ANNUAL SHAREHOLDER MEETING

FRIDAY, MAY 13, 2011

CHAIRMAN'S ADDRESS

BY

PAUL DESMARAIS, JR.

CHAIRMAN AND CO-CHIEF EXECUTIVE OFFICER

POWER CORPORATION OF CANADA

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 or 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 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 is provided in its disclosure materials, including its Annual Information Form and its most recent Management's Discussion and Analysis, filed with the securities regulatory authorities in Canada, available at www.sedar.com.

NON-IFRS FINANCIAL MEASURES > In analysing the financial results of the Corporation and consistent with the presentation in previous years, net earnings are subdivided into the following components:

> operating earnings; and
> other items, which include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful, and also include the Corporation's share of any such item presented in a comparable manner by its subsidiaries and associates, as defined under IFRS.

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 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 13, 2011

This year, I would like to address a topic that is as important as the subject of trust which I spoke about last year and that is the gradual retreat from a long-term approach to capitalism in favour of what is now being sometimes referred to as "quarterly capitalism". We have seen a number of indicators of this. For example, the average holding period for equities has moved from 7 years, about 40 years ago, to 7 months today. Additionally, CEO tenure continues to get shorter, which is directly at odds with the long-term decisions CEOs are required to make. The next quarter's results overly influence the share price, the business press, boards of directors and thus decision making by senior management.

The 2011 World Economic Forum study on the future of long-term investing estimates that, of the $27 trillion of capital available, only $6.8 trillion is structurally available for long-term investing. Of that $6.8 trillion, they identify family offices and family investment groups which use a generational perspective that is quintessentially long term in its nature as a source of $1.2 trillion. In Canada, the prominence of family-owned businesses in the economy is real and, in the TSX Composite Index, represents one in five companies and 20% of its market capitalization.

The attributes of being a long-term investor have been part of our culture going back to when my father acquired control of Power Corporation. The need for long-term capitalism is also a growing refrain coming from many observers, thinkers and business leaders, including Yvan Allaire, Chair of the Board of Directors of the Institute for Governance of Private and Public Organizations and Adjunct Professor at HEC here in Montreal, and Dominic Barton, the Managing Partner of McKinsey & Co. All in their own way describe three critical features required to restore a more long-term perspective: first – to fight short-termism in management and investment; second – to consider all stakeholders in the course of managing a business; and third – to act like an owner.

The first priority is to recognize and address the tyranny of short-termism. Here we mean avoiding the tendency to run the company with an eye only on the next few quarters' results, losing sight of the opportunity to create value over a longer period of time. While we at Power Corporation are not immune to short-term concerns, we believe in a long-term perspective and have demonstrated the success of this approach over our history. I would like to highlight three examples.

First is our investment in partnership with the Frère group in Pargesa, our European-based core shareholder investment company headquartered in Switzerland. Pargesa and its primary subsidiary, Groupe Bruxelles Lambert, have had a long and storied history. Power Corporation made its first investment in Pargesa in 1981. Since that initial $20 million, Power has cumulatively deployed close to $600 million in Pargesa. Over the last 30 years, this investment has grown to a carrying value of $2.5 billion for an 11.7% annual return since we took control with the Frère family in 1991. This is a quintessential long-term investing story if there ever was one, and also one that has been clearly successful.

Our nearly 45-year investment in Investors Group is also a long-term success story. From an initial stake of 25% obtained in 1967, Power acquired control in the 1970s at a time when mutual funds and direct distribution were out of favour and in an era of tough economic times. It was a contrarian investment then, but our long-term belief in their business model of providing financial advice to individual Canadians has resulted in an extremely successful company. Investors Group today has over 4,500 financial advisors, $64 billion in assets under management and, in most importantly, a proven record of helping ordinary Canadians save for retirement.

My last example is our most recent investment, in 2007, in Putnam Investments, through Great-West Lifeco. Here is a company with tremendous capability and a brand that had fallen on difficult times. We hired the top people in the business and embarked on a strategy of investing in asset management talent and distribution with a long-term perspective. Many have said that a company with over $125 billion of assets under management should be profitable and that is in fact true. However, our perspective is not about immediate profitability but rather the potential for this platform over the longer term. For Power Corporation, it is about capturing the long-term opportunity in retirement savings in the U.S. We are pleased with the tremendous success of the new management team in investment performance, in the expansion of distribution and in product innovation; we believe the future prospects for profitability are very encouraging.

In the ongoing quarterly capitalism debate there is also the role for investors. The vast majority of a company's value resides in the longer term, beyond the horizon of the next quarter or the next year. There is an opportunity for investors, particularly institutional investors, to make themselves heard directly by the companies they invest in by participating meaningfully in governance and in influencing the direction of the companies they invest in rather than simply selling their shares.

There is also a worthwhile public policy debate around enhanced voting rights and capital gains tax incentives to encourage longer-term shareholders.

In conclusion on this point, I am reminded of the comment Warren Buffett made when asked recently "What is the ideal holding period for an investment?", he replied "forever". And let's not forget our Asia friends, for whom the long-term perspective is much more generational.

The second point for investors to consider is that serving all stakeholders, we believe, maximizes value for shareholders. In a study done by McKinsey in 2010, 2,000 executives were polled and 75% said that focusing on their full range of constituents creates corporate value in the long term. Capitalism depends upon public trust for its survival. That "contract" with all the constituencies is clearly crucial. Let me focus on a few examples of how we at Power Corporation have expressed our views on this issue through our actions.

In 1997, when we made our successful acquisition of London Life, there was tremendous anxiety in the community of London, Ontario anticipating that we would cut jobs, shut down operations and move them to Winnipeg or Toronto. In fact, despite an initial downsizing, we stuck to our commitment to the community of London for the long term. We kept the London Life brand and maintained the headquarters for our Individual Life business in the community of London. Today the number of employees is significantly higher than at the time we acquired the company because of the overall growth of the business and the contribution of our team in London. We are also currently renovating the London Life headquarters to meet our future needs.

Another example is Power Corporation's substantial commitment over the years to philanthropy across the country. We have been a participant in the Imagine program in Canada since its inception in 1989. It calls for corporations to contribute to a target of 1% of pre-tax domestic profit to charitable causes. We have typically exceeded that number and have followed a balanced approach in our giving to well over 800 organizations among five broad categories – health, education, arts and culture, community programs and the environment. The giving of Power Corporation is in addition to the charitable programs of Great-West Life and Investors Group, which are proud to be participants in Imagine as well. Beyond our financial contributions, most of our executives and employees are active in a variety of community and charitable undertakings including chairing several major local and national capital campaigns.

The last point is the importance of an ownership mindset. I am struck by the observation by Dominic Barton (whom I mentioned a few moments ago), that the most successful example of a long-term approach is a combination of family ownership with public market shareholders. This model provides discipline and capital access. Here in the Power Group, acting like owners is what it is all about. We have a governance model that has been developed over a long period of time where we operate through the Boards of Directors and Board Committees of our subsidiaries, with significant interaction directly with management while letting them run the company. Our Board Governance system involves a combination of internal and external Directors, both of which are independent of management. The internal Directors are full-time Power Corporation officers whose mandate is largely to get involved with the companies, to understand what they do in great detail and to track their performance. It is their full-time job to focus on long-term issues affecting the company. These internal Directors are supplemented by external Directors who are highly valued for their expertise and bringing diverse perspectives which are different from those of our group. We also have external Directors on the Boards of our wholly owned companies like Gesca, our media company. We believe this model combined with prudent and professional management has worked well over a long period of time, and certainly the performance of our group during the recent "great recession" speaks for itself. Lastly, we also believe that the ownership approach allows us to attract great people throughout our organization as we provide a stable and disciplined environment in which to create long-term value. Unfortunately, some of the positive attributes of governance for family-owned companies are not properly captured by many of the "one size fits all" governance rating surveys.

In conclusion, the way we invest and make our business decisions at Power Corporation follows the belief that a long-term perspective creates the greatest value for our group. Our implementation of this notion is not perfect, and while we are subject from time to time to pressures from the market or to accommodate various whims, we do our best to stick to our long-held beliefs. Maintaining those beliefs will mean that we are out of favour from time to time as short-term points of view will deviate from a long-term perspective. We believe that our attitude coupled with our governance model and our intent to invest long term provides a foundation that is embedded in our corporate culture. We focus on control or impact investments with high quality companies, with potential for good dividend paying capability and with conservative capital structures, where we feel we can make a difference. We act through our Board of Directors and apply our governance model to focus on strategy, people and capital resources. We are very proud of our long-term track record of 14.8% compound annual return over 15 years.

We would like to thank all our shareholders who share our long-term perspective. We thank you for your participation and support through the years and believe our strategy will continue to reward all our investors over the long term. I would also like to thank our employees of Power Corporation and our group subsidiaries for their loyal contribution to building shareholder value. Lastly, I want to thank everyone here for their attendance today and your investment in Power Corporation of Canada.