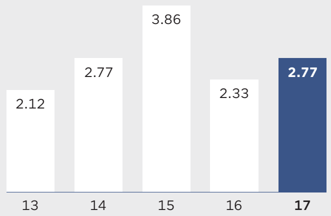
2017 Overview

$1,286
MILLION
Net Earnings [1]

Net Earnings
per Participating Share
In dollars

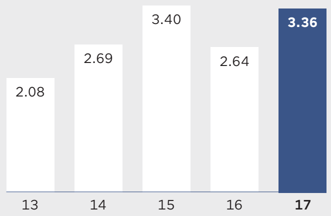
$2.77



$1,560
MILLION
Adjusted
Net Earnings [1, 2]

Adjusted Net Earnings [2]
per Participating Share
In dollars

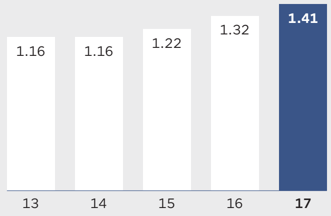
$3.36



$706
MILLION
Total Dividends
Declared

Dividends Declared
per Participating Share
In dollars

$1.41



[1] Attributable to participating shareholders.

[2] Adjusted net earnings is a non-IFRS financial measure. Please refer to the reconciliation of IFRS and non-IFRS financial measures in the Review of Financial Performance.

Directors' Report to Shareholders

Power Corporation delivered strong financial results in 2017, once again, led by its financial services companies and growing contributions from its diversified investment platforms. During 2017, Great-West Lifeco announced a 6.0 per cent dividend increase in February, Power Financial announced a 5.1 per cent dividend increase in March, Pargesa approved a 2.5 per cent dividend increase in May, and Power Corporation then followed, announcing a 7.0 per cent dividend increase in the same month.

Economic and market conditions were strong in 2017 across the group's operating geographies. GDP and employment growth were robust while inflation pressures remained subdued. Global financial markets were calm throughout the year. In many advanced economies, rising bond yields reflected improving economic conditions. Economic and business confidence was supported by major policy announcements regarding tax and regulatory reform in the United States, however, it is being tempered by ongoing political uncertainties and growing tensions in international trade. Despite strong economic conditions, we remain vigilant of elevated risks arising from a volatile political environment and are acting with appropriate prudence in the setting of business strategies, as well as in the management of our capital and liquidity.

Financial Results

Power Corporation's net earnings[1] were $1,286 million or $2.77 per share for the year ended December 31, 2017, compared with $1,082 million or $2.33 per share in 2016.

Adjusted net earnings[1, 2] were $1,560 million or $3.36 per share, compared with $1,223 million or $2.64 per share in 2016.

Contributions from Power Financial and investment activities to Power Corporation's adjusted net earnings were strong:

In millions	2017	2016
Power Financial	**$1,400**	$1,400
Sagard Investment Funds, China AMC and Other investments	**$445**	$74
Corporate and Other subsidiaries	**$(285)**	$(251)
	$1,560	$1,223

Net earnings and adjusted net earnings in 2017 reflect a $175 million loss at Lifeco on estimated hurricane claims, the Corporation's share being $81 million.

Contributions from other subsidiaries were lower in 2017, reflecting the investment and development stages of these companies.

Dividends declared on the Corporation's participating shares totalled $1.41 per share, compared with $1.32 per share in 2016.

[1] Attributable to participating shareholders.

[2] Please refer to the reconciliation of IFRS and non-IFRS financial measures in the Review of Financial Performance.

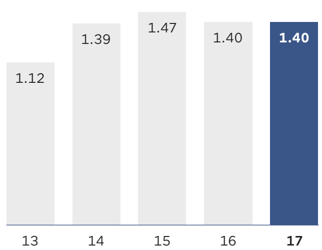
Results of Group Companies

POWER FINANCIAL

The year 2017 was a significant year for Power Financial and its group companies. The opportunities to help meet the financial, physical and mental wellbeing needs of large populations will remain attractive for many decades to come, both from a business perspective and as a vital role to be played in society. Our companies are well placed to serve the needs of such populations in the future, occupying leading positions in almost all of the markets in which we operate. But we can only seize such opportunities if we transform our business models to meet the heightened client expectations, technological change and regulatory initiatives. Several years ago, different businesses that make up Great-West Lifeco and IGM Financial embarked upon transformation strategies which involved augmenting their talent pools, their technology platforms and their product and service offerings, while also reducing their prices in many instances. We are as convinced today as we were a few years back as to the wisdom of such choices. They are consistent with our historic and ongoing objective of creating superior shareholder value over the long term.

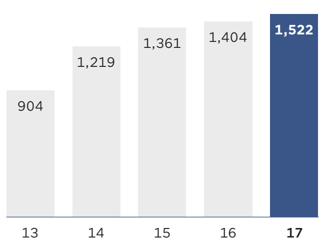
Power Financial's Contribution to Power Corporation's Adjusted Net Earnings
In billions of dollars

$1.4
BILLION



Power Financial's Assets under Administration
In billions of dollars

$1,522
BILLION



At December 31, 2017, Power Corporation held a 65.5 per cent economic interest in Power Financial.

Power Financial's net earnings were $1,717 million or $2.41 per share for the year ended December 31, 2017, compared with $1,919 million or $2.69 per share in 2016.

Adjusted net earnings were $2,135 million or $2.99 per share in 2017, compared with $2,136 million or $2.99 per share in 2016.

At December 31, 2017, Power Financial's assets under administration were $1.52 trillion and assets under management were $848 billion.

Dividends declared by Power Financial totalled $1.65 per common share, compared with $1.57 per common share in 2016.

On March 23, 2018, Power Financial announced a five per cent increase in the quarterly dividend on its common shares, from $0.4125 to $0.4330 per share.

Earnings (as reported by):

In millions		2017	2016
Great-West Lifeco	Net earnings	$2,149	$2,641
	Adjusted net earnings	$2,647	$2,685
IGM Financial	Net earnings	$602	$771
	Adjusted net earnings	$728	$737
Pargesa	Net earnings (loss)	SF382	SF(32)
	Adjusted net earnings [1]	SF384	SF321

[1] Described as Economic operating income by Pargesa.

GREAT-WEST LIFECO

Great-West Lifeco delivered solid results across all of its businesses in 2017. The company sustained its strong and stable capital position and industry-leading credit ratings. The company is finding the right balance between delivering solid results today, and investing in a strong foundation to drive sustainable growth in the future. While its approaches vary across operating regions, they share a common strategy that is focused on customer outcomes in a changing world, and strong risk management to ensure the company delivers on its current and future commitments.

Lifeco's adjusted net earnings were $2.6 billion or $2.676 per common share in 2017, compared with $2.7 billion or $2.712 per common share in 2016. The 2017 year-to-date adjusted net earnings included a loss of $175 million related to estimated hurricane claims reflected in the third quarter 2017 results.

$2.6 BILLION
2017 ADJUSTED NET EARNINGS

Great-West Lifeco reported return on equity based on adjusted net earnings of 13.4 per cent.

Total assets under administration at December 31, 2017 were $1.35 trillion, an 8 per cent increase from December 31, 2016.

In February of 2018, Great-West Lifeco announced a six per cent increase in its quarterly dividend.

Key priorities for Great-West Lifeco's operating companies included advancing their understanding of diverse customer needs, leveraging technology to enhance customer reach, and investing in their people and communities.

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 2017, Great-West Life finished building its teams within the new structure established in late 2016. With teams in place within the individual and group customer business units, along with a new strategic customer marketing function, the company is developing a deeper understanding of its customers on a segmented basis, learning as it engages with customers across multiple touch points over a lifetime. The company is also investing in digital and innovative capabilities and services that will help achieve its vision: "putting the customer at the centre of what we do."

Great-West Lifeco's U.S. companies are playing a significant role in positively impacting millions of American workers, investors and businesses across the nation through a dynamic, innovative and thoughtful approach to financial well-being.

Empower Retirement, the second-largest retirement service provider in the U.S., offers an unrivalled online retirement planning experience that uses personal data to help individuals better understand their future income needs. Empower's income projection tools include many ways for retirement investors to model savings scenarios and then implement those changes with just a few clicks of the mouse.

Putnam continued its strong performance across asset classes: at the end of December 2017, nearly 95 per cent of Putnam's fund assets performed at levels above Lipper median for the one-year period and 85 per cent were above median for five years. Additionally, nearly half of Putnam's mutual fund assets performed in the Lipper top quartile for the one-year period and nearly 55 per cent were top quartile on a five-year basis. In March 2018, Putnam's investment performance was ranked in the "top ten" among investment firms in all time periods (one, five, ten years) in *Barron's* Best Fund Families of 2017.

In Europe, Great-West Lifeco is making significant investments to build key new capabilities for customers so that the company is able to sustain the strong positions that it has in its chosen markets and grow, both organically and through acquisition.

Canada Life U.K. completed its acquisition of financial services provider Retirement Advantage in January 2018, bringing over 30,000 pension and equity release customers, and more than £2 billion of assets under management, including a £1.5 billion block of in-force annuities (as of June 30, 2017). The transaction strengthens Canada Life's scale and capabilities in the growing United Kingdom retirement income market. It will also further strengthen the company's position as a leading insurer in the U.K., where it has operated since 1903.

Irish Life passed a major milestone in its customer experience program by achieving a top quartile customer satisfaction score for the first time. The score is benchmarked against hundreds of companies in the U.K. and Ireland across all sectors, not just financial services, and measures how strong an organization is in doing best what matters most to its customers. Improved digital services for customers, the introduction of web chat, innovative new products, and the combined efforts of its employees to make every customer touch point count, all contributed to the achievement of this record customer satisfaction score.

IGM FINANCIAL

In 2017, 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 is a respected leader in the Canadian financial services industry. It has a broad reach across Canadian communities and is well diversified through its multi-channel distribution model, product types, global investment management team and strong brands. Assets under management are diversified by country of investment, industry sector, security type and management style.

Adjusted net earnings were $728 million or $3.02 per share in 2017, compared with $737 million or $3.05 per share in 2016.

$728 MILLION

2017 ADJUSTED NET EARNINGS

Return on average common equity based on adjusted net earnings for the year ended December 31, 2017 was 15.6 per cent.

Total assets under management at December 31, 2017 totalled $157 billion, compared with $143 billion at December 31, 2016.

In 2017, IGM Financial took major steps forward in its multi-year strategy to transform its business. A number of significant initiatives were introduced to support the company's client-focused vision, create operational efficiencies, and accelerate innovation and digitization. An experienced, expanded IGM leadership team worked to build on the momentum of 2016, acting on a range of opportunities to position the company for accelerated growth.

The company created a Client and Regulatory Affairs office responsible for championing a client-centric vision across all business functions, including corporate initiatives, business planning, and strategy. The office, which is uncommon in the Canadian financial services industry, makes IGM Financial well positioned to navigate change and excel in an evolving regulatory environment.

In August, the company completed its acquisition of a 13.9% interest in China AMC, China's premier asset management firm. This investment broadens IGM's reach and expands its capabilities, allowing both companies to develop products in each other's geographies. In the fall, Mackenzie launched the Mackenzie All China Equity Fund, sub-advised by China AMC. This is a unique product that gives Canadian investors access to the entire spectrum of the Chinese capital markets.

In October, the company combined the investment management functions of Investors Group and Mackenzie to form a single global investment management organization to support both companies. This combined entity, operating under Mackenzie, strengthens the company's ability to deliver the very best investment solutions to retail and institutional clients and to its advisors.

Investors Group and Mackenzie Investments continue to offer unique and diverse products, maintaining their separate product shelves and distribution capabilities. Investors Group clients and Consultants now have access to a broader array of solutions and investment expertise, and Mackenzie distribution channels have access to talent previously exclusive to the Investors Group channel.

In November, IGM introduced a number of initiatives to enhance operational effectiveness. To leverage scale and opportunities across Investors Group and Mackenzie Investments, the company expanded its shared services model beyond the investment management function to include the areas of marketing, human resources, customer service and other operational teams.

PARGESA

The Pargesa group, through Belgian holding company Groupe Bruxelles Lambert, holds significant positions in global industrial and services companies based in Europe: Imerys, SGS, LafargeHolcim, Pernod Ricard, adidas, Umicore, Total, Burberry, Ontex, GEA and Parques.

SF384 MILLION

2017 ADJUSTED NET EARNINGS

Pargesa reported adjusted net earnings of SF384 million in 2017, compared with SF321 million in 2016.

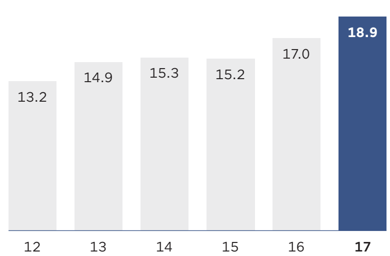
GBL seeks to invest in companies with leading positions in their sector and robust business models:

- focused on both organic and external growth as an important lever to long-term value creation;
- developed in a sustainable manner by high-quality management teams driven by a strategic vision; and
- supported by a sound financial structure.

GBL Net Asset Value

In billions of euros

€18.9
BILLION



GBL initiated a rebalancing of its portfolio in 2012 with a view to strengthen its portfolio's growth profile and consequently optimize its potential for long-term value creation. This transformation has been pursued through a significant portfolio rotation, with disposals and acquisitions totaling €14 billion. It has led to a substantial shift from high-yielding assets in the energy and utilities sectors into growth assets in the industry, business services and consumer good sectors which are more exposed to long-term growth trends.

Since the initiation of its portfolio rotation and diversification strategy, GBL has invested €5.7 billion in 7 listed companies, with a global market value of €8.5 billion at year-end 2017, and having unrealized gains of €2.8 billion.

At its annual general meeting in April, GBL is expected to propose that its dividend be increased by 2.4 per cent, to €3.00 per share. At its upcoming annual meeting in May, the board of directors of Pargesa is expected to propose a 2018 dividend of SF2.50 per bearer share, an increase of 2.5 per cent, payable May 15, 2018.

INVESTMENT ACTIVITIES

Power Corporation conducts investment activities, leveraging 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 resulting from 40+ years of engagement.

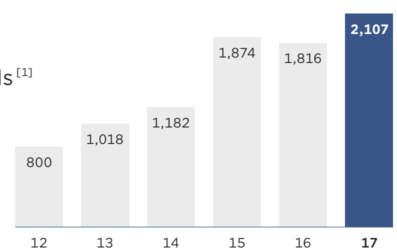
SAGARD INVESTMENT FUNDS

Since the launch of its first Sagard fund in 2002 in Europe, Power Corporation has continued to support and develop its investment funds. Currently, the Corporation operates equity investment funds in three geographical regions under the Sagard name – Sagard Europe, Sagard Holdings (North America) and Sagard China. The Sagard platforms are managed locally by experienced investment professionals who have an in-depth knowledge of the local public and private markets and who benefit from the collaboration within the group of Power companies. Each of the Sagard businesses adheres closely to Power Corporation'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.

Total Fair Value of
Sagard Investment Funds [1]
In millions of dollars

$2,107
MILLION



Unrealized gains of $439 million at December 31, 2017.

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

Sagard Europe

The Sagard Europe funds invest in mid-sized private companies based in France, Belgium, Luxembourg and Switzerland. As at December 31, 2017, Power Corporation had invested a total of $664 million in the Sagard Europe funds. The Corporation has received distributions from these funds totalling $642 million since inception, and the fair value of the investments was $499 million at December 31, 2017, compared with $281 million in 2016. Pargesa, GBL and third parties also invest in Sagard Europe.

Sagard Holdings

Sagard Holdings invests in the equity and debt capital of middle-market companies in the United States and Canada. In certain circumstances, Sagard Holdings will seek control of companies that have superior growth and return profiles.

Sagard Holdings holds a 91.6 per cent interest in IntegraMed, the largest network of assisted reproductive medicine clinics in North America, serving patients in the U.S. and Canada.

In February 2017, Sagard Holdings and Fairfax Financial Holdings Limited acquired the assets of Performance Sports Group, Ltd. for US$575 million. The company designs and markets sports equipment and apparel for ice hockey, baseball, softball and lacrosse under iconic brands that include Bauer and Easton.

In December 2017, Sagard Holdings successfully completed the first closing of Sagard Credit Partners LP, a fund which provides credit capital directly to public and private middle-market companies across Canada and the United States. Of the total US$260 million committed by limited partners, Sagard Holdings has committed US$100 million.

Also in December 2017, Sagard Holdings disposed of its investment in Vein Clinics, a provider of business and management services to a network of vein clinics in the United States. The Corporation realized a gain of $67 million on this transaction.

At December 31, 2017, the fair value of Sagard Holdings was $824 million, compared with $888 million in 2016.

Sagard China

Sagard China, based in Shanghai, is a long-term investor seeking absolute returns through a portfolio of selected stocks. It began participating in Chinese equities through the Chinese stock market in 2005 and in the Hong Kong stock market in 2010. The fair value of Sagard China's investment portfolio was $784 million at December 31, 2017, compared with $647 million in 2016.

In the past five years, the Corporation invested $788 million in the Sagard Investment Funds and received distributions in cash of $330 million. During this period, the fair value of the Corporation's investments in the funds has grown from $800 million at December 31, 2012 to $2,107 million at December 31, 2017, an increase of $1,307 million. Gains in the last five years on these investments were $849 million, of which $376 million were realized. The internal rate of return during this period was 13.1%.

CHINA ASSET MANAGEMENT

On August 31, 2017, Power Corporation completed the acquisition of an additional 3.9 per cent interest in China AMC. Together with a 10 per cent interest purchased in 2011, Power Corporation now directly holds a 13.9 per cent equity interest in China AMC. IGM, through its subsidiary Mackenzie Investments, also completed its acquisition of a 13.9 per cent interest in China AMC on August 31, 2017.

Founded in 1998 as one of the first asset management companies in China, China AMC has developed and maintained its position among the market leaders in China's asset management industry. China AMC's assets under management, excluding subsidiary assets under management, were RMB¥870 billion (C$168 billion) at December 31, 2017.

The investment in China AMC provides Power Corporation with an opportunity to leverage the Power group's extensive experience in wealth management and distribution as it works with China AMC. Companies within the group will benefit from the strategic relationship by identifying opportunities to work together on product development and future sub-advisory relationships.

THIRD-PARTY PRIVATE EQUITY AND HEDGE FUNDS AND OTHER

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 $179 million at December 31, 2017, compared with $411 million at December 31, 2016. Although these investments have, over the years, produced solid returns and have been a positive contributor to the Corporation's profitability, the Corporation is re-investing distributions from these funds in favor of its proprietary platforms.

Income from the investments above can be volatile in nature due to the effect of markets as well as the timing of realizations. Income from investments was $445 million in 2017, compared with $74 million in 2016. The fair value of the Corporation's investments at December 31, 2017 was $2.9 billion, compared with $2.7 billion at the end of 2016.

POWER ENERGY

Power Energy, a wholly owned subsidiary established in 2012, actively manages investments in the sustainable and renewable energy sector with the goal of building and owning, over the long term, companies that can generate growing and stable cash flows.

Power Energy invests in industries that benefit from the global energy transformation and currently has invested in companies that develop, own and operate solar, hydro and wind generating activities in North America as well as leading manufacturers of sustainable technologies.

Potentia owns and operates rooftop solar generation facilities in Ontario with approximately 150 megawatts of operating solar assets, and manages a pipeline of over 2 gigawatts of solar and wind development projects in Western Canada. Eagle Creek owns and operates 226 megawatts of hydroelectric facilities in the United States.

On June 21, 2017, as part of a going-private transaction by Lumenpulse, Power Energy acquired 55.7 per cent of the company for a consideration of $267 million. Lumenpulse is a leading manufacturer of high-performance, specification-grade LED lighting solutions.

On October 31, 2017, Power Energy acquired a 43.8 per cent interest in Lion Electric. Lion is an innovative company manufacturing zero-emission vehicles sold throughout North America.

Power Energy has invested a total of $654 million in these four companies.

COMMUNICATIONS AND MEDIA

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

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.

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 an 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.

As we look forward, we do so with a conviction that the need for the financial services offered by Power Financial's companies will continue to grow and evolve. Power Financial is well positioned to respond to opportunities ahead.

We also expect that the ability to act on investment opportunities having acceptable risk-adjusted returns will increasingly require local capabilities throughout the world. Our investment activities around the globe, which have been developed through our extensive network of long term relationships, will provide us with a unique and valuable lens to allocate our capital having regard for our risk appetite.

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 seek 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 strong results achieved in 2017, and we look forward to 2018.

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 23, 2018