company. The following Directors, who have made a significant contribution to our success over the years, will not be standing for re-election today:

The Right Honourable Donald F. Mazankowski was first elected to the Board in 1996, following a distinguished career of public service. He has chaired the Related Party and Conduct Review Committee and has served on the Executive, Audit, Compensation, and Governance and Nominating Committees of the Board. He has also served for many years on the Boards and Board Committees of Power Financial Corporation, Great-West Lifeco and subsidiaries, and IGM Financial and subsidiaries.

Mr. Jerry E.A. Nickerson, Chairman of the Board of H.B. Nickerson and Sons Limited, has been a Director of Power Corporation since 1999. He has chaired the Compensation Committee and has served on the Executive Committee of the Board. Mr. Nickerson has also served as a Director of Power Financial Corporation and of Great-West Lifeco and their respective subsidiaries, and has been a member of several committees of these companies' boards.

Dr. James R. Nininger joined the Board of Power Corporation of Canada in 2001. He was President and Chief Executive Officer of the Conference Board of Canada for many years. He has chaired the Audit Committee of the Board of Power Corporation since May 2002 and has served on the Compensation Committee.

Mr. Robert Parizeau has been a director of Power Corporation of Canada since 1985. He is Chairman of AON Parizeau Inc., and has provided the Board with the benefit of his long-standing involvement in the insurance industry. Additionally, he has broad experience in the banking sector and other industries in Canada. He has served as a member of the Audit Committee since 1988.

In keeping with the Corporation's practice of maintaining a majority of Directors who are independent of management, several other Directors, who are also members of management, are not standing for re-election to the Board of Directors. They are Messrs. Guy Fortin, Raymond L. McFeetors, Michel Plessis-Bélair, John A. Rae and Henri-Paul Rousseau. They will, however, continue to play their role as senior officers of the Corporation or of its affiliates.

On behalf of the Board and our shareholders, we wish to thank these nine Directors for their valuable service to Power Corporation and its affiliates over many years. During their respective tenure, the Power group has relied on their judgment and wise counsel to guide us in several important acquisitions and dispositions. Their service has contributed to our success as we confronted the economic challenges of recent years and achieved long-term performance. These are accomplishments of which they should be justifiably proud.

My brother spoke earlier about the stepping down of Mr. Philip K. Ryan as Executive Vice-President and Chief Financial Officer of Power Corporation and Power Financial and the appointment of Mr. Gregory D. Tretiak to replace him. I also wish to express my great appreciation and personal thanks to Philip for his significant contribution, and I wish him the very best as he turns a new page and gives the benefit of his considerable talents to the world of academia and to his board work in his homeland, the United States. I also wish to extend a warm welcome to Greg; we are thrilled to have him join our team.

I close my remarks today by expressing thanks to our thousands of employees who build strong and enduring relationships with their customers and their communities, ensuring that our businesses remain robust and prosperous. I thank our management team which has the depth of experience and perspective to effectively manage our assets with prudence and a long-term view, and to contribute so importantly to the broader community.

Finally, I offer thanks to our shareholders for their trust and support. And we appreciate that you have taken the time to be with us today.



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