2016 Overview

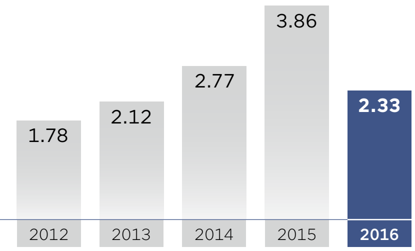
$1,082 MILLION
NET EARNINGS [1]

$1,203 MILLION
ADJUSTED
NET EARNINGS [1, 2]

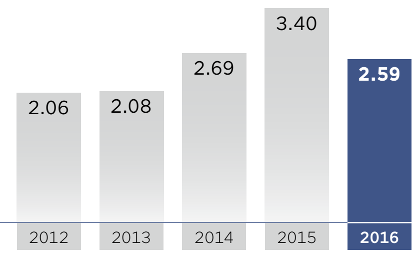
$662 MILLION
TOTAL DIVIDENDS
DECLARED

$1.32
DIVIDENDS DECLARED
PER PARTICIPATING SHARE

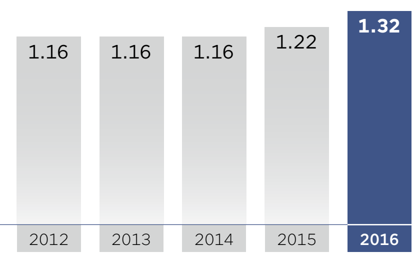
$2.33
NET EARNINGS
PER PARTICIPATING
SHARE
In dollars



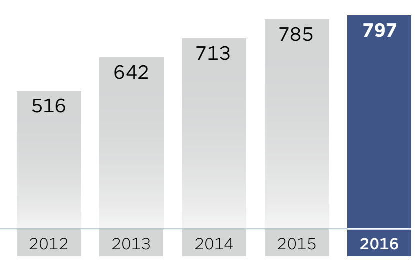
$2.59
ADJUSTED
NET EARNINGS [2]
PER PARTICIPATING
SHARE
In dollars



$1.32
DIVIDENDS
DECLARED
PER PARTICIPATING
SHARE
In dollars



$797 BILLION
CONSOLIDATED
ASSETS AND
ASSETS UNDER
MANAGEMENT [3]
In billions of dollars



[1] Attributable to participating shareholders.

[2] Adjusted net earnings is a non-IFRS financial measure (previously described as operating earnings). Please refer to the reconciliation of non-IFRS financial measures to financial measures in accordance with IFRS in the Review of Financial Performance.

[3] Includes assets of subsidiaries and assets managed by Great-West Lifeco and IGM Financial.

Directors' Report to Shareholders

Power Corporation delivered solid financial results in 2016, once again led by its financial services businesses and contributions from its growing and diversified investment platforms. During 2016, Great-West Lifeco announced a 6.1 per cent dividend increase in February, Power Financial announced a 5.4 per cent dividend increase in March, Pargesa approved a 4.8 per cent dividend increase in May, and Power Corporation then followed, announcing a 7.6 per cent dividend increase in May.

Market conditions across key markets and geographies were uneven in 2016, however, they improved through the course of the year. Strengthening economic conditions in the United States led the U.S. Federal Reserve to raise the federal funds rate at the end of 2016, with the expectation of continued increases in 2017. The year was marked by a number of important political developments with implications for the economy and markets, including, among others, the U.K. referendum on membership in the European Union and the Presidential election in the United States. Management is focused on delivering superior shareholder returns as economies recover from the Great Financial Crisis. We remain vigilant of elevated risks in a volatile political and fragile macroeconomic environment. We continue to exercise prudence in the setting of our business strategies, as well as management of our capital and liquidity.

Financial Results

Power Corporation's net earnings attributable to participating shareholders were $1,082 million or $2.33 per share for the year ended December 31, 2016, compared with $1,786 million or $3.86 per share in 2015.

Adjusted net earnings attributable to participating shareholders were $1,203 million or $2.59 per share, compared with $1,573 million or $3.40 per share in 2015.

Other items, not included in adjusted net earnings, were a net charge of $121 million in 2016, compared with a net contribution of $213 million in 2015.

Dividends declared on the Corporation's participating shares totalled $1.32 per share, compared with $1.22 per share in 2015.

Results of Group Companies

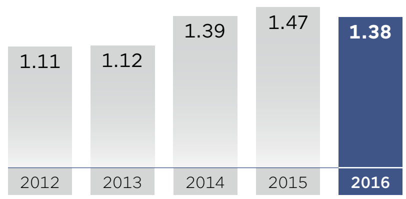
POWER FINANCIAL

Power Financial reported solid earnings in 2016 in the face of a number of external challenges. Weak equity markets during the first half of the year and currency headwinds impacted results. Across the group, our companies are investing heavily to transform their business models to better serve the needs of their customers. The financial services industry is going through a period of rapid change, driven by heightened client expectations, the rapid pace of technological development and growing regulatory expectations. In this environment, investing in the development of our people is essential, and remains a key focus. Our companies are investing in change, secure in the belief that by continuing to put the interests of our clients at the centre of our decision making, we will build upon our leading franchises and add to the 30 million individuals whose needs we already serve.

At December 31, 2016, Power Corporation held a 65.6 per cent economic interest in Power Financial.

Power Financial's net earnings attributable to common shareholders were $1,919 million or $2.69 per share for the year ended December 31, 2016, compared with $2,319 million or $3.25 per share in 2015.

POWER FINANCIAL'S CONTRIBUTION TO POWER CORPORATION'S ADJUSTED NET EARNINGS
In billions of dollars



Adjusted net earnings attributable to common shareholders were $2,105 million or $2.95 per share, compared with $2,241 million or $3.14 per share in 2015.

Other items represented a net charge of $186 million, compared with a net contribution of $78 million in 2015.

At December 31, 2016, Power Financial's assets under administration were $1,404 billion and assets under management were $792 billion.

Dividends declared by Power Financial totalled $1.57 per common share, compared with $1.49 per share in 2015.

In March of 2017, Power Financial announced a 5.1 per cent increase in the quarterly dividend on its common shares, from $0.3925 to $0.4125 per share.

EARNINGS AS REPORTED BY EACH COMPANY
In millions of dollars

		2016	2015
Great-West Lifeco	Net earnings	2,641	2,762
IGM Financial	Net earnings	771	772
	Adjusted net earnings [1]	737	796
Pargesa [2]	Net earnings (loss)	(32)	638
	Adjusted net earnings [1]	321	308

[1] Described as operating earnings by IGM Financial and economic operating income by Pargesa.

[2] In millions of Swiss francs.

Great-West Lifeco

Great-West Lifeco encompasses strong and diverse businesses in Canada, the United States and Europe. With its uncompromising focus on customers, disciplined management of resources and ongoing strategic investment in its people, capabilities and communities, Great-West Lifeco continued to deliver long-term value to its customers and shareholders.

Great-West Lifeco delivered 2016 revenue and earnings consistent with the prior year, sustained a strong and stable capital position, and maintained its industry-leading credit ratings. The company's balanced approach to risk and growth – including discipline in underwriting, investment selection and product design – is fundamental to ensuring it delivers on its current and future commitments.

Net earnings attributable to common shareholders were $2.6 billion or $2.668 per share in 2016, compared with $2.8 billion or $2.774 per share in 2015.

$2.6 BILLION

2016 NET EARNINGS

Attributable to common shareholders

Great-West Lifeco reported return on equity of 13.8 per cent.

Consolidated assets under administration at December 31, 2016 were over $1.2 trillion, an increase of $36 billion from December 31, 2015.

In February of 2017, Great-West Lifeco announced a 6 per cent increase in its quarterly dividend, to $0.3670 per common share.

Key priorities for Great-West Lifeco's operating companies included investment in digital capabilities to ensure their products and services remain relevant and accessible, expense reduction initiatives, and disciplined evaluation and integration of acquisitions.

In Canada, Great-West Life, together with its subsidiaries London Life and Canada Life, is focused on improving the financial, physical and mental well-being of Canadians. Their products and services touch the lives of more than 13 million people – approximately one in three Canadians. In 2016, Great-West Life celebrated its 125th anniversary, recognition of the company's commitment to long-term growth and a testament to its people, values and sustainable approach to business.

In the United States, retirement services provider Empower Retirement has transformed the way participants, plan sponsors and advisors approach retirement planning. Through a state-of-the-art web interface, Empower is encouraging more engagement, including increased contributions, designed to help clients raise their retirement preparedness.

Building on the 2015 acquisition of J.P. Morgan Retirement Plan Services' large-market record-keeping business, Great-West Financial solidified Empower's position as the second-largest retirement services provider in the United States, with over eight million participants.

Putnam continued to deliver strong investment results for clients. The firm was recognized for its five-year investment performance across asset classes, ranking 5th out of 54 companies in the 2016 Barron's/Lipper Best Fund Families report.

In Europe, Great-West Lifeco has responded to regulatory capital and legislative changes to create new growth opportunities. In the U.K., the company is driving growth in response to legislative changes that introduced greater flexibility for individuals to access their pension savings. In Germany, the company's fastest-growing business in Europe, the Solvency II capital regime has created a unique growth opportunity for capital-efficient, unit-linked products. Solvency II is also creating new opportunities for the reinsurance business.

The company's new Irish Life Health business leverages creative digital technology and traditional advisor relationships to give customers flexibility in meeting their health insurance needs. In addition to the convenience of online self-service for their health insurance claims, customers can access a Digital Doctor service including face-to-face video consultations, and telephone and messaging services with Irish-registered physicians.

IGM Financial

In 2016, IGM Financial continued to focus on fulfilling the company's mission of delivering long-term growth and value to its clients and shareholders through its principal businesses, Investors Group, Mackenzie Investments and Investment Planning Counsel. The company laid a foundation for continued growth by investing energy and resources in key areas, exhibiting strength in product innovation, effective resource management and investment management enhancements.

The company has a broad reach across Canadian communities and is well diversified through its multiple distribution channels, product types, investment management units and fund brands. Assets under management are diversified by country of investment, industry sector, security type and management style.

Net earnings available to common shareholders were $771 million or $3.19 per share in 2016, compared with $772 million or $3.11 per share in 2015.

$771 MILLION

2016 NET EARNINGS

Available to common shareholders

Return on average common equity based on operating earnings for the year ended December 31, 2016 was 16.3 per cent.

Total assets under management at December 31, 2016 totalled $141.8 billion, compared with $133.6 billion at December 31, 2015.

Investors Group continued to respond to the complex financial needs of its clients in 2016 by delivering a diverse range of products and services in the context of long-term financial planning and personalized financial advice.

Mackenzie Investments maintained its focus on delivering consistent long-term investment performance by attracting key investment management talent and executing on initiatives to achieve its strategic priorities. It also continued to support its advisors and institutional clients in all aspects of their business.

IGM Financial invested US$75 million in 2016 in Personal Capital Corporation, a market-leading digital wealth advisor operating in the United States, for a total ownership stake of 15 per cent.

Also in 2016, the company invested in Wealthsimple and Portag3 Ventures. Wealthsimple is Canada's largest and fastest-growing technology-driven investment manager. Portag3 is a new investment fund dedicated primarily to backing early-stage innovative financial services companies.

In late 2016 and early 2017, Mackenzie entered into agreements to acquire a total 13.9 per cent interest in China AMC, one of China's first and largest fund companies, for a total investment of approximately $647 million (RMB¥3.3 billion). These transactions are expected to close in the first half of 2017, subject to customary closing conditions, including Chinese regulatory approvals.

These investments introduce new capabilities to IGM Financial and its operating subsidiaries. The company's investment in technology and operations continues to help it manage resources effectively and generate long-term growth in the business.

Pargesa

The Pargesa group, through Belgian holding company Groupe Bruxelles Lambert, holds significant positions in major global companies based in Europe: Imerys, a producer of mineral-based specialty solutions for industry; LafargeHolcim, which produces cement, aggregates and concrete; SGS, engaged in testing, inspection, verification and certification; adidas, a designer and distributor of sportswear; Pernod Ricard, a leader in wines and spirits; Umicore, a materials technology and recycling group; and Total, in the oil, gas and chemical industries.

Pargesa reported a net loss of SF32 million in 2016, compared with net earnings of SF638 million in 2015. The loss in 2016 is mainly due to an impairment charge recorded on the LafargeHolcim investment as a result of a decline in the share price to €37.10 at June 30, 2016. At December 31, 2016, the share price of LafargeHolcim was €49.92.

Pargesa's adjusted net earnings in 2016 were SF321 million, compared with SF308 million in 2015.

Consistent with the previous four years, 2016 was characterized by portfolio changes. A total of €1.6 billion was invested, primarily in existing shareholdings, and there were disposals of €2.5 billion.

GBL continued in 2016 to increase its stake in adidas and, at December 31, 2016, held 7.5 per cent of adidas' capital, representing a market value of €2.4 billion.

GBL also continued during the year to gradually reduce its stake in Total. This disposal had a significant impact on Total's contribution to Pargesa's earnings. However, the proceeds from the sale will be used over time to make investments that will gradually contribute to earnings.

At its annual general meeting, GBL is expected to propose that its dividend be increased by 2.4 per cent, to €2.93 per share. In addition, at its upcoming annual meeting in May, the board of directors of Pargesa is expected to propose a 2016 dividend of SF2.44 per bearer share, an increase of 2.5 per cent, to be paid on May 10, 2017.

INVESTMENT ACTIVITIES

Power Corporation conducts investment activities, built upon a network of deep and long-standing relationships, to provide superior long-term returns on a diversified basis. These investment activities include the Sagard funds and interests in China built upon 40 years of engagement.

SAGARD INVESTMENT FUNDS

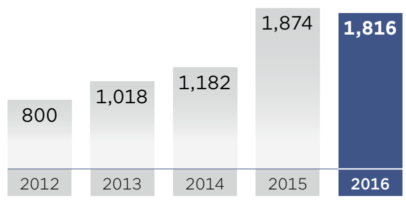
Since the launch of its first Sagard fund in 2002 in Europe, Power Corporation has continued to develop these investment funds. Currently, the Corporation operates equity investment funds in three geographical regions under the Sagard name – Sagard Europe, Sagard Capital (United States) and Sagard China. Each of the Sagard businesses adheres closely to Power's investment philosophy and governance model.

As an investor, Power Corporation's style is characterized by a value approach which emphasizes the discipline of deep and detailed fundamental analysis. We seek influence, where appropriate, through involvement and close dialogue with investee companies.

Sagard Europe

The Sagard Europe funds invest in mid-sized private companies based in France, Belgium, Luxembourg and Switzerland. As at December 31, 2016, Power Corporation had invested a total of $609 million in the Sagard Europe funds. The Corporation has received distributions from these funds totalling $622 million since inception, and the value of the investments was $281 million at December 31, 2016, compared with $257 million in 2015. In December 2016, the size of the Sagard 3 fund was increased from €404 million to €808 million. The Corporation's commitment increased from €201 million to €302 million, of which €114 million had been funded by December 31, 2016. Pargesa, GBL and third parties also invest in Sagard Europe.

FAIR VALUE OF POWER CORPORATION'S INVESTMENTS IN SAGARD FUNDS [1]
In millions of dollars



[1] Includes controlled portfolio investments and cash held in the funds.

Sagard Capital

Sagard Capital in the United States mainly invests in small-cap and mid-cap companies based in North America. In certain circumstances, Sagard Capital will seek control of companies that have superior growth and return profiles:

- IntegraMed – the largest network of assisted reproductive medicine clinics in North America which, through both its owned and managed clinics, serves patients in the U.S. and Canada in their efforts to have children. In 2012, Sagard Capital acquired 97 per cent of IntegraMed.
- Vein Clinics – acquired in 2012, provides business and management services to a network of vein clinics in the United States. These clinics provide specialized treatment for patients suffering from vein diseases.
- On February 27, 2017, Sagard Capital and Fairfax Financial Holdings Limited acquired the assets of Performance Sports Group Ltd. (PSG) for US$575 million. The company designs and markets sports equipment and apparel for ice hockey, baseball, softball and lacrosse under iconic brands including Bauer and Easton.

At December 31, 2016, the fair value of the fund was $888 million, compared with $951 million in 2015.

Sagard China

The Sagard China team, based in Shanghai, are long-term investors seeking absolute returns through a concentrated portfolio of stocks. They began participating in Chinese equities through the Chinese stock market in 2005 and in the Hong Kong stock market in 2010. Sagard China's investment portfolio had a fair value of $647 million at December 31, 2016, compared with $666 million in 2015.

> In the past five years, the Corporation invested $798 million in the Sagard Investment Funds and received distributions in cash of $292 million. During this period, the Corporation's share of the fair value of the funds has grown from $675 million at December 31, 2011 to $1,816 million at December 31, 2016, an increase of $1,141 million. Realized and unrealized gains were $635 million.

THIRD-PARTY PRIVATE EQUITY AND HEDGE FUNDS

Power Corporation has also invested for many years in a number of third-party private equity and hedge funds. The fair value of these investments was $411 million at December 31, 2016, compared with $494 million at December 31, 2015. Over the years, these investments have produced solid returns and have been a positive contributor to the Corporation's profitability.

CHINA ASSET MANAGEMENT

The Corporation holds a 10 per cent interest in China AMC, which was established in 1998 and was one of the first asset management companies approved by the China Securities Regulatory Commission. It is recognized as a leading company in the Chinese asset management sector. At December 31, 2016, China AMC managed 92 mutual funds, and had institutional assets and assets under management of RMB¥1,204 billion (Can$232 billion). At December 31, 2016, the fair value of this investment was $463 million, compared with $310 million at December 31, 2015.

On January 5, 2017, the Corporation entered into an agreement to acquire an additional 3.9 per cent equity interest in China AMC for RMB¥936 million (Can$179 million). As discussed earlier, Mackenzie also entered into an agreement to acquire, in two separate transactions, a 13.9 per cent interest in China AMC. Upon closing, Power Corporation and Mackenzie will hold a combined 27.8 per cent interest in China AMC.

During the year, PanAgora and China AMC forged a strategic relationship to bring risk-parity strategies to institutional and retail investors in China. This collaborative relationship will offer these investors better diversification using strategies not currently available to them.

> Income from the investments above can be volatile in nature due to the effect of markets as well as the timing of realizations. Although volatile, income from investments was $674 million over the past five years, or approximately $34 million per quarter. The fair value of the Corporation's investments at December 31, 2016 was $2.7 billion, the same as in 2015.

POWER ENERGY

Power Energy, a wholly owned subsidiary of the Corporation established in 2012, actively manages investments in the clean and renewable energy sector. Currently, it operates companies that develop, own and operate solar, hydro and wind generating facilities located in North America.

Potentia owns and operates rooftop solar generation facilities in Ontario, and manages a pipeline of wind development projects in Western Canada. Eagle Creek owns and operates 58 hydroelectric facilities that produce over 680 million kilowatt-hours of electricity annually in the United States.

Power Energy invested $154 million in the twelve-month period ended December 31, 2016, of which $122 million was used to increase its interest in Potentia to 100 per cent. Since 2012, Power Energy has invested $332 million in Potentia and Eagle Creek.

COMMUNICATIONS AND MEDIA

Square Victoria Communications Group owns La Presse, a French-language news media company providing content on several platforms: the free La Presse+ digital edition for tablets, the news website LaPresse.ca, the La Presse Mobile application for smartphones, and the *La Presse* paper Saturday edition.

La Presse is known for its distinctive, rich and diversified coverage of national and international news and current events, for its exclusive reports, and for its columnists and reporters, whose work has garnered many awards for excellence in journalism.

In 2016, La Presse announced that Pierre-Elliott Levasseur had been appointed as its new president, a position he assumed on January 1, 2017. Guy Crevier will continue in his role as publisher and was named vice-chairman of the board of La Presse.

The year 2016 was an important one in the history of La Presse. On the strength of the success of its La Presse+ tablet platform amongst readers and advertisers, La Presse discontinued printing its Monday-to-Friday paper editions on January 1 of the year, becoming the first major daily in the world to completely transition to a weekday digital format.

The Power Group

Power Corporation closely adheres to principles which have been developed over multiple decades. We invest in companies that have a long-term perspective and maintain a prudent financial structure, a capacity for sustaining earnings and the expectation for growing earnings and dividends. A core tenet of our governance model is active ownership, which is exercised through our presence on the boards of directors of our controlled companies and through our influence as significant shareholders in our non-controlled holdings.

We invest in high-quality, socially responsible companies with sustainable franchises in diverse industries and geographies. Our companies have a long and proud history of contributing to the well-being of the communities in which they operate. The principles underlying our approach to responsible management are outlined later in this report and on www.PowerCorporationCSR.com.

Your Directors and management seek to deliver attractive long-term shareholder returns. In most any environment, companies with strong balance sheets, sound financial management and prudent liquidity will be best positioned to seize upon the most attractive opportunities. At the Power group of companies, we see increasing opportunities to grow our business organically and capitalize on acquisitions that are strategic as well as accretive.

Your Directors wish to express gratitude, on behalf of the shareholders, for the important contribution made by the management and the employees of our Corporation and our group companies to the solid results achieved in 2016, and we look forward to 2017.

On behalf of the Board of Directors,

Signed,

Paul Desmarais, Jr., O.C., O.Q.
Chairman and
Co-Chief Executive Officer

Signed,

André Desmarais, O.C., O.Q.
Deputy Chairman, President and
Co-Chief Executive Officer

March 24, 2017