POWER CORPORATION OF CANADA

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS

To the holders of Participating Preferred Shares and Subordinate Voting Shares:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of POWER CORPORATION OF CANADA will be held at the InterContinental Hotel, 360 St. Antoine Street West, Montréal, Québec, Canada on Tuesday, May 15, 2012, at 11:00 a.m., local time, for the following purposes:

[1] to elect directors;

[2] to appoint auditors;

[3] to receive the consolidated financial statements for the year ended December 31, 2011 and the auditors' report thereon;

[4] to consider and, if deemed advisable, to adopt an ordinary resolution approving an amendment to the Executive Stock Option Plan of the Corporation increasing the number of Subordinate Voting Shares of the Corporation issuable pursuant thereto;

[5] to consider the shareholder proposals attached as Schedule A to the Management Proxy Circular; and

[6] to transact such other business as may properly come before the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Edward Johnson
Senior Vice-President, General Counsel and Secretary
Montréal, Québec
March 19, 2012

IF YOU DO NOT EXPECT TO BE PRESENT AT THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ACCOMPANYING FORM OF PROXY AND RETURN IT IN THE ENVELOPE ENCLOSED.

Si vous préférez recevoir un exemplaire en français,
veuillez vous adresser au secrétaire,
Power Corporation du Canada
751, square Victoria
Montréal (Québec)
Canada H2Y 2J3

MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is sent in connection with the solicitation by the management of Power Corporation of Canada ("Power", "PCC" or the "Corporation") of proxies for use at the Annual Meeting of Shareholders of the Corporation to be held on Tuesday, May 15, 2012 (the "Meeting"), or any adjournment thereof. The method of solicitation will be primarily by mail. However, proxies may also be solicited by employees of the Corporation in writing or by telephone at nominal cost. The Corporation may also engage a third party to provide proxy solicitation services on behalf of management in connection with the solicitation of proxies for the Meeting. The cost of solicitation will be borne by the Corporation.

The following abbreviations have been used throughout this Management Proxy Circular:

NAME IN FULL	ABBREVIATION
Power Financial Corporation	PFC
Great-West Lifeco Inc.	Lifeco
IGM Financial Inc.	IGM
Pargesa Holding SA	Pargesa
The Canada Life Assurance Company	Canada Life
The Great-West Life Assurance Company	Great-West
London Life Insurance Company	London Life
Toronto Stock Exchange	TSX
Canadian Securities Administrators	CSA

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On March 19, 2012, there were outstanding 48,854,772 Participating Preferred Shares and 411,042,894 Subordinate Voting Shares of the Corporation. The Participating Preferred Shares and the Subordinate Voting Shares are herein sometimes collectively referred to as the "Shares".

Each holder of Participating Preferred Shares is entitled to 10 votes and each holder of Subordinate Voting Shares is entitled to one vote at the Meeting, or any adjournment thereof, for each share registered in the holder's name as at the close of business on March 20, 2012 (the "Record Date"). The Subordinate Voting Shares represent 45.69 per cent of the aggregate voting rights attached to the Corporation's outstanding Shares.

The Articles of the Corporation do not contain any rights or provisions applicable to holders of Subordinate Voting Shares of the Corporation where a takeover bid is made for the Participating Preferred Shares of the Corporation.

To the knowledge of the Directors and officers of the Corporation, as of March 19, 2012, the Honourable Paul Desmarais, Chairman of the Executive Committee of the Corporation, exercised, directly and through holding corporations, control over 48,603,392 Participating Preferred Shares and 63,825,142 Subordinate Voting Shares in the aggregate, representing 99.49 per cent and 15.53 per cent, respectively, of the outstanding shares of such classes and 61.12 per cent and 24.45 per cent, respectively, of the votes and equity associated with the total outstanding Shares of the Corporation. To the knowledge of the Directors and officers of the Corporation, no other person or company beneficially owns, or controls or directs, directly or indirectly, more than 10 per cent of the shares of any class of shares of the Corporation.

PROXIES — REGISTERED SHAREHOLDERS

A shareholder is a registered shareholder if shown as a shareholder on the Record Date on the shareholder list kept by Computershare Investor Services Inc. ("Computershare"), as registrar and transfer agent of the Corporation for the Shares, in which case a share certificate will have been issued to the shareholder which indicates the shareholder's name and the number of Shares owned by the shareholder. Registered holders of Shares will receive with this Management Proxy Circular a form of proxy from Computershare representing the Shares held by the registered shareholder.

APPOINTMENT OF PROXY

To be effective, proxies from registered shareholders must be received by Computershare, 9th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1 (or be deposited with Computershare, 9th Floor, 100 University Avenue, Toronto, Ontario, Canada) no later than 5:00 p.m. on the last business day preceding the day of the Meeting.

REVOCATION OF PROXY

A registered shareholder giving a proxy may revoke the proxy by instrument in writing executed by the registered shareholder or his or her attorney authorized in writing or, if the registered shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Corporation, located at 751 Victoria Square, Montréal, Québec, Canada, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law, but prior to the exercise of such proxy in respect of any particular matter.

PROXIES — NON-REGISTERED SHAREHOLDERS

A shareholder is a non-registered (or beneficial) shareholder if [i] an intermediary (such as a bank, trust company, securities dealer or broker, trustee or administrator of RRSPs, RRIFs, RESPs and similar plans), or [ii] a clearing agency (such as CDS Clearing and Depository Services Inc.), of which the intermediary is a participant, holds the shareholder's Shares on behalf of the shareholder (in each case, an "Intermediary").

APPOINTMENT OF PROXY

In accordance with CSA *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation is distributing copies of materials related to the Meeting to Intermediaries for distribution to non-registered shareholders and such Intermediaries are to forward the materials related to the Meeting to each non-registered shareholder (unless the non-registered shareholder has waived the right to receive such materials). Such Intermediaries often use a service company (such as Broadridge Investor Communication Solutions in Canada), to permit the non-registered shareholder to direct the voting of the Shares, held by the Intermediary, on behalf of the non-registered shareholder. Non-registered shareholders should carefully follow the instructions on the request for voting instructions or form of proxy that they receive from their Intermediary in order to vote the Shares that are held through that Intermediary. Non-registered shareholders of the Corporation should submit voting instructions to Intermediaries in sufficient time to ensure that their votes are received from the Intermediaries by the Corporation.

Since Power generally does not have access to the names of its non-registered shareholders, non-registered shareholders who wish to attend the Meeting and vote in person should insert their own name in the blank space provided in the request for voting instructions or form of proxy to appoint themselves as proxy holders and then follow their Intermediary's instructions for returning the request for voting instructions or proxy form.

REVOCATION OF PROXY

A non-registered shareholder giving a proxy may revoke the proxy by contacting his or her Intermediary in respect of such proxy and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke a proxy if it receives insufficient notice of revocation.

ELECTION OF DIRECTORS

The Board of Directors of the Corporation (sometimes herein referred to as the "Board") may consist of not less than 9 and not more than 28 members as determined from time to time by the Board of Directors, such number presently being fixed at 21 until the Meeting, at which time the Board has determined to fix the number at 12 upon the recommendation of the Governance and Nominating Committee, as discussed below in the Statement of Corporate Governance Practices under "Nomination and Assessment of Directors". The 12 persons named hereunder will be proposed for election at the Meeting as Directors of the Corporation. Except where authority to vote in respect of the election of Directors is withheld, the nominees named in the accompanying form of proxy will vote the shares represented thereby for the election of the persons named hereunder. Management of the Corporation does not contemplate that any of the persons named hereunder will be unable or unwilling to serve as a Director; however, if such event should occur prior to the election, the nominees named in the accompanying form of proxy reserve the right to vote for the election in his or her stead of such other person as they, in their discretion, may determine. Under policies adopted by the Board, shareholders have the ability to vote for or withhold from voting for each individual Director proposed for election to the Board of Directors of the Corporation.

The *Canada Business Corporations Act* and applicable securities legislation require that the Corporation have an Audit Committee. The Board of Directors also appoints an Executive Committee, a Compensation Committee, a Related Party and Conduct Review Committee, and a Governance and Nominating Committee as more fully described in the section entitled "Statement of Corporate Governance Practices" in this Management Proxy Circular.

The term of office of each Director currently in office expires at the close of the Meeting. Each Director elected at the Meeting shall hold office until the close of the next Annual Meeting of Shareholders, unless he or she resigns or his or her office becomes vacant for any reason.

NOMINEES FOR ELECTION TO THE BOARD

Set forth below are the names of the nominees for election to the Board, their place of residence, certain biographical information and the number of voting securities and deferred share units of the Corporation and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each of them.

The information below also reflects the number of Board of Directors and Board of Directors Committee meetings held and the attendance, for the financial year ended December 31, 2011, by the 12 Directors who are nominated for election at the Meeting. Shareholders should be aware that Directors make important contributions to the welfare of the Corporation outside meetings of the Board and its Committees which are not reflected in attendance figures.

PIERRE BEAUDOIN

QUÉBEC, CANADA

Mr. Beaudoin is President and Chief Executive Officer of Bombardier Inc., a diversified transportation manufacturing company, a position he has held since 2008. Prior thereto, he was President and Chief Operating Officer of Bombardier Aerospace, a division of Bombardier Inc., from 2001 to 2008, and Executive Vice-President of Bombardier Inc., from 2004 to 2008. He was also President of Bombardier Business Aircraft and President and Chief Operating Officer of Bombardier Recreational Products, which were both divisions of Bombardier Inc. Mr. Beaudoin is also a Director of Bombardier Inc. and BRP Inc.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	
May 2005	7/9	N/A	N/A	10,000 Subordinate Voting Shares of the Corporation 25,210 Deferred Share Units of the Corporation

MARCEL R. COUTU

ALBERTA, CANADA

Mr. Coutu is President and Chief Executive Officer of Canadian Oil Sands Limited since 2001 and Chairman of Syncrude Canada Ltd., one of Canada's largest oil sands projects, since 2002. He was previously Senior Vice-President and Chief Financial Officer of Gulf Canada Resources Limited, and prior to that held various positions in the areas of corporate finance, investment banking, and mining and oil and gas exploration and development. Mr. Coutu is a Director of Lifeco and its subsidiaries Great-West, London Life, Canada Life Financial Corporation, Canada Life and Crown Life Insurance Company. He is also a Director of Brookfield Asset Management Inc. Mr. Coutu serves on the Pension and Compensation Committee of the Calgary Exhibition and Stampede Board and is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. He has also held board positions with Gulf Indonesia Resources Limited, TransCanada Power Limited Partnership and the Board of Governors of the Canadian Association of Petroleum Producers.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	
May 2011	4/6*	N/A	N/A	10,000 Common Shares of Lifeco 3,519 Deferred Share Units of the Corporation 9,491 Deferred Share Units of Lifeco

* Mr. Coutu was elected to the Board on May 13, 2011.

LAURENT DASSAULT
PARIS, FRANCE

Mr. Dassault is, since December 2011, Vice-Chairman and Chief Executive Officer of Groupe Industriel Marcel Dassault SA, an investment and financing company based in Paris, France. He was previously Vice-President of Groupe Industriel Marcel Dassault SA from 2006 to 2011, and prior thereto, Managing Director of Banque parisienne internationale. Mr. Dassault is Chairman of Immobilière Dassault SA in France and a Director of a broad range of companies in France and elsewhere, including Groupe Industriel Marcel Dassault SA, SITA SA, Generali France SA, Kudelski SA and Banque de Gestion Edmond de Rothschild.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	
May 1997	8/9	N/A	N/A	16,273 Subordinate Voting Shares of the Corporation

ANDRÉ DESMARAIS, O.C., O.Q.
QUÉBEC, CANADA

Mr. Desmarais is a Deputy Chairman, President and Co-Chief Executive Officer of the Corporation and Co-Chairman of PFC. Prior to joining the Corporation in 1983, he was Special Assistant to the Minister of Justice of Canada and an institutional investment counsellor at Richardson Greenshields Securities Ltd. He has held a number of senior positions with Power group companies and was named President and Co-Chief Executive Officer of the Corporation in 1996. He is a Director of many Power group companies in North America, including PFC, Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Crown Life Insurance Company, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc. He is also a Director of Pargesa in Europe and of CITIC Pacific Limited in Asia (in which Power holds a minority interest). He was a Director of BELLUS Health Inc. until 2009. Mr. Desmarais is Honorary Chairman of the Canada China Business Council and is a member of several China-based organizations. Mr. Desmarais is active in cultural, health and other not-for-profit organizations in Montréal. In 2003, he was named an Officer of the Order of Canada and, in 2009, he was named an Officer of the National Order of Québec. He has received Doctorates *Honoris Causa* from Concordia University and the Université de Montréal.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 1988	9/9	Executive	3/3	1,046,994 Subordinate Voting Shares of the Corporation
		Governance and Nominating	1/1	43,200 Common Shares of PFC 700,000 Common Shares of Lifeco 46,213 Deferred Share Units of the Corporation 43,736 Deferred Share Units of PFC 85,405 Deferred Share Units of Lifeco 31,671 Deferred Share Units of IGM

THE HONOURABLE PAUL DESMARAIS, P.C., C.C., O.Q.

QUÉBEC, CANADA

Mr. Desmarais is Chairman of the Executive Committee of the Corporation. He acquired control of the Corporation in 1968. He is Chairman of the Board and Executive Director of Pargesa. He is also a Director of PFC and Groupe Bruxelles Lambert. He is a Member of the Queen's Privy Council for Canada, a Companion of the Order of Canada, an Officer of the National Order of Québec, a Grand'Croix de l'Ordre national de la Légion d'honneur (France) and a Commandeur de l'Ordre de Léopold II (Belgium).

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]
May 1968	2/9	Executive	1/3	63,825,142 Subordinate Voting Shares of the Corporation [3] 48,603,392 Participating Preferred Shares of the Corporation [4] 467,839,296 Common Shares of PFC [5] 686,032,770 Common Shares of Lifeco [6] 157,132,080 Common Shares of IGM [6] 34,887 Deferred Share Units of the Corporation 16,526 Deferred Share Units of PFC
		Governance and Nominating	0/1	

PAUL DESMARAIS, JR., O.C., O.Q.

QUÉBEC, CANADA

Mr. Desmarais is Chairman and Co-Chief Executive Officer of the Corporation and Co-Chairman of PFC. Prior to joining the Corporation in 1981, he was with S.G. Warburg & Co. in London, England, and with Standard Brands Incorporated in New York. He was Chairman of the Board of PFC from 1990 to 2005, Vice-Chairman of PFC from 1989 to 1990 and President and Chief Operating Officer of PFC from 1986 to 1989. He was named to his present position with the Corporation in 1996. He is a Director of many Power group companies in North America, including PFC, Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Crown Life Insurance Company, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc. He is also Vice-Chairman of the Board and Executive Director of Pargesa, Vice-Chairman and Director of Groupe Bruxelles Lambert, and Director of GDF Suez, Total SA and Lafarge SA. He was Vice-Chairman of the Board and a Director of Imerys until 2008. Mr. Desmarais is a member of the International Council and a Director of the European Institute of Business Administration (INSEAD), Chairman of the Board of Governors of the International Economic Forum of the Americas, Founder and member of the International Advisory Committee of École des hautes études commerciales of Montréal, a Trustee and the Co-Chair of the International Advisory Council of the Brookings Institution (Washington), and Founder and a member of the International Advisory Board of the McGill University Faculty of Management in Montréal. He is also involved in charitable and community activities in Montréal. In 2005, he was named an Officer of the Order of Canada and, in 2009, he was named an Officer of the National Order of Québec. He has received Doctorates *Honoris Causa* from Université Laval and the Université de Montréal.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]
May 1988	8/9	Executive	3/3	62,631 Subordinate Voting Shares of the Corporation 100,000 Common Shares of Lifeco 31,532 Deferred Share Units of the Corporation 30,100 Deferred Share Units of PFC 16,500 Deferred Share Units of Lifeco 15,822 Deferred Share Units of IGM
		Governance and Nominating	1/1	

ANTHONY R. GRAHAM, LL.D.

ONTARIO, CANADA

Mr. Graham is President and a Director of Wittington Investments, Limited, an investment management company and the principal holding company of the Weston-Loblaw Group. Prior to joining Wittington Investments, Limited, he held senior positions in Canada and the U.K. with National Bank Financial Inc. (formerly Lévesque Beaubien Geoffrion Inc.), a Montréal-based investment dealer. Mr. Graham is Chairman and a Director of President's Choice Bank. He also serves on the Board of PFC as well as George Weston Limited, Loblaw Companies Limited, Graymont Limited, Brown Thomas Group Limited, De Bijenkorf B.V., Holt Renfrew & Co., Limited and Selfridges & Co. Ltd. Mr. Graham serves as Chairman of the Ontario Arts Foundation and the Shaw Festival Theatre Endowment Foundation. He is also a Director of the Art Gallery of Ontario, the Canadian Institute for Advanced Research, St. Michaels Hospital, Luminato and the Trans Canada Trail Foundation. In June 2007, he was awarded an Honorary Doctorate of Law Degree from Brock University.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 2001	8/9	Executive	3/3	25,000 Subordinate Voting Shares of the Corporation 25,000 Common Shares of PFC 32,914 Deferred Share Units of the Corporation 27,704 Deferred Share Units of PFC
		Compensation	6/6	
		Related Party and Conduct Review	3/3	
		Governance and Nominating	1/1	

ROBERT GRATTON
QUÉBEC, CANADA

Mr. Gratton is a Deputy Chairman of the Board of the Corporation, a position he has held since May 2008. He had been previously, until May 2005, President of PFC from 1989 and Chief Executive Officer since May 1990, and had been Chairman of the Board from May 2005 until 2008. He is also a Director of PFC. He was Chairman of the Board and Chairman of the Executive Committee of Lifeco, Great-West, Great West Life & Annuity Insurance Company, Canada Life, Canada Life Financial Corporation, London Insurance Group Inc. and London Life until May 2008 and a Director until October 2008. He was Chairman of the Executive Committee of IGM from 1990 until 2005, Chairman of the Board from 1993 until May 2008, as well as a Director until October 2008. He was also Chairman of the Executive Committee of Investors Group Inc. from 2004 to 2005, Chairman of the Board from 2004 until May 2008 and a Director until October 2008. Mr. Gratton was also Chairman of the Executive Committee of Mackenzie Inc. from 2002 until 2005, Chairman of the Board from 2002 until May 2008 and a Director until October 2008. He was also a Director of Pargesa from May 1992 to May 2010. Prior to joining PFC, Mr. Gratton started working at Crédit Foncier Franco-Canadien in 1971 and became Chief Operating Officer in 1975, and President and Chief Executive Officer in 1979. From 1982 until 1989, he was Chairman of the Board, President and Chief Executive Officer of Montreal Trust Company. Mr. Gratton is a member of the Harvard Business School Canadian Advisory Board and has served as a member of The Conference Board of Canada, The Conference Board, Inc., the C.D. Howe Institute and The Trilateral Commission. He has also served as a Director of a number of other companies, community organizations and foundations.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]	
July 1989	8/9	N/A	N/A	37,000	Subordinate Voting Shares of the Corporation
				9,545,905	Common Shares of PFC
				649,700	Common Shares of Lifeco
				75,000	Common Shares of IGM
				22,497	Deferred Share Units of the Corporation
				22,740	Deferred Share Units of PFC
				104,939	Deferred Share Units of Lifeco
				57,702	Deferred Share Units of IGM

ISABELLE MARCOUX
QUÉBEC, CANADA

Ms. Marcoux is Chair of the Board of Transcontinental Inc., a printing, publishing and marketing company, a position she has held since February 2012, and Vice-President, Corporate Development, since 2004. From 2007 to January 2012, Ms. Marcoux was Vice-Chair of the Board, and between 1997 and 2004, she was Director, Mergers and Acquisitions, as well as Director, Legal Affairs and Assistant Corporate Secretary at Transcontinental Inc., prior to which she was a lawyer at McCarthy Tétrault LLP. Ms. Marcoux is a member of the Board of George Weston Limited and Rogers Communications Inc. She is also a member of the Board of the Montreal Museum of Fine Arts and the Board of Trade of Metropolitan Montreal. She has been actively involved in a number of fundraising campaigns for community and not-for-profit organizations, including Tel-Jeunes, the Montreal Children's Hospital, United Way, the Montreal Museum of Fine Arts and the Montreal Mayor's Foundation For Youth.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]	
May 2010	8/8*	N/A	N/A	7,862	Deferred Share Units of the Corporation

* Ms. Marcoux did not participate in one of the meetings of the Board of Directors of the Corporation in 2011, as the subject matter of such meeting raised a potential conflict of interest.

R. JEFFREY ORR

QUÉBEC, CANADA

Mr. Orr is President and Chief Executive Officer of PFC, a position he has held since May 2005. From May 2001 until May 2005, he was President and Chief Executive Officer of IGM. Prior to joining IGM, he was Chairman and Chief Executive Officer of BMO Nesbitt Burns Inc. and Vice-Chairman, Investment Banking Group of the Bank of Montreal. Mr. Orr had been with BMO Nesbitt Burns Inc. and predecessor companies since 1981. He is a Director of PFC, a Director and Chairman of the Executive, Compensation, and Governance and Nominating Committees of Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, The Canada Life Insurance Company of Canada and Crown Life Insurance Company, and a Director and Chairman of the Executive Committee of London Insurance Group Inc. He is also a Director and Chairman of the Board and of the Executive and Compensation Committees of Putnam Investments, LLC, as well as a Director of Canada Life Capital Corporation. He is also a Director, Chairman of the Board and Chairman of the Executive, Investment, Compensation, and Governance and Nominating Committees of IGM and Investors Group Inc. and a Director, Chairman of the Board and Chairman of the Executive, Compensation, and Governance and Nominating Committees of Mackenzie Inc. Mr. Orr is active in a number of community and business organizations.

	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]	
SERVED AS DIRECTOR FROM	BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED		
May 2005	9/9	N/A	N/A	20,000	Subordinate Voting Shares of the Corporation
				400,400	Common Shares of PFC
				20,000	Common Shares of Lifeco
				120,100	Common Shares of IGM
				26,264	Deferred Share Units of the Corporation
				25,908	Deferred Share Units of PFC
				72,890	Deferred Share Units of Lifeco
				34,737	Deferred Share Units of IGM

T. TIMOTHY RYAN, JR.

NEW YORK, UNITED STATES

Mr. Ryan is President and Chief Executive Officer of the Securities Industry and Financial Markets Association ("SIFMA"), a leading trade association representing 680 global financial market participants. Prior to joining SIFMA, he was Vice-Chairman, Financial Institutions and Governments, at J.P. Morgan, where he was a member of the firm's senior leadership. He is a Director of many Power group companies, including PFC, Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Crown Life Insurance Company and Putnam Investments, LLC. He is a member of the Board of Lloyds Banking Group plc, where he serves on the Remuneration, Audit and Risk Committees. Mr. Ryan is a Director of the United States-Japan Foundation. He is also a private sector member of the Global Markets Advisory Committee for the National Intelligence Council.

	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]	
SERVED AS DIRECTOR FROM	BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED		
May 2011	6/6*	N/A	N/A	3,695	Deferred Share Units of the Corporation
				3,165	Deferred Share Units of PFC
				20,442	Deferred Share Units of Lifeco

* Mr. Ryan was elected to the Board on May 13, 2011.

EMŐKE J.E. SZATHMÁRY, C.M., O.M., PH.D., FRSC
MANITOBA, CANADA

Dr. Szathmáry is President Emeritus of the University of Manitoba, since July 2008, and a professor in the Departments of Anthropology and of Biochemistry and Medical Genetics. From 1996 to 2008, she was President and Vice-Chancellor of the University of Manitoba. She was previously Provost and Vice-President (Academic) of McMaster University in Hamilton and, prior thereto, Dean of the Faculty of Social Science of the University of Western Ontario in London (now Western University). She is a Director of several Power group companies in North America, including PFC, Lifeco, Great-West, London Life, Canada Life Financial Corporation, Canada Life and Crown Life Insurance Company. She also serves on the Board of Directors of the International Institute for Sustainable Development and of several national and provincial educational, research and philanthropic not-for-profit organizations. She has received the Lieutenant Governor's Medal for Excellence in Public Administration in Manitoba and five Honorary Doctorates. Dr. Szathmáry is a Fellow of the Royal Society of Canada and is a Member of the Order of Canada and of the Order of Manitoba.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AS OF MARCH 14, 2012 AND NUMBER OF DEFERRED SHARE UNITS HELD AS AT DECEMBER 31, 2011 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 1999	9/9	Audit	5/5	3,000 Common Shares of PFC 25,768 Deferred Share Units of the Corporation 21,029 Deferred Share Units of PFC 18,506 Deferred Share Units of Lifeco
		Related Party and Conduct Review	3/3	

[1] The members of the Board of Directors receive all or a portion of their annual retainer and attendance fees in the form of deferred share units or in the form of Subordinate Voting Shares of the Corporation. The value of a deferred share unit of the Corporation is equal to the value of a Subordinate Voting Share at the relevant time. See "Compensation of Directors".

[2] Director is currently a member of each Committee noted.

[3] 62,263,392 Subordinate Voting Shares of the Corporation are beneficially owned or controlled, directly or indirectly, by associates or affiliates of Mr. Desmarais.

[4] Beneficially owned or controlled, directly or indirectly, by associates or affiliates of Mr. Desmarais. The security holdings of Gelco Enterprises Ltd., controlled by Mr. Desmarais, constitute at least 10 per cent of the voting rights attached to all voting securities of the Corporation.

[5] Beneficially owned or controlled, directly or indirectly, by associates or affiliates of Mr. Desmarais. The security holdings of 171263 Canada Inc. constitute at least 10 per cent of the voting rights attached to all voting securities of PFC, and the Corporation owns all of the outstanding shares of 171263 Canada Inc. and is controlled by Mr. Desmarais.

[6] Owned directly and/or through subsidiaries of the Corporation.

COMPENSATION OF DIRECTORS

DIRECTOR COMPENSATION

To assist in determining the appropriate compensation for members of the Board of Directors, the Compensation Committee reviews competitive practices from time to time with the assistance of outside compensation consultants (see "Compensation Discussion and Analysis – Compensation Consultant").

The Compensation Committee reviews compensation data from a Canadian reference group which is the same group used for benchmarking the executive positions (see list of companies included in the Canadian reference group on page 33).

The Committee's compensation policy is aimed at providing fair, reasonable and competitive total compensation required to attract and retain experienced and competent Directors.

Although the Committee does not identify a specific percentile within the reference group for determining the Director compensation, it tends to fix the level of compensation generally at the median of the Canadian reference group.

For the financial year ended December 31, 2011, the retainers and fees payable to all Directors were as follows, unchanged from the prior financial year:

RETAINERS AND FEES	
Annual Retainer	$100,000
Additional Retainer – Member of Committees, except Audit	$5,000
Additional Retainer – Member of Audit Committee	$6,000
Additional Retainer – Chairmen of Committees, except Executive and Audit	$15,000
Additional Retainer – Chairman of Audit Committee	$25,000
Additional Retainer – Chairman of Executive Committee	$250,000
Attendance Fee – Board and Committee Meetings	$2,000

The Board made no changes to its policies and practices relating to compensation for the Corporation's Directors during the financial year ended December 31, 2011.

DEDICATED ANNUAL BOARD RETAINER

All Directors receive a basic annual retainer of $100,000. Of this amount, $50,000 consists of a dedicated annual board retainer which is received by Directors in deferred share units ("DSUs") under the Corporation's Deferred Share Unit Plan (the "DSU Plan"), described below, or in the form of Subordinate Voting Shares acquired in the market under the Corporation's Directors Share Purchase Plan (the "DSP Plan"), also described below. Participation in the DSU Plan or the DSP Plan is mandatory.

Pursuant to the DSU Plan, for Directors who participate in the DSU Plan, the $50,000 dedicated portion of the annual board retainer is used to acquire DSUs. The number of DSUs granted is determined by dividing the amount of remuneration payable by the five-day average closing price on the TSX of the Subordinate Voting Shares of the Corporation on the last five trading days of the fiscal quarter (the "value of a DSU"). A Director who receives DSUs receives additional DSUs in respect of dividends payable on Subordinate Voting Shares, based on the value of a DSU at that time. A DSU is payable at the time a Director's membership on the Board is terminated, or in the event of the death of a Director, by a lump sum cash payment, based on the value of a DSU at that time. In order to promote greater alignment of interests between Directors and the shareholders of the Corporation, Directors are also able to elect to receive the balance of the annual board retainer and the board and committee attendance fees, committee retainer, and committee chairman retainer in the form of DSUs under the DSU Plan.

Pursuant to the DSP Plan, for Directors who participate in the DSP Plan, the $50,000 dedicated portion of the annual board retainer is used to acquire Subordinate Voting Shares of the Corporation in the market. The Corporation also pays the administrative costs and brokerage expenses incurred in connection with participation in the DSP Plan, excluding fees and expenses associated with the sale of shares and taxes payable by a Director. In order to promote greater alignment of interests between Directors and the shareholders of the Corporation, Directors are also able to elect to receive the balance of the annual board retainer and board and committee attendance fees, committee retainer and committee chairman retainer in the form of Subordinate Voting Shares acquired under the DSP Plan.

In the view of the Compensation Committee and the Board, these plans further align the interests of Directors with those of the Corporation's shareholders.

DIRECTOR COMPENSATION TABLE*

The following chart shows the compensation paid to each Director (other than Named Executive Officers ("NEOs"), see "Executive Compensation — Summary Compensation Table") for services as a Director of the Corporation, and in any other capacities if applicable, during the financial year ended December 31, 2011.

COMPENSATION OF DIRECTORS [1,2,3]				
DIRECTOR	FEES EARNED [4] [$]	SHARE-BASED AWARDS [5,6] [$]	ALL OTHER COMPENSATION [$]	TOTAL COMPENSATION [$]
Pierre Beaudoin	64,000	50,000	—	114,000
Marcel R. Coutu [7]	45,500	37,500	—	83,000
Laurent Dassault	66,000	50,000	—	116,000
The Hon. Paul Desmarais	311,000	50,000	425,000 [8]	786,000
Guy Fortin [9]	68,000	50,000	—	118,000
Anthony R. Graham	112,000	50,000	37,000 [10]	199,000
Robert Gratton	66,000	50,000	—	116,000
Isabelle Marcoux	66,000	50,000	—	116,000
The Rt. Hon. Donald F. Mazankowski [9]	140,000	50,000	—	190,000
Raymond L. McFeetors [9,11,12]	68,000	50,000	—	118,000
Jerry E.A. Nickerson [9]	106,000	50,000	—	156,000
James R. Nininger [9]	120,000	50,000	—	170,000
R. Jeffrey Orr [13]	68,000	50,000	—	118,000
Robert Parizeau [9]	84,000	50,000	—	134,000
Michel Plessis-Bélair [9,14]	68,000	50,000	498,000 [15]	616,000
T. Timothy Ryan, Jr. [7]	49,500	37,500	—	87,000
Emőke J.E. Szathmáry	95,000	50,000	—	145,000

*Footnotes to this table appear on the following page.

[1] Table does not include any amounts paid as reimbursement for expenses.

[2] Compensation paid (including compensation paid as a Director of the Corporation and its subsidiaries) to the NEOs who served as Directors of the Corporation is disclosed in the Summary Compensation Table. See "Executive Compensation" below.

[3] Some Directors also receive compensation in their capacity as Directors of publicly-traded subsidiaries of the Corporation, and their subsidiaries, namely: Marcel R. Coutu is also a Director of Lifeco and certain of its subsidiaries; the Hon. Paul Desmarais is also a Director of PFC; Anthony R. Graham is also a Director of PFC; Robert Gratton is also a Director of PFC; the Rt. Hon. Donald F. Mazankowski is also a Director of PFC; Raymond L. McFeetors is also a Director of PFC, Lifeco, IGM and certain of their subsidiaries; Jerry E.A. Nickerson is also a Director of PFC and Lifeco and certain of its subsidiaries; R. Jeffrey Orr is also a Director of PFC, Lifeco, IGM and certain of their subsidiaries; Michel Plessis-Bélair is also a Director of PFC, Lifeco, IGM and certain of their subsidiaries; T. Timothy Ryan, Jr. is also a Director of PFC and Lifeco and certain of its subsidiaries; and Emőke J.E. Szathmáry is also a Director of PFC and Lifeco and certain of its subsidiaries. See PFC's Management Proxy Circular dated March 14, 2012, Lifeco's Management Proxy Circular dated February 22, 2012 and IGM's Management Proxy Circular dated February 29, 2012, as applicable.

[4] Of the fees disclosed, each of the following Directors elected to receive the following amounts in the form of additional DSUs under the Corporation's DSU Plan: Pierre Beaudoin: $64,000; Marcel R. Coutu: $45,500; Guy Fortin: $68,000; Anthony R. Graham: $70,000; Isabelle Marcoux: $66,000; the Rt. Hon. Donald F. Mazankowski: $43,000; Raymond L. McFeetors: $68,000; R. Jeffrey Orr: $68,000; and T. Timothy Ryan, Jr.: $49,500. Of the fees disclosed, each of the following Directors has elected to receive the following amounts in the form of Subordinate Voting Shares of the Corporation under the DSP Plan: Laurent Dassault: $66,000 and Jerry E.A. Nickerson: $106,000. These amounts are in addition to the amounts shown in the "Share-Based Awards" column above. See also note [6] below.

[5] Represents the dedicated portion of the annual board retainer that, under the Corporation's DSU Plan and DSP Plan adopted by the Board, is required to be paid to Directors in DSUs or Subordinate Voting Shares of the Corporation.

[6] DSU awards are granted on the first day of each fiscal quarter and the grant date fair value of a DSU award is equal to the five-day average closing price on the TSX of the Subordinate Voting Shares of the Corporation on the last five trading days of the preceding fiscal quarter. The grant date fair value of a DSP award is equal to the aggregate price of the Subordinate Voting Shares of the Corporation so acquired in the market.

[7] Marcel R. Coutu and T. Timothy Ryan, Jr. were elected to the Board of the Corporation on May 13, 2011.

[8] The Hon. Paul Desmarais received a salary of $400,000 during the financial year ended December 31, 2011 in his capacity as Chairman of a private, wholly owned subsidiary of the Corporation, and compensation of $25,000 in his capacity as a Director of wholly owned subsidiaries of the Corporation.

[9] These Directors will not be standing for re-election at the Meeting. During the financial year ended December 31, 2011, Guy Fortin attended nine meetings of the Board of Directors (out of nine); the Rt. Hon. Donald F. Mazankowski attended nine meetings of the Board of Directors, three meetings of the Executive Committee (out of three), five meetings of the Audit Committee (out of five), six meetings of the Compensation Committee (out of six), three meetings of the Related Party and Conduct Review Committee (out of three) and one meeting of the Governance and Nominating Committee (out of one); Raymond L. McFeetors attended nine meetings of the Board of Directors; Jerry E.A. Nickerson attended nine meetings of the Board of Directors, three meetings of the Executive Committee and six meetings of the Compensation Committee; James R. Nininger attended nine meetings of the Board of Directors, five meetings of the Audit Committee and six meetings of the Compensation Committee; Robert Parizeau attended nine meetings of the Board of Directors and five meetings of the Audit Committee and Michel Plessis-Bélair attended nine meetings of the Board of Directors.

[10] Anthony R. Graham received compensation of $37,000 during the financial year ended December 31, 2011 in his capacity as a Director of a wholly owned subsidiary of the Corporation.

[11] Raymond L. McFeetors is a Vice-Chairman of PFC and his compensation as such (including compensation paid as a Director of PFC and its subsidiaries) for the financial year ended December 31, 2011 is disclosed in PFC's Management Proxy Circular dated March 14, 2012.

[12] Although Mr. McFeetors will not be standing for re-election as a Director of the Corporation at the Meeting, he will continue to perform his functions as a Vice-Chairman of PFC.

[13] R. Jeffrey Orr is the President and Chief Executive Officer of PFC and his compensation as such (including compensation paid as a Director of PFC and its subsidiaries) for the financial year ended December 31, 2011 is disclosed in PFC's Management Proxy Circular dated March 14, 2012.

[14] Although Michel Plessis-Bélair will not be standing for re-election as a Director of the Corporation at the Meeting, he will continue to perform his functions as a Vice-Chairman of the Corporation.

[15] Mr. Plessis-Bélair received compensation of $416,000 comprised of salary and a non-equity incentive award during the financial year ended December 31, 2011, in his capacity as Senior Adviser to a wholly owned subsidiary of the Corporation, and compensation of $82,000 in his capacity as a Director of wholly owned subsidiaries of the Corporation.

DIRECTOR COMPENSATION EQUITY HOLDINGS AT DECEMBER 31, 2011

The following table shows equity holdings as at December 31, 2011 for each Director (other than NEOs) in respect of DSUs and Subordinate Voting Shares received as compensation under the Corporation's DSU Plan or DSP Plan in 2011 and prior years.

DIRECTOR	NUMBER OF DSP PLAN SHARES AS AT DECEMBER 31, 2011 [1] [#]	NUMBER OF DSUS HELD UNDER THE DSU PLAN AS AT DECEMBER 31, 2011 [2] [#]	TOTAL VALUE OF DSP PLAN SHARES AND DSUS [3] AS AT DECEMBER 31, 2011 [4] [$]
Pierre Beaudoin	—	25,210	600,502
Marcel R. Coutu	—	3,519	83,823
Laurent Dassault	14,273	—	339,983
The Hon. Paul Desmarais	—	34,887	831,008
Guy Fortin [5]	—	8,017	190,965
Anthony R. Graham	—	32,914	784,011
Robert Gratton	—	22,497	535,879
Isabelle Marcoux	—	7,862	187,273
The Rt. Hon. Donald F. Mazankowski [5]	—	26,623	634,160
Raymond L. McFeetors [5]	—	17,271	411,395
Jerry E.A. Nickerson [5]	19,022	—	453,104
James R. Nininger [5]	—	16,900	402,558
R. Jeffrey Orr	—	26,264	625,608
Robert Parizeau [5]	—	35,197	838,393
Michel Plessis-Bélair [5]	—	20,976	499,648
T. Timothy Ryan, Jr.	—	3,695	88,015
Emőke J.E. Szathmáry	—	25,768	613,794

[1] Amount includes shares representing the dedicated portion of the annual board retainer, as well as fees which Directors elected to receive in Subordinate Voting Shares of the Corporation under the Corporation's DSP Plan.

[2] Amount includes DSUs representing the dedicated portion of the annual board retainer, as well as fees which Directors elected to receive in DSUs under the Corporation's DSU Plan. Amount also includes DSUs that were received in respect of dividend equivalents payable on DSUs.

[3] A DSU is payable at the time a Director's membership on the Board is terminated, or in the event of the death of a Director, by a lump sum cash payment, based on the value of a DSU at that time.

[4] Calculated based on December 31, 2011 closing price of $23.82 per Subordinate Voting Share of the Corporation on the TSX.

[5] These Directors will not be standing for re-election at the Meeting. See notes [9], [12] and [14] under "Director Compensation Table" above.

The foregoing table does not disclose all of the equity holdings in the Corporation of members of the Board of the Corporation. Please refer to the table under "Election of Directors" earlier in this Management Proxy Circular for this information with respect to Directors nominated for election at the Meeting.

Directors of the Corporation are subject to the Corporation's Insider Trading Policy. Although the Insider Trading Policy does not specifically prohibit a Director from purchasing financial instruments that could be utilized to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by these individuals, it does prohibit the use of some financial instruments that could be used for this purpose. For example, a Director is prohibited from knowingly, directly or indirectly, selling a "call"; or buying a "put"; in respect of any security of the Corporation or a publicly-traded subsidiary (as defined in the policy) of the Corporation. The Insider Trading Policy also prohibits these individuals from making a "short sale" of securities of such issuers or purchasing any such securities for the purpose of selling them at a profit within a short period of time, which the policy provides would generally, depending on the circumstances, mean the purchaser intends to hold such securities for a minimum of two years. Under the terms of DSUs held by Directors in the Corporation and its publicly traded subsidiaries, the Directors may not receive or obtain any amount for the purpose of reducing the impact, in whole or in part, of any reduction in the fair market value of the shares of the corporation relating to such DSUs or, in the case of the subsidiaries, those of a related corporation (such as the Corporation).

DIRECTOR OUTSTANDING OPTIONS

Michel Plessis-Bélair, who will not be standing for re-election as a Director of the Corporation at the Meeting, holds options to acquire Subordinate Voting Shares, subject to the applicable vesting restrictions, under the Corporation's Executive Stock Option Plan (the "Executive Stock Option Plan"), which options were awarded to Mr. Plessis-Bélair in his capacity as an officer of the Corporation at the time of such award. The following table shows information for all such unexercised options as at December 31, 2011.

NAME [1]	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#]	OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS [2] [$]
Michel Plessis-Bélair	69,225	37.07	March 25, 2017	Nil
	74,750	33.285	April 2, 2016	Nil
	66,000	32.025	February 22, 2015	Nil
	78,000	26.375	May 16, 2014	Nil
				Nil

[1] Robert Gratton holds options previously granted to him as an officer of PFC, which are disclosed in PFC's Management Proxy Circular dated March 14, 2012. R. Jeffrey Orr holds options of PFC granted to him as an officer of PFC, which are disclosed in PFC's Management Proxy Circular dated March 14, 2012. Mr. Orr also holds options of IGM previously granted to him as an officer of IGM, which are disclosed in IGM's Management Proxy Circular dated February 29, 2012. Raymond L. McFeetors holds options of PFC granted to him as an officer of PFC, which are disclosed in PFC's Management Proxy Circular dated March 14, 2012. Mr. McFeetors also holds options of Lifeco previously granted to him as an officer of Lifeco, which are disclosed in Lifeco's Management Proxy Circular dated February 22, 2012.

[2] Calculated based on December 31, 2011 closing price on the TSX of $23.82 per Subordinate Voting Share of the Corporation. In accordance with the CSA requirements, this amount includes values for unvested (non-exercisable) options as well as vested (exercisable) options.

The aggregate value that would have been realized by Mr. Plessis-Bélair if options held by him had been exercised on the vesting date during the financial year ended December 31, 2011 is nil.

MANDATORY HOLDINGS BY DIRECTORS

Directors are required to hold Shares of the Corporation or DSUs with a value equivalent to $375,000 within five years of their becoming a Director of the Corporation. All Directors meet, or are on track to meet, the Corporation's equity ownership guidelines.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE*

The Summary Compensation Table and Notes below describe the total compensation paid, awarded or earned by each of the named executive officers (collectively, the "NEOs") for services rendered in all capacities to the Corporation and its subsidiaries, including PFC in the case of certain NEOs, during the financial years indicated. The amounts shown below

SUMMARY COMPENSATION TABLE

		POWER FINANCIAL CORPORATION						
NAME AND PRINCIPAL POSITION	YEAR	SALARY [1] [$]	SHARE-BASED AWARDS [2] [$]	OPTION-BASED AWARDS [3] [$]	ANNUAL INCENTIVE PLANS [1] [$]	PENSION VALUE [1,4] [$]	ALL OTHER COMPEN-SATION [5] [$]	TOTAL COMPEN-SATION FOR PFC [$]
Paul Desmarais, Jr. [9] Chairman and Co-Chief Executive Officer	2011	525,000	137,500	—	750,000	435,000	260,250	2,107,750
	2010	500,000	133,168	—	750,000	464,920	284,030	2,132,118
	2009	500,000	125,000	—	500,000	Nil	320,000	1,445,000
André Desmarais [9] Deputy Chairman, President and Co-Chief Executive Officer	2011	525,000	137,500	—	750,000	271,420	333,500	2,017,420
	2010	500,000	133,168	—	750,000	406,140	338,530	2,127,838
	2009	500,000	125,000	—	500,000	61,320	334,000	1,520,320
Philip K. Ryan [9] Executive Vice-President and Chief Financial Officer	2011	320,500	87,500	31,112 [11]	375,000	415,000	286,910	1,516,022
	2010	312,500	83,168	56,249 [11]	350,000	371,000	291,055	1,463,972
	2009	306,000	75,000	—	325,000	311,000	249,120	1,266,120
John A. Rae [14,15] Executive Vice-President, Office of the Chairman of the Executive Committee	2011	—	—	—	—	—	—	—
	2010	—	—	—	—	—	—	—
	2009	—	—	—	—	—	—	—
Henri-Paul Rousseau [9,14,17] Vice-Chairman	2011	292,500	137,500	—	125,000	17,000	325,146	897,146
	2010	280,500	133,168	—	125,000	16,000	315,922	870,590
	2009	275,000	86,813	—	50,000	14,500	180,182	606,495
Arnaud Vial [9,20] Senior Vice-President	2011	137,500	—	—	75,000	124,450	—	336,950
	2010	133,750	—	—	62,500	67,560	—	263,810
	2009	262,500	—	—	125,000	125,810	—	513,310

*Footnotes to this table appear on the following page.

under “Power Financial Corporation” for “Salary”, “Annual Incentive Plans” and “Pension Value” represent inter-company reimbursements from PFC to the Corporation and do not represent amounts paid directly by PFC to the applicable NEOs. Although the Corporation paid or credited these amounts to the applicable NEOs, they are not included in “Salary”, “Annual Incentive Plans” and “Pension Value” under “Power Corporation of Canada” in the chart below as they have been accounted for in the columns below under “Power Financial Corporation”.

POWER CORPORATION OF CANADA							
SALARY [$]	SHARE-BASED AWARDS [6] [$]	OPTION-BASED AWARDS [7] [$]	ANNUAL INCENTIVE PLANS [$]	PENSION VALUE [$]	ALL OTHER COMPEN-SATION [8] [$]	TOTAL COMPEN-SATION FOR PCC [$]	TOTAL COMPENSATION [$]
525,000	50,000	1,366,200 [10]	750,000	290,000	134,000	3,115,200	5,222,950
500,000	50,000	1,488,218	750,000	323,080	128,000	3,239,298	5,371,416
500,000	50,000	741,541	500,000	Nil	132,000	1,923,541	3,368,541
525,000	50,000	1,366,200 [10]	750,000	390,580	276,000	3,357,780	5,375,200
500,000	50,000	1,488,218	750,000	560,860	276,000	3,625,078	5,752,916
500,000	50,000	741,541	500,000	84,680	277,000	2,153,221	3,673,541
320,500	—	34,999 [10]	375,000	415,000	6,410	1,151,909	2,667,931
312,500	—	68,749 [12,13]	350,000	371,000	6,250	1,108,499 [12,13]	2,572,471 [12,13]
306,000	—	Nil [12,13]	325,000	311,000	6,120	948,120 [12,13]	2,214,240 [12,13]
530,000	50,000	233,201 [10]	125,000	-134,000 [16]	83,900	888,101	888,101
517,000	50,000	227,479	150,000	-93,000	77,510	928,989	928,989
507,000	50,000	165,916	125,000	-74,000	79,210	853,126	853,126
292,500	50,000	Nil [18]	125,000	17,000	103,146	587,646	1,484,792
280,500	50,000	Nil [13,19]	125,000	16,000	93,391	564,891 [13,19]	1,435,481 [13,19]
275,000	37,500	1,810,800 [13,19]	50,000	14,500	46,885	2,234,685 [13,19]	2,841,180 [13,19]
412,500	—	206,401 [21]	225,000	336,550	16,500	1,196,951	1,533,901
401,250	—	250,113	187,500	251,440	16,050	1,106,353	1,370,163
262,500	—	208,622	125,000	127,190	15,751	739,063	1,252,373

[1] The amounts shown under Power Financial Corporation for "Salary", "Annual Incentive Plans" and "Pension Value" represent inter-company reimbursements from PFC to the Corporation and do not represent amounts paid or credited directly by PFC to the applicable NEOs.

[2] Share-based awards represent the portion of the annual board retainer that, under the DSU Plan and DSP Plan of PFC, and similar plans of PFC's subsidiaries, is required to be paid to NEOs in DSUs or shares in their capacity as Directors of PFC or its subsidiaries. The value of these awards is determined based on the grant date fair value. See PFC's Management Proxy Circular dated March 14, 2012, Lifeco's Management Proxy Circular dated February 22, 2012 and IGM's Management Proxy Circular dated February 29, 2012, as applicable.

[3] The grant date fair value for options awarded by PFC in 2011 was calculated as disclosed in PFC's Management Proxy Circular dated March 14, 2012.

[4] Represents the portion of the compensatory value of the annual pension benefits under the Corporation's Supplementary Executive Retirement Plan ("SERP") and Mr. Ryan's pension benefit arrangement attributable to PFC in 2011, as disclosed in PFC's Management Proxy Circular dated March 14, 2012.

[5] A substantial portion of this compensation represents board fees paid in cash or, at the election of the NEO, DSUs or DSP Plan shares for services as a Director of PFC and its subsidiaries, as disclosed in PFC's Management Proxy Circular dated March 14, 2012. These amounts do not include the portion of the annual board retainer required to be paid in shares or DSUs which are disclosed in the "Share-Based Awards" column under "Power Financial Corporation" in the table above.

[6] Share-based awards represent the portion of the annual board retainer that, under the DSU Plan and DSP Plan of the Corporation, is required to be paid to certain NEOs in DSUs or shares in their capacity as Directors of the Corporation. See "Compensation of Directors — Dedicated Annual Board Retainer" above. DSU awards are granted on the first day of each fiscal quarter and the grant date fair value of a DSU award is equal to the five-day average closing price on the TSX of the Subordinate Voting Shares of the Corporation on the last five trading days of the preceding fiscal quarter. The grant date fair value of a DSP award is equal to the aggregate price of the Subordinate Voting Shares of the Corporation so acquired in the market.

[7] The grant date fair value for options awarded by the Corporation has been calculated using the binomial lattice method. This methodology for determining the fair value of the grants corresponds to the value which the Board awarded as compensation to the NEOs. The Corporation's use of this methodology is also consistent with the method used by its external compensation adviser when valuing the equity-based awards of other companies for competitive total compensation comparison purposes. The grant date fair value for these options determined for accounting purposes for options awarded in 2011 is $1,660,500 in the case of Mr. Paul Desmarais, Jr. and Mr. André Desmarais, $42,538 in the case of Mr. Ryan, $283,436 in the case of Mr. Rae and $210,434 in the case of Mr. Vial. The amount of the differences between the fair value of the award presented in the table above and the fair value determined for accounting purposes are as follows: $294,300 in the case of Mr. Paul Desmarais, Jr. and Mr. André Desmarais, $7,539 in the case of Mr. Ryan, $50,235 in the case of Mr. Rae and $4,033 in the case of Mr. Vial. The difference between the grant date fair value for accounting purposes and the grant date fair value for the purposes of the "Option-Based Awards" column in the above table is due to the use of different methodologies (Black-Scholes vs. Binomial) and different assumptions for the expected life of the options and the period over which the volatility and dividend yield are calculated. Options awarded by the Corporation in 2011 have a 10-year term and 50 per cent of the award vests on the third anniversary of the award, while the remaining 50 per cent vests on the fourth anniversary of the award.

[8] Except for Mr. Ryan and Mr. Vial, a substantial portion of this compensation represents board fees paid in cash or DSUs for services as a Director of the Corporation and its subsidiaries other than PFC and its subsidiaries. Amounts for 2011 include the following board fees: Mr. Paul Desmarais, Jr.: $119,000, Mr. André Desmarais: $261,000, Mr. Rae: $68,000 and Mr. Rousseau: $68,000. This compensation also includes the amounts contributed by the Corporation to proportionately supplement contributions by employees to acquire shares under the Corporation's Employee Share Purchase Program, which is offered to all employees of the Corporation. These amounts do not include the portion of the annual board retainer required to be paid in shares or DSUs which are disclosed in the "Share-Based Awards" column under "Power Corporation of Canada" in the table above. The Dedicated Annual Board Retainer is more fully described above in this circular.

[9] This NEO serves both as an executive officer of the Corporation and of PFC, a subsidiary of the Corporation. A portion of the amounts under "Salary", "Annual Incentive Plans" and "Pension Value" paid or credited to this NEO by the Corporation is reimbursed by PFC to the Corporation as disclosed in the table above under "Power Financial Corporation" and for Mr. Paul Desmarais, Jr., Mr. André Desmarais and Mr. Ryan, in PFC's Management Proxy Circular dated March 14, 2012. The amount of the reimbursement is an inter-company payment from PFC to the Corporation and does not represent a payment by PFC directly to the NEO. Although the Corporation paid or credited these amounts to the applicable NEOs, they are not included in "Salary", "Annual Incentive Plans" and "Pension Value" under "Power Corporation of Canada" in the table above as they have been accounted for in the appropriate columns under "Power Financial Corporation".

[10] The grant date fair value for options awarded by the Corporation to Mr. Paul Desmarais Jr., Mr. André Desmarais, Mr. Ryan and Mr. Rae in 2011 was calculated using the binomial lattice model. The binomial factor has been determined using a 5-year average volatility of 22.1 per cent at the date of grant and a 1-year dividend yield of 4.36 per cent. The risk free interest rates for the 2011 grants were based on a yield curve of risk free interest rates based on the median, zero coupon yield curve data calculated on a daily basis by the Bank of Canada. Based on these assumptions, the binomial factor used for 2011 is 11 per cent of the exercise price.

[11] For an explanation of the grant date fair value for options awarded to Mr. Ryan by PFC in and prior to 2011, see PFC's Management Proxy Circular dated March 14, 2012.

[12] Previously, in accordance with then-applicable CSA disclosure requirements, the Corporation recognized one-fifth of the grant date fair value for a multi-year allotment of options awarded to Mr. Ryan during the financial year ended December 31, 2008, corresponding to the compensation value which the Board intended to provide to Mr. Ryan for that year, within the Corporation's total compensation policy. See also Note [13].

[13] Pursuant to changes adopted by the CSA during 2011, the Corporation is now required to state for the year of grant the entire grant date fair value of options awarded by the Corporation during the year, irrespective of whether part or all of the award relates to multiple financial years, and irrespective of whether this actually reflects the compensation value which the Board intended to provide to the NEO in a given year. Accordingly, the amounts shown in the table have been restated to conform to the new requirements and therefore are not the same as the amounts disclosed in prior Management Proxy Circulars of the Corporation for prior years.

[14] These NEOs will not be standing for re-election as Directors of the Corporation at the Meeting. Mr. Rae and Mr. Rousseau each attended nine meetings of the Board of Directors (out of nine) in 2011.

[15] Although Mr. Rae will not be standing for re-election as a Director of the Corporation at the Meeting, he will continue to perform his functions as Executive Vice-President, Office of the Chairman of the Executive Committee, of the Corporation.

[16] Mr. Rae has attained the maximum pension accrual. His expected future earnings have decreased over the past year, since his actual earnings in 2011 were lower than initially projected for pension benefits purposes. Accordingly, his compensatory change for the 2011 accrued benefit obligation results in a negative amount.

[17] Although Mr. Rousseau will not be standing for re-election as a Director of the Corporation at the Meeting, he will continue to perform his functions as a Vice-Chairman of the Corporation and of PFC.

[18] No options were granted to Mr. Rousseau by the Corporation during the financial years ended December 31, 2010 and December 31, 2011.

[19] Previously, in accordance with then-applicable CSA disclosure requirements, the Corporation recognized one-seventh of the grant date fair value for a multi-year allotment of options awarded to Mr. Rousseau during the financial year ended December 31, 2009, corresponding to the compensation value which the Board intended to provide to Mr. Rousseau for that year, within the Corporation's total compensation policy. The amount of $1,810,800 now reflects the entire grant date fair value of the options awarded by the Corporation to Mr. Rousseau in 2009. See also Note [13].

[20] In the case of Mr. Vial, the amounts accounted for under Power Financial Corporation for "Salary", "Annual Incentive Plans" and "Pension Value" are determined according to the estimated proportion of Mr. Vial's time attributed to the affairs of PFC. These proportions were 25 per cent for 2011 and 2010 and 50 per cent for 2009.

[21] The grant date fair value for options awarded by the Corporation to Mr. Vial in 2011 was calculated using the binomial lattice model. The binomial factor has been determined using a 5-year average volatility of 21.76 per cent at the date of grant and a 1-year dividend yield of 4.22 per cent. The risk free interest rates for the 2011 grants were based on a yield curve of risk free interest rates based on the median, zero coupon yield curve data calculated on a daily basis by the Bank of Canada. Based on these assumptions, the binomial factor used for 2011 is 11 per cent of the exercise price.

INCENTIVE PLAN AWARDS

The table below shows information for each NEO, award by award, for all unexercised options as at December 31, 2011, and for the value of DSP Plan shares and DSUs of the Corporation and its subsidiaries held by NEOs as at December 31, 2011.

OPTION AWARDS					
NAME		NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#] VESTED	UNVESTED [4]	OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE
Paul Desmarais, Jr.			450,000 [5]	27.60	March 14, 2021
			450,000	30.065	March 15, 2020
			364,000	18.52	March 15, 2019
		173,138	173,137	29.89	March 17, 2018
		268,550		37.07	March 25, 2017
		290,125		33.285	April 2, 2016
		263,000		32.025	February 22, 2015
		268,000		26.375	May 16, 2014
André Desmarais			450,000 [5]	27.60	March 14, 2021
			450,000	30.065	March 15, 2020
			364,000	18.52	March 15, 2019
		173,138	173,137	29.89	March 17, 2018
		268,550		37.07	March 25, 2017
		290,125		33.285	April 2, 2016
		263,000		32.025	February 22, 2015
		268,000		26.375	May 16, 2014
Philip K. Ryan	PCC		11,528 [5]	27.60	March 14, 2021
			20,788	30.065	March 15, 2020
		86,931	57,954	36.235	January 30, 2018
	PFC		12,886	30.18	March 14, 2021
			19,254	32.46	March 15, 2020
		84,849	56,566	37.125	January 30, 2018
John A. Rae			76,812 [5]	27.60	March 14, 2021
			68,784	30.065	March 15, 2020
			81,443	18.52	March 15, 2019
		38,950	38,950	29.89	March 17, 2018
		59,300		37.07	March 25, 2017
		64,550		33.285	April 2, 2016
		57,000		32.025	February 22, 2015
		68,000		26.375	May 16, 2014
Henri-Paul Rousseau		228,572	571,428	22.635	January 5, 2019
Arnaud Vial			79,710 [5]	23.54	August 8, 2021
			75,628	30.065	March 15, 2020
			102,406	18.52	March 15, 2019
		34,675	34,675	29.89	March 17, 2018
		60,000		37.07	March 25, 2017
		49,250		33.285	April 2, 2016
		36,000		32.025	February 22, 2015
		42,000		26.375	May 16, 2014

Pursuant to options awarded by the Corporation, subject to the applicable vesting restrictions, the NEOs have the right to acquire Subordinate Voting Shares under the Executive Stock Option Plan. As noted below, Mr. Ryan also has the right to acquire Common Shares of PFC under the PFC Employee Stock Option Plan, in respect of which such disclosure is also made.

		SHARE-BASED AWARDS
VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS [1] [$]		MARKET VALUE OF ALL OUTSTANDING DSP PLAN SHARES AND DSUS [2,3] [$]
VESTED	UNVESTED [4]	
	Nil	2,556,253
	Nil	
	1,929,200	
Nil	Nil	
Nil		
Nil		
Nil		
Nil		
Nil	1,929,200 [4]	
Total: 1,929,200		
	Nil	5,360,881
	Nil	
	1,929,200	
Nil	Nil	
Nil		
Nil		
Nil		
Nil		
Nil	1,929,200 [4]	
Total: 1,929,200		
	Nil	1,268,133
	Nil	
Nil	Nil	
	Nil	
	Nil	
Nil	Nil	
	Nil	441,718
	Nil	
	431,648	
Nil	Nil	
Nil		
Nil		
Nil		
Nil		
Nil	431,648 [4]	
Total: 431,648		
270,858	677,142 [4]	528,012
Total: 948,000		
	22,319	—
	Nil	
	542,752	
Nil	Nil	
Nil		
Nil		
Nil		
Nil		
Nil	565,071 [4]	
Total: 565,071		

[1] Calculated based on December 31, 2011 closing price on the TSX of $23.82 per Subordinate Voting Share of the Corporation and $25.54 per Common Share of PFC (in the case of Mr. Ryan). In accordance with the CSA requirements, the total amount includes values for unvested (non exercisable) options as well as vested (exercisable) options.

[2] Represents DSP Plan shares and DSUs received in respect of the portion of annual retainers that, under the DSU Plan and DSP Plan of the Corporation, and similar plans of the Corporation's subsidiaries, are required to be paid in DSUs or in shares. This amount also includes the fees that the NEOs, in their capacity as Director of the Corporation or its subsidiaries, elected to receive as DSUs or shares. The amount is calculated based on the following December 31, 2011 closing prices on the TSX: PCC Subordinate Voting Shares: $23.82, PFC Common Shares: $25.54, Lifeco Common Shares: $20.40 and IGM Common Shares: $44.23.

[3] A DSU is payable at the time a Director's membership on the Board is terminated or in the event of the death of a Director, by a lump sum cash payment, based on the value of a DSU at that time.

[4] These values are related to non-exercisable options and are therefore not available to the NEOs.

[5] Options awarded to the NEO by the Corporation during the financial year ended December 31, 2011. These options have a 10-year term. 50 per cent of these options vests on the third anniversary of the award and the remaining 50 per cent vests on the fourth anniversary of the award.

INCENTIVE PLAN AWARDS — VALUE VESTED OR EARNED DURING THE YEAR

The table below shows information for each NEO for the year ended December 31, 2011.

NAME	OPTION-BASED AWARDS — VALUE VESTED DURING THE YEAR [1] [$]		NON-EQUITY INCENTIVE PLAN COMPENSATION — VALUE EARNED DURING THE YEAR [2] [$]	
	POWER FINANCIAL CORPORATION	POWER CORPORATION OF CANADA	POWER FINANCIAL CORPORATION	POWER CORPORATION OF CANADA
Paul Desmarais, Jr.	—	Nil	750,000 [3]	750,000
André Desmarais	—	Nil	750,000 [3]	750,000
Philip K. Ryan	Nil	Nil	375,000 [3]	375,000
John A. Rae	—	Nil	—	125,000
Henri-Paul Rousseau	—	574,287	125,000 [3]	125,000
Arnaud Vial	—	Nil	75,000 [3]	225,000

[1] Summarizes for each of the NEOs the aggregate value that would have been realized if the options under the Executive Stock Option Plan (and for Mr. Ryan under PFC's Employee Stock Option Plan) had been exercised on the vesting date during the financial year ended December 31, 2011.

[2] These are the same amounts as disclosed under the respective PFC and PCC "Annual Incentive Plans" columns in the Summary Compensation Table earlier in this Management Proxy Circular.

[3] This amount represents an inter-company reimbursement from PFC to the Corporation. It does not represent an additional amount paid to the NEOs by PFC. Although the Corporation paid these amounts to the applicable NEOs, they are not included under "Power Corporation of Canada" above as they have been accounted for in the appropriate column under "Power Financial Corporation".

EQUITY COMPENSATION PLAN INFORMATION

The following table shows the number of securities authorized for issuance under equity compensation plans of the Corporation. The only equity compensation plan under which shares of the Corporation may be issued is the Executive Stock Option Plan.

AS AT DECEMBER 31, 2011	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS [EXCLUDING SECURITIES REFLECTED IN COLUMN [A]]
Plan category	[A]	[B]	[C]
Equity compensation plans approved by security holders	13,387,225	$28.57	3,001,885
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	13,387,225	$28.57	3,001,885

On March 19, 2012, the Corporation granted 3,255,487 options to eligible participants under the Executive Stock Option Plan. Each such option has an exercise price of $27.245.

EQUITY COMPENSATION PLANS

Pursuant to the Executive Stock Option Plan, options on 16,620,406 Subordinate Voting Shares are presently outstanding and, following approval of the amendment to the Executive Stock Option Plan by the Corporation's shareholders (as discussed below under "Amendment to Executive Stock Option Plan"), options on 3,746,398 Subordinate Voting Shares will be available for issuance. Options currently outstanding and options to be available for issuance under the Executive Stock Option Plan following such amendment represent approximately 3.61 per cent and 0.81 per cent, respectively, of the aggregate outstanding Shares of the Corporation. There are 16,366,804 Subordinate Voting Shares reserved for issuance representing approximately 3.56 per cent of the aggregate outstanding Shares of the Corporation. During the year ended December 31, 2011, the Corporation granted options on 1,864,324 Subordinate Voting Shares, representing approximately 0.41 per cent of the aggregate outstanding Shares of the Corporation. This percentage is commonly referred to as the annual "burn" rate. The Executive Stock Option Plan was accepted by the TSX and was approved by shareholders on May 10, 1985. Amendments to the number of shares available for issuance under the Executive Stock Option Plan and other provisions have also been approved by the Corporation's shareholders from time to time.

The Executive Stock Option Plan provides for the grant of options to key employees and key associates of Power and its subsidiaries, as designated by the Compensation Committee. The Compensation Committee determines the number of Subordinate Voting Shares to be covered by each such grant of options and determines, subject to the Executive Stock Option Plan, the terms of each such grant of options. The options are granted for a period of not more than 10 years, although a shorter option period may be established by the Compensation Committee. Generally, options granted prior to March 2004 vest on the basis of [i] as to the first 50 per cent, one year from the date of grant; [ii] as to the next 25 per cent, two years from the date of grant; and [iii] as to the remaining 25 per cent, three years from the date of grant. Options granted since March 2004 generally vest on the basis of [i] as to the first 50 per cent, three years from the date of grant; and [ii] as to the remaining 50 per cent, four years from the date of grant. Options may be exercised earlier in the event of death, disability or a change of control of the Corporation.

The options granted under the Executive Stock Option Plan permit option holders to purchase Subordinate Voting Shares of the Corporation on payment of the subscription price. The subscription price is not less than the market value of Subordinate Voting Shares on the date of the grant. The market value of Subordinate Voting Shares for this purpose is calculated by taking the average of the high and low prices of Subordinate Voting Shares on the TSX on the immediately preceding trading day or, if two or more sales of Subordinate Voting Shares have not been reported for that day, the average of the bid and ask for the Subordinate Voting Shares on such day.

Unless otherwise determined by the Compensation Committee, options terminate upon the earlier of the date first established by the Compensation Committee and [i] three years from termination of employment by reason of death; [ii] three years from the date of death in the event of the death of a retiree holding stock options; [iii] 12 months from termination of employment other than by reason of death, disability, retirement or dismissal for fraud or wilful fault or neglect; [iv] the date of termination of employment by reason of dismissal for fraud or wilful fault or neglect; and [v] the date of termination of employment for any cause other than death or disability, in the case of an employee with less than one year's service at the date of grant. The termination date of an option, as first established by the Compensation Committee, will not change as a result of a change of control of the Corporation unless the option holder agrees to an earlier termination date for such option. Options are not assignable other than by will or succession law, except, if and on such terms as the Committee may permit, options can be transferred to certain of the optionee's family members, or trusts or holding companies controlled by the optionee, in which case the options shall continue to be subject to the Executive Stock Option Plan as if the optionee remained the holder thereof.

If options granted under the Executive Stock Option Plan would otherwise expire during a blackout period or within 10 business days of the end of such period, the expiry date of the option will be extended to the tenth business day following the end of the blackout period.

The number of Subordinate Voting Shares issuable to insiders (as defined under TSX rules for this purpose) at any time under options issued and outstanding pursuant to the Executive Stock Option Plan and under any other security-based compensation arrangements (also as defined under applicable TSX rules) of the Corporation shall not exceed in the aggregate 10 per cent of the Corporation's total issued and outstanding Shares, and the number of Subordinate Voting Shares issued to insiders within any one-year period under options issued and outstanding pursuant to the Executive Stock Option Plan and under any other security-based compensation arrangements of the Corporation shall not exceed in the aggregate 10 per cent of the Corporation's total issued and outstanding Shares. The number of Subordinate Voting Shares reserved for issuance to any one person pursuant to options is limited to 5 per cent of the outstanding Shares.

The Board may at any time and from time to time amend, suspend, cancel or terminate the Executive Stock Option Plan or an option granted thereunder, in whole or in part, provided however that approval of the holders of the Shares, by a majority of votes cast by voting shareholders present or represented by proxy at a meeting, is required for the following:

1. increasing the number of Subordinate Voting Shares that can be issued under the Executive Stock Option Plan;
2. reducing the subscription price of an outstanding option, including a cancellation and regrant of an option in conjunction therewith constituting a reduction of the subscription price of the option;
3. extending the term of any outstanding option;
4. permitting the grant of an option with an expiry date of more than 10 years from the grant date;
5. expanding the authority of the Board to permit assignability of options beyond that currently contemplated by the Executive Stock Option Plan;
6. adding non-employee Directors to the categories of participants eligible to participate in the Executive Stock Option Plan;
7. amending the Executive Stock Option Plan to provide for other types of compensation through equity issuance;
8. increasing or deleting the percentage limit on shares issuable or issued to insiders under the Executive Stock Option Plan (being 10 per cent of the Corporation's total issued and outstanding Shares);
9. increasing or deleting the percentage limit on shares reserved for issuance to any one person under the Executive Stock Option Plan (being 5 per cent of the Corporation's total issued and outstanding Shares); and
10. amending the amendment provisions other than as permitted under TSX rules;

unless, in any of the foregoing cases, the change results from the application of the anti-dilution provisions of the Executive Stock Option Plan.

The Board of Directors, on March 14, 2012, authorized an amendment to the Executive Stock Option Plan, subject to approval of the holders of the Subordinate Voting Shares and the holders of Participating Preferred Shares. Such amendment is described below under "Amendment to Executive Stock Option Plan".

RETIREMENT PLAN BENEFITS

The Corporation has a Supplementary Executive Retirement Plan (the "SERP") pursuant to which pension benefits may become payable, in addition to the pension benefits payable from the Corporation's basic pension plan, to certain of the executive officers of the Corporation or any subsidiary of the Corporation (collectively, the "Power Group"), as may be designated for participation by the Compensation Committee of the Board of Directors. The NEOs, except Mr. Ryan and Mr. Rousseau participate in the SERP.

Under the SERP and the Corporation's basic pension plan, a participant becomes entitled to a maximum annual pension at normal retirement age of 62 years equal to 60 per cent of the average of the highest 3 years of the participant's compensation out of the final 10 years of credited service (the "supplementary pension"), less the amount of the benefits payable under the Canada Pension Plan or the Québec Pension Plan on the date of retirement. The participant's average compensation covered under the SERP is calculated based on salary and bonuses received in respect of all Power Group positions during the participant's final 10 years of credited service. Entitlement to the maximum supplementary pension under the SERP requires 15 years of credited service with the Power Group. The amount of the supplementary pension is reduced by 6 ⅔ per cent for each year of credited service with the Power Group of less than 15 years. No benefit is payable to a participant with less than 5 years of credited service at retirement. In the event of retirement prior to normal retirement age, the supplementary pension earned to the date of early retirement becomes payable, provided the participant has completed 10 years of credited service with the Power Group, but is subject to a reduction in the supplementary pension benefit of 6 per cent for each year by which the retirement precedes age 60. Under the SERP, early retirement may not be elected prior to age 55.

Under his pension benefit arrangement and the Corporation's basic pension plan, Mr. Ryan becomes entitled to a maximum annual pension at age 62 equal to 60 per cent of the average of the highest 3 years of his compensation out of the final 10 years of credited service less the amount of the benefits payable under the Canada Pension Plan or the Québec Pension Plan on the date of retirement. His average compensation covered under his pension benefit arrangement is calculated based on salary and bonuses received in respect of all Power Group positions during his final 10 years of credited service. No benefit is payable with less than 10 years of credited service at retirement under Mr. Ryan's pension benefit arrangement. Under these arrangements, Mr. Ryan is entitled to pension benefits starting at age 62.

Mr. Rousseau participates in Power's basic pension plan and has no other pension benefit arrangement with the Corporation.

The following table presents information on the pension benefits offered to each NEO calculated as of the end of 2011 for the Corporation's basic pension plan, the SERP and Mr. Ryan's pension benefit arrangement for services rendered in all capacities to the Corporation and its subsidiaries, including PFC in the case of certain NEOs. The amounts shown below under "Power Financial Corporation" and "Power Corporation of Canada" represent the portion of the annual pension benefits

	POWER FINANCIAL CORPORATION						
		ANNUAL BENEFITS PAYABLE [$]					
NAME	NUMBER OF YEARS OF CREDITED SERVICE [1] [#]	AT YEAR-END [2,3]	AT AGE 65 [2]	ACCRUED OBLIGATION AT START OF YEAR [4,5] [$]	COMPEN-SATORY CHANGE [5,6] [$]	NON-COMPEN-SATORY CHANGE [7] [$]	ACCRUED OBLIGATION AT YEAR-END [4,5] [$]
Paul Desmarais, Jr.	34.7 [8]	1,057,608	1,057,608	11,113,830	435,000	2,094,570	13,643,400
André Desmarais	28.7 [8]	722,699	722,699	7,216,860	271,420	1,138,530	8,626,810
Philip K. Ryan	3.9 [8]	149,984	392,040	1,259,000	415,000	318,500	1,992,500
John A. Rae	40.7	—	—	—	—	—	—
Henri-Paul Rousseau [10]	3.1	3,931	5,745	35,000	17,000	5,000	57,000
Arnaud Vial	14.8	210,646	213,066	2,747,520	124,450	329,330	3,201,300

[1] Only 15 years of credited service are recognized under the SERP (first 10 years under Mr. Ryan's pension benefit arrangement).

[2] The annual benefits payable at year-end and at age 65 represent the estimated pension earned for all service to date, and based on total service projected to age 65, respectively. This estimated pension is calculated based on actual pensionable earnings as at the end of the financial year ended December 31, 2011 and on the terms of the current retirement agreements. The benefits payable at year-end, as shown above, do not include any reduction that may apply if a NEO retires prior to the normal retirement age.

[3] For an explanation of the annual benefit payable by PFC at year end, see PFC's Management Proxy Circular dated March 14, 2012.

[4] The accrued obligation represents the value of the projected pension benefits from all pension plans, earned for all service to date.

[5] The estimated accrued obligation values are calculated each year, based on the same method and assumptions used in the Corporation's financial statements. The key assumptions include a discount rate of 5.25 per cent per year to calculate the accrued obligation at start of year and the annual service cost, a discount rate of 4.50 per cent to calculate the accrued obligation at year-end and a rate of increase in future compensation of 3.50 per cent per year.

TERMINATION AND CHANGE OF CONTROL BENEFITS

There are no change of control provisions in place for the NEOs.

The Corporation has a contract with Mr. Ryan relating to his employment as Executive Vice-President and Chief Financial Officer of the Corporation. The contract provides that the vesting period of any unvested options will continue for one year if his employment is terminated without "cause" (as such term is defined in the contract).

COMPENSATION DISCUSSION AND ANALYSIS

THE COMPENSATION COMMITTEE

The Board of Directors of the Corporation has established a Compensation Committee (the "Committee"), which is responsible for approving (or, in the case of the Co-CEOs, recommending to the Board for approval) the compensation for the executives of the Corporation. The Committee also recommends to the Board for approval the compensation arrangements for the Directors, for the Chairman of the Board, for the Chairmen of Board committees and for members of Board committees. The Committee also approves compensation policies and guidelines applicable to employees; it recommends for approval by the Board such incentive compensation plans, equity compensation plans, registered pension plans, supplemental pension plans and other compensation plans for employees as it deems appropriate; and it oversees the management of the Corporation's incentive compensation plans and equity compensation plans.

payable and the accrued obligation that are shared by PFC and the Corporation. As at the end of 2011, the percentages attributable to PFC and the Corporation are, respectively, 60 per cent and 40 per cent for Paul Desmarais, Jr., 41 per cent and 59 per cent for André Desmarais, 50 per cent each for Philip K. Ryan and Henri-Paul Rousseau and 45 per cent and 55 per cent for Arnaud Vial.

POWER CORPORATION OF CANADA						TOTAL		
ANNUAL BENEFITS PAYABLE [$]		ACCRUED OBLIGATION AT START OF YEAR [4,5] [$]	COMPEN-SATORY CHANGE [5,6] [$]	NON-COMPEN-SATORY CHANGE [7] [$]	ACCRUED OBLIGATION AT YEAR-END [4,5] [$]	ANNUAL BENEFITS PAYABLE [$]		ACCRUED OBLIGATION AT YEAR-END [4,5] [$]
AT YEAR-END [2]	AT AGE 65 [2]					AT YEAR-END [2]	AT AGE 65 [2]	
705,072	705,072	7,723,170	290,000	1,082,430	9,095,600	1,762,680	1,762,680	22,739,000
1,039,981	1,039,981	9,966,140	390,580	2,057,470	12,414,190	1,762,680	1,762,680	21,041,000
149,984	392,040	1,259,000	415,000	318,500	1,992,500	299,968 [9]	784,080	3,985,000
427,880	427,880	5,101,000	-134,000	516,000	5,483,000	427,880	427,880	5,483,000
3,931	5,745	35,000	17,000	5,000	57,000	7,862	11,490	114,000
257,456	260,414	2,976,480	336,550	599,670	3,912,700	468,102	473,480	7,114,000

[6] Includes service cost at the beginning of the year, the impact on the accrued obligation of the difference between actual and estimated earnings and the impact of amendments to the applicable plans or arrangements, if any.

[7] Includes the impact on the accrued obligation of the change in the discount rate from 5.25 per cent to 4.50 per cent, non-pay related experience such as mortality and retirement, and increase in the obligation due to interest.

[8] Represents the total years of credited service in the Power group.

[9] Pursuant to changes adopted by the CSA during 2011, the Corporation is required to provide disclosure of the annual benefits payable at year-end based on the assumption that the NEO is eligible to receive payments or benefits at year-end. In fact, the vesting conditions under Mr. Ryan's pension benefit arrangements were not met as at December 31, 2011, and Mr. Ryan was entitled to receive $9,992 of annual benefits under Power's basic pension plan as at that date.

[10] Mr. Rousseau participates in Power's basic pension plan and has no other pension benefit arrangement with the Corporation or PFC. He does not participate in the SERP.

COMPOSITION OF THE COMMITTEE

The current members of the Compensation Committee are Anthony R. Graham, The Right Honourable Donald F. Mazankowski, Jerry E.A. Nickerson and James R. Nininger. Each current member of the Committee is an independent director within the meaning of the Instruments (as more fully described in the "Statement of Corporate Governance Practices — Independence of Directors" section later in this Management Proxy Circular) and none receives, directly or indirectly, any compensation from the Corporation other than for service as a member of the Board of Directors and its committees. As described below, all members of the Committee have direct experience that is relevant to their responsibilities in executive compensation and have the skills and experience that contribute to the ability of the Committee to make decisions on the suitability of the Corporation's compensation policies and practices. As described above under "Director Compensation Table", Messrs. Mazankowski, Nickerson and Nininger will not be standing for re-election as Directors of the Corporation at the Meeting.

RELEVANT EXPERIENCE OF THE CURRENT MEMBERS OF THE COMMITTEE

In addition to each Committee member's general business background, senior management experience and involvement with other companies (see biographical information under "Nominees for Election to the Board"), each of the current Compensation Committee members have many years of experience on the Compensation Committee of the Corporation (with the exception of Mr. Anthony R. Graham who was appointed to the Compensation Committee in May 2010) or on the compensation committees of other companies. The following is a description of the direct experience of each of the members of the Compensation Committee that is relevant to his responsibilities in executive compensation. Through the positions described below, the members of the Compensation Committee have been involved in the design, implementation or oversight of compensation programs within the financial services industry or other sectors. The members of the Compensation Committee draw upon this experience and their business judgment, as well as the skills gained with this experience, to enable the Compensation Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

Mr. Graham is President and a Director of Wittington Investments, Limited, an investment management company and the principal holding company of the Weston-Loblaw Group. Prior to joining Wittington Investments, Limited, he held senior positions in Canada and the U.K. with National Bank Financial Inc. (formerly Lévesque Beaubien Geoffrion Inc.), a Montréal-based investment dealer. Mr. Graham is Chairman and a Director of President's Choice Bank. He also serves on the Board of PFC as well as George Weston Limited, Loblaw Companies Limited, Graymont Limited, Brown Thomas Group Limited, De Bijenkorf B.V., Holt Renfrew & Co., Limited, and Selfridges & Co. Ltd. He has been a member of the Corporation's Compensation Committee since May 2010.

Mr. Mazankowski was a Member of Parliament for 25 years and held several senior Cabinet positions, including Deputy Prime Minister, Minister of Finance, President of the Treasury Board, Minister of Transport, Minister of Agriculture and President of the Queen's Privy Council. He is currently a Senior Adviser to Gowling Lafleur Henderson LLP. He also serves on the Board of Directors of Power Financial. He was a Director of Lifeco and a member of Lifeco's Executive Committee until May 2010. He was a Director of IGM from April 1997 until 2010. He served on the Board of Directors of Weyerhauser Company from 1997 until January 2009. Mr. Mazankowski was a Director of Canadian Oil Sands Limited until April 2010. He is a former Director of Gulf Canada and Gulf Indonesia Resources Limited as well as having previously served on the Board of IMC Global Inc. He is also a Director of Atco Ltd. and was a director of Yellow Pages Group Co. and a trustee of Yellow Pages Income Fund until January 2010. From 1993 to 2009, he served as Director of Shaw Communications Inc. and was lead Director from 1997 to January 2009. He has been a member of the Corporation's Compensation Committee since May 2000.

Mr. Nickerson is Chairman of the Board of H.B. Nickerson & Sons Limited, a management and holding company based in North Sydney, Nova Scotia. He is a Director of Power Financial and of several Power Financial group companies in North America, including Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, Canada Life Financial Corporation, Canada Life, Crown Life Insurance Company and Putnam Investments, LLC. He has also served on the boards of various public, private and Crown corporations for approximately 50 years. He has been a member of the Corporation's Compensation Committee since May 2002 and the Committee's Chairman since December 2002.

Dr. Nininger is a retired President and Chief Executive Officer of the Conference Board of Canada, a leading research institute that provides its services to Canadian business, government and public sector organizations, where he was responsible for executive compensation for 23 years. He was a Director of Canadian Pacific Railway Limited until 2007 and a member of its Management Resources and Compensation Committee for 6 years. He is a member of the Board of Governors of the Ottawa Hospital, where he chaired the Executive Compensation Committee for 8 years and designed the executive compensation program. He has been a member of the Corporation's Compensation Committee since May 2002.

COMPENSATION CONSULTANT

Towers Watson was originally retained by the Compensation Committee in 2006 to provide executive compensation related services. Towers Watson's services typically include advising on compensation policies and assessing compensation related market developments for senior executives and directors. The Committee meets alone as required without the compensation adviser and without management. In addition, the Committee regularly consults Towers Watson without management being present. Recommendations and decisions made by the Compensation Committee usually reflect other factors and considerations in addition to the information and guidance provided by Towers Watson.

Towers Watson also provides non-executive compensation related services to the Corporation, at the request of management, which are mainly comprised of retirement and benefit consulting services. On an annual basis, Towers Watson discloses to the Compensation Committee its full relationship with the Corporation, as well as its consulting structure and other safeguards put in place to avoid conflicts of interest when consulting on executive compensation matters.

The Compensation Committee approves all the consulting services provided to the Corporation by Towers Watson.

Towers Watson's fees for the 2010 and 2011 fiscal years for such services were as follows[1]:

	YEAR ENDED DECEMBER 31, 2010	YEAR ENDED DECEMBER 31, 2011
Executive Compensation-Related Fees ($)	187,966	177,747
All Other Fees ($)[2]	372,007	487,167

[1] If and as required by applicable securities law, fees paid to compensation consultants by PFC are disclosed in PFC's Management Proxy Circular, fees paid to compensation consultants by Lifeco are disclosed in Lifeco's Management Proxy Circular and fees paid to compensation consultants by IGM are disclosed in IGM's Management Proxy Circular.

[2] These fees relate to retirement and group benefits consulting services.

EXECUTIVE COMPENSATION POLICY

Power's executive compensation policies and programs have been designed to support the Corporation's primary objective of generating added value for shareholders over the long term. Unlike the Corporation's operating subsidiaries, where compensation may be tied directly to specific objectives, the Corporation is a holding company and its compensation is deliberately structured to reflect the long-term value-building nature of the duties of senior management and the absence of precise shorter term operating measures. The main goals of the Corporation's executive compensation policy are to:

> attract and retain key executive talent with the knowledge and expertise required to develop and execute business strategies to achieve the Corporation's primary objective;

> provide executives with a total compensation package competitive with that offered by other large global organizations based in North America; and

> ensure that long-term incentive compensation is a major component of total compensation.

The Corporation's executive compensation program is designed to reward the following:

> excellence in crafting and executing strategies and transactions that will produce significant value for the shareholders over the long term;

> management vision and an entrepreneurial approach;

> quality of decision-making;

> strength of leadership; and

> record of performance over the long term.

COMPENSATION RISK MANAGEMENT

In performing its duties, the Compensation Committee considers the implications of the possible risks associated with the Corporation's compensation policies and practices. This includes identifying any such policies or practices that may encourage executive officers to take inappropriate or excessive risks, identifying risks arising from such policies and practices that could have a material adverse effect on the Corporation and considering the possible risk implications of the Corporation's compensation policies and practices and any proposed changes to them.

The Committee periodically reviews and assesses the Corporation's compensation policies and practices in relation to such risks, including assessing such policies and practices in light of practices identified by the CSA as potentially encouraging executive officers to expose the Corporation to inappropriate or excessive risks. It is the Committee's view that the Corporation's compensation policies and practices do not encourage inappropriate or excessive risk-taking.

The Committee believes that the Corporation's status as a diversified investment holding company, having a controlling shareholder with a long term focus, mitigates against policies and practices which would encourage executive officers to expose the Corporation to inappropriate or excessive risks. As disclosed above, the Corporation's executive compensation policies and programs have been designed to support the Corporation's primary objective of generating long term value for shareholders.

Non-equity cash incentives, when paid, are not related to specific quantifiable performance targets defined prior to the beginning of the year, and are determined by reference to a number of factors, as described below. As such, the Committee believes they do not incent potentially inappropriate short term risk-taking executive behaviour. As also described below, a significant portion of the executive officers' compensation is in the form of stock options which typically have a ten-year term and vest over specified numbers of years during the options' term. In the view of the Committee, as recipients only benefit under options if shareholder value increases over the long term, officers are not incented to take actions which provide short-term benefits and which may expose the Corporation over a longer term to inappropriately or excessive risks. In addition, the Corporation's share ownership guidelines require executives to continue to hold a minimum amount of the Corporation's shares, which also mitigates against executives taking inappropriate or excessive risks to improve short-term performance.

Readers are also referred to the Management Proxy Circular of PFC dated March 14, 2012 for its disclosure entitled "Compensation Risk Management", to the Management Proxy Circular of Lifeco dated February 22, 2012 for its disclosure entitled "Compensation Policy Risk Management" and to the Management Proxy Circular of IGM dated February 29, 2012, for its disclosure entitled "Compensation Risk Management".

EQUITY-BASED COMPENSATION ANTI-HEDGING POLICIES

The NEOs of the Corporation are subject to the Corporation's Insider Trading Policy. Although the Insider Trading Policy does not generally prohibit a NEO from purchasing financial instruments that could be utilized to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by these individuals, it does prohibit the use of some financial instruments that could be used for this purpose. For example, a NEO is prohibited from knowingly, directly or indirectly, selling a "call" or buying a "put" in respect of any security of the Corporation or a publicly traded subsidiary (as defined in the policy) of the Corporation. The Insider Trading Policy also prohibits these individuals from making a "short sale" of securities of such issuers or purchasing any such securities for the purpose of selling them at a profit within a short period of time, which the policy provides would generally, depending on the circumstances, mean the purchaser intends to hold such securities for a minimum of two years.

Under the terms of DSUs held by NEOs in their capacity as Directors of the Corporation and its publicly traded subsidiaries, the NEOs may not receive or obtain any amount for the purpose of reducing the impact, in whole or in part, of any reduction in the fair market value of the shares of the corporation relating to such DSUs or, in the case of the subsidiaries, those of a related corporation (such as the Corporation).

THE COMPENSATION COMMITTEE'S DECISION-MAKING PROCESS

The Board and the Committee recognize the importance of executive compensation decisions to the management and shareholders of the Corporation and have given careful consideration to the process which is followed to make decisions. The Committee considers it important that total compensation (cash and all other employment-related costs incurred by the Corporation) reflect the Corporation's entrepreneurial roots and corporate culture. The various elements of executive compensation, the relative weighting allocated to cash compensation versus options, and the mix of annual as opposed to long-term incentives, is not quantified by the Committee on the basis of a formulaic approach. The Committee reviews each compensation element in the context of the compensation mix (fixed versus variable) determined in accordance with the Corporation's executive compensation policy.

BENCHMARKING

To assist in determining competitive compensation for senior executive positions, the Committee reviews data from reference groups that include large financial services organizations, management holding companies and other large diversified companies. Because of the international scope and the size of the Power Group, the reference groups are composed of Canadian and U.S.-based companies, thus allowing the Corporation to offer its senior executives total compensation that is competitive in the North American market. Companies included in the reference groups are typically publicly traded, operate in the financial services industry and other sectors, are large in scope and have global operations. While performing its review, the Committee may consider some or all of the companies in the reference groups. The following table presents the companies included in the reference group for 2011 and notes the selection criteria for which each benchmark company was considered to be relevant:

COMPANY	LARGE IN SCOPE	PUBLICLY TRADED	FINANCIAL SERVICES INDUSTRY	GEOGRAPHY		
				CANADA	U.S.	GLOBAL OPERATIONS
> Aetna Inc.	✓	✓	✓		✓	✓
> Allstate Corporation	✓	✓	✓		✓	
> American Express Company	✓	✓	✓		✓	✓
> Bank of America Corporation	✓	✓	✓		✓	✓
> Bank of Montreal	✓	✓	✓	✓		✓
> BCE Inc.	✓	✓		✓		
> Bombardier Inc.	✓	✓		✓		✓
> Canadian Imperial Bank of Commerce	✓	✓	✓	✓		✓
> Capital One Financial Corporation	✓	✓	✓		✓	✓
> CIGNA Corporation	✓	✓	✓		✓	✓
> Citigroup Inc.	✓	✓	✓		✓	✓
> GE Capital Corporation	✓		✓		✓	✓
> George Weston Limited	✓	✓		✓		
> Hartford Financial Services Group Inc.	✓	✓	✓		✓	✓
> Honeywell International Inc.	✓	✓			✓	✓
> HSBC Bank Canada			✓	✓		
> HSBC North America Holdings Inc.	✓		✓		✓	
> ING North America Insurance Company	✓		✓		✓	
> Manulife Financial Corporation	✓	✓	✓	✓		✓
> MetLife Inc.		✓	✓		✓	✓
> National Bank of Canada		✓	✓	✓		✓
> New York Life Insurance Company	✓		✓		✓	✓
> Onex Corporation	✓	✓		✓		✓
> PNC Financial Services Group Inc.	✓	✓	✓		✓	
> Prudential Financial Inc.	✓	✓	✓		✓	✓
> Rogers Communications Inc.	✓	✓		✓		
> Royal Bank of Canada	✓	✓	✓	✓		✓
> Royal & Sun Alliance Insurance Company of Canada			✓	✓		
> Scotiabank	✓	✓	✓	✓		✓
> State Street Corporation	✓	✓	✓		✓	✓
> SunLife Financial Services	✓	✓	✓	✓		✓
> SunTrust Banks Inc.	✓	✓	✓		✓	
> TD Bank Financial Group	✓	✓	✓	✓		✓
> Textron Inc.	✓	✓			✓	✓
> Thomson Reuters Corporation		✓	✓	✓		✓
> U.S. Bancorp	✓	✓	✓		✓	✓
> Wells Fargo & Company	✓	✓	✓		✓	✓

While performing its review, the Committee does not specifically identify a median or percentile for total compensation of the Corporation's NEOs. Generally, the Committee takes into account the compensation of executives of companies in the reference group by considering the placement of the Corporation's NEOs compensation approximately in the middle of the group's ranges, with exceptional performance allowing for compensation towards the upper range of the reference group.

ANNUAL REVIEW BY THE COMMITTEE

The Committee reviews the total compensation of each NEO annually. The review covers all forms of compensation and the Committee considers a number of factors and performance indicators, including in particular the long-term financial return of the Corporation relative to that of other large corporations in the financial services industry and other sectors, which includes corporations in the reference groups above. The comparative evaluation is not based on a mathematical formula that integrates specific, weighted performance measures. Rather, the Committee qualitatively considers such factors in the context of the overall achievements of the Corporation, be they financial or strategic in nature.

The Committee obtained the recommendations of the Co-Chairmen in reviewing the compensation of each of the NEOs, together with their evaluation of the performance of each such NEO for the year.

COMPONENTS OF EXECUTIVE COMPENSATION

The principal components of the compensation program for the NEOs, each component's primary role in the compensation mix and how the components are linked together are presented in the table below:

<table>
<tr><th>ELEMENTS</th><th>PRIMARY ROLE</th><th>LINK TO OTHER ELEMENTS</th></tr>
<tr><td>Base Salary</td><td>Reflects skills, competencies, experience and performance appraisal of the incumbent</td><td>Influences annual incentive, long-term incentive, pension and some benefits</td></tr>
<tr><td>Annual Bonus</td><td>Reflects performance for the year</td><td>Influences pension</td></tr>
<tr><td>Long-Term Incentive (Stock Option Plan)</td><td>Links interests of NEOs with interests of the shareholders</td><td rowspan="4">None, except that the value of these elements is considered within the total compensation policy of the Corporation</td></tr>
<tr><td>Retirement Arrangements</td><td>Provide for competitive and appropriate replacement income upon retirement based on years of service with the Corporation</td></tr>
<tr><td>Group Benefits</td><td>Provide competitive and adequate protection in case of sickness, disability or death</td></tr>
<tr><td>Executive Perquisites</td><td>Provide a competitive compensation package and facilitate the effective performance of the incumbent's functions</td></tr>
</table>

A - BASE SALARY

The Committee reviews and approves the base salary for each NEO taking into account each executive's responsibilities, experience and performance assessment. During the review, the Committee considers the total compensation of each NEO to ensure it remains aligned with the Corporation's total compensation policy.

For 2011, increases in salary from 2010 were 5 per cent in the case of Paul Desmarais, Jr. and André Desmarais and ranged from 2.5 per cent to 4.3 per cent for the other NEOs.

The Committee believes the increases were in line with general increases granted in the market and with market competitive salaries for comparable positions, taking into account the total compensation for comparable positions of companies in the reference groups above.

B - INCENTIVE COMPENSATION

The Committee believes it to be appropriate, in the context of a management holding company, to determine executive incentive compensation using a review and global assessment of the performance of the Corporation, in terms of financial results, achievements and strategic positioning, and specific individual contributions, among others, rather than adhering to a formulaic approach.

[I] ANNUAL BONUS

Bonuses may be paid to NEOs. The amount of individual bonuses is neither fixed nor defined as a percentage of annual salary, but rather is determined by reference to a number of factors including:

> financial performance of the Corporation for the year in absolute terms and compared with similar organizations, including some in the reference groups referred to above;
> contribution to the execution of business plans and/or initiation and implementation of major transactions;
> specific individual achievements;
> total compensation and alignment with the Corporation's executive compensation policy; and
> competitiveness of the total compensation having regard to the reference groups above, although there is no specific target as to where annual bonuses should be positioned within the reference group.

Bonuses, when paid, are determined toward the end of the fiscal year and are not related to specific, quantifiable performance targets determined prior to or at the beginning of the fiscal year.

The bonuses paid for 2011 for the NEOs reflect a consideration of the above criteria.

[II] STOCK OPTIONS

The Committee believes that stock options, with a 10-year term and appropriate vesting conditions, are an appropriate long-term incentive for the Corporation for reasons that include the following:

> stock options are an effective means of attracting and retaining key executives; and
> grant recipients only benefit if shareholder value increases over the long term.

In determining option grants, the Committee considers several factors, including the amount and terms of the executive's outstanding stock options, and the alignment of the executive's total compensation with the Corporation's executive compensation policy.

In determining the amount of option grants, reference is also made to the competitiveness of the NEO's compensation having regard to the reference groups described above.

The factors considered and the relative weighting allocated to these factors vary from year to year.

Stock options granted to NEOs in 2011 reflect a consideration of the above criteria.

Mr. Ryan received in 2008 a five-year allotment of options in accordance with the terms of his employment agreement. In normal circumstances, Mr. Ryan would not be entitled to receive further grants of options until the expiration of the five-year allotment period ending in 2013. However, the Committee approved in 2011 a grant of options to Mr. Ryan in compliance with the terms of his employment agreement. For an explanation of multi-year allotments of stock options previously granted to Mr. Ryan, see footnotes [12] and [13] to the "Summary Compensation Table" above.

C - RETIREMENT ARRANGEMENTS

The Corporation offers retirement arrangements to certain NEOs, including the SERP and other pension benefit arrangements. The main provisions of the pension benefit arrangements are described in more detail earlier in this Management Proxy Circular. The purpose of the pension benefit arrangements is to:

> offer an adequate and competitive level of retirement income to the executive officers who have spent a significant portion of their career with the Corporation;
> provide an incentive for the NEOs to remain in service with the Corporation, through the vesting provisions of the pension benefit arrangements and their respective benefit accrual formula; and
> supplement registered pension plans benefits to assist in attracting officers.

There were no changes in 2011 to the terms of the SERP or any other pension benefit arrangements the Corporation has with the NEOs.

D - GROUP INSURANCE BENEFITS

The Corporation offers medical, dental, life, accidental death and dismemberment and short and long-term disability insurance coverage to NEOs as well as to all employees of the Corporation under the same program.

E - SHARE PURCHASE PROGRAM

The Corporation offers a share purchase program to all employees of the Corporation, under which NEOs may purchase Subordinate Voting Shares of the Corporation through payroll deductions. Under the program, the Corporation makes a contribution equal to 50 per cent of the participant's contribution which is used to purchase Subordinate Voting Shares of the Corporation.

F - EXECUTIVE PERQUISITES

The Corporation currently provides a limited number of perquisites to its NEOs, the nature and value of which, in the view of the Committee, are reasonable and competitive.

MANDATORY SHARE OWNERSHIP

The Committee believes that members of the executive team should own a significant amount of equity of the Corporation to further align their interests with those of the Corporation's shareholders.

Accordingly, members of the Corporation's senior management, including the NEOs, are required to hold, within five years of their becoming a member of senior management of the Corporation, Shares and/or deferred share units of the Corporation with an aggregate minimum value determined as follows:

MINIMUM OWNERSHIP REQUIREMENT (% OF ANNUAL BASE SALARY)	
Co-Chief Executive Officers	600%
Executive/Senior Vice-Presidents and Chief Financial Officer	300%
Vice-Presidents	100%

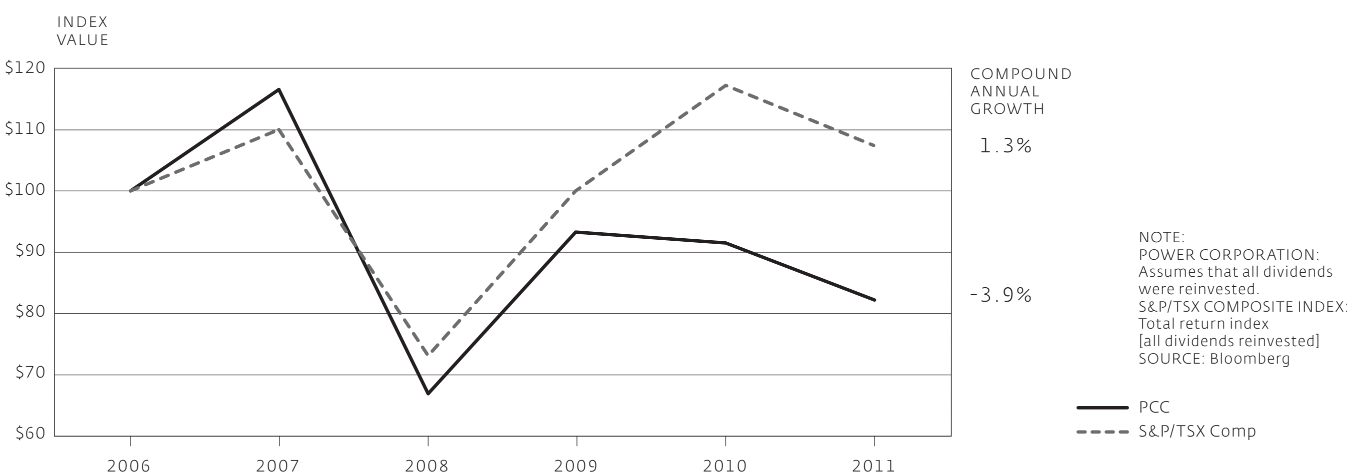
PERFORMANCE GRAPHS

The following Performance Graph shows the yearly change in the cumulative total shareholder return on the Corporation's Subordinate Voting Shares compared with the S&P/TSX Composite Index, over the five-year period ended December 31, 2011.

The year-end values of each investment are based on share appreciation plus dividends paid in cash, with the dividends reinvested on the date they were paid.

FIVE-YEAR CUMULATIVE TOTAL RETURNS

Value of $100 invested on December 31, 2006



For each NEO who has been with the Corporation throughout the last five years, the trend of the NEOs' cumulative total direct compensation is consistent with the trend of cumulative value earned by the Corporation's shareholders over the five-year period; however, the Corporation's determination of executive compensation is based upon the policies and procedures described above and is not based upon the total return of the Corporation's shares relative to any particular stock index.

The following Performance Graph shows the yearly change in the cumulative total shareholder return on the Corporation's Subordinate Voting Shares compared with the S&P/TSX Composite Index, over the 10-year period ended December 31, 2011.

The year-end values of each investment are based on share appreciation plus dividends paid in cash, with the dividends reinvested on the date they were paid.

TEN-YEAR CUMULATIVE TOTAL RETURNS

Value of $100 invested on December 31, 2001

APPOINTMENT OF AUDITORS

It is proposed to reappoint Deloitte & Touche LLP as auditors of the Corporation at the Meeting, or any adjournment thereof, to hold office until the close of the next Annual Meeting of Shareholders. Except where authority to vote in respect of the appointment of auditors is withheld, the nominees named in the accompanying form of proxy will vote the shares represented thereby for the appointment of Deloitte & Touche LLP as auditors of the Corporation. The resolution to reappoint Deloitte & Touche LLP will be approved, if passed, by a majority of the votes cast at the Meeting.

AMENDMENT TO EXECUTIVE STOCK OPTION PLAN

The Executive Stock Option Plan was established by the Board of Directors of the Corporation on March 8, 1985, and approved by the shareholders on May 10, 1985. As discussed above under "Components of Executive Compensation", the Compensation Committee believes that stock options are an appropriate long-term incentive for the Corporation as they are an effective means of attracting and retaining key executives and because grant recipients only benefit if shareholder value increases over the long term. Amendments to the number of Subordinate Voting Shares available for issuance under the Executive Stock Option Plan and other provisions have also been approved by the Corporation's shareholders from time to time. The Executive Stock Option Plan is described above under "Executive Compensation – Equity Compensation Plans".

The Board of Directors, on March 14, 2012, authorized an amendment to the Executive Stock Option Plan increasing the number of Subordinate Voting Shares issuable pursuant to the plan by an additional 4,000,000 Subordinate Voting Shares, subject to approval of the holders of the Subordinate Voting Shares and the holders of Participating Preferred Shares, such approval being required in accordance with the amendment provisions of the plan.

Under the Executive Stock Option Plan, options to acquire 16,620,406 Subordinate Voting Shares are outstanding and there are currently 16,366,804 Subordinate Voting Shares reserved for issuance. As discussed above under "Equity Compensation Plan Information", 3,255,487 options were granted to eligible participants on March 19, 2012. Following approval of the amendment by the Corporation's shareholders, options outstanding and options available for issuance under the Executive Stock Option Plan would be less than 5 per cent of the aggregate Subordinate Voting Shares of the Corporation outstanding as of the date hereof.

The holders of the Subordinate Voting Shares and the holders of the Participating Preferred Shares will be asked at the Meeting, or any adjournment thereof, to consider, and, if deemed advisable, adopt the following resolution:

RESOLVED:

THAT the amendment to the Executive Stock Option Plan adopted by the Board of Directors of the Corporation on March 14, 2012, as described in the Management Proxy Circular dated March 19, 2012, being an increase in the number of Subordinate Voting Shares issuable pursuant to the Executive Stock Option Plan by an additional 4,000,000 Subordinate Voting Shares, be and it is hereby approved.

The Board of Directors recommends that shareholders vote for the resolution. The nominees named in the accompanying form of proxy will vote the shares represented thereby for the amendment to the Executive Stock Option Plan, unless the shareholder of the Corporation has given contrary instructions in such form of proxy. In order to be approved, the resolution must be passed by a majority of the votes cast by the holders of the Subordinate Voting Shares and Participating Preferred Shares present in person or represented by proxy at the Meeting.

SHAREHOLDER PROPOSALS

Shareholder proposals submitted for consideration of the Corporation's shareholders are attached as Schedule "A". For the reasons set forth below each proposal in Schedule "A", the Board of Directors recommends that shareholders vote against the proposals. Except where authority to vote in respect of a shareholder proposal is withheld, the nominees named in the accompanying form of proxy will vote the shares represented thereby against each shareholder proposal.

The final date by which the Corporation must receive a proposal for any matter that a shareholder proposes to raise at the Annual Meeting of Shareholders of the Corporation to be held in 2013 is December 13, 2012.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation believes in the importance of good corporate governance and the central role played by directors in the governance process. The Corporation believes that sound corporate governance is essential to the well-being of the Corporation and its shareholders.

Power is an international management and holding company. It has had controlling shareholders since its beginnings in 1925. Its present controlling shareholder has held control since 1968 and today holds in the aggregate, directly or indirectly, or holds voting power over, shares carrying approximately 61.12 per cent of the votes. Power is not an operating company and a substantial portion of its interests are located outside Canada, specifically in the United States, Europe and Asia. These characteristics are important in any consideration of governance philosophy and practices as they apply to the Corporation.

In 2005, the CSA adopted *National Policy 58-201 — Corporate Governance Guidelines* (the "Policy") which sets forth a number of suggested guidelines on corporate governance practices (the "CSA Guidelines"). Under the Policy, issuers are encouraged to consider the CSA Guidelines in developing their own corporate governance practices.

In the Board's view, no single corporate governance model is superior or appropriate in all respects. The Board believes that the Corporation's governance system is effective and is appropriate to its circumstances, and that there are in place appropriate structures and procedures to ensure the Board's independence from management and to ensure that actual or potential conflicts of interest between the Corporation and its controlling shareholder are dealt with appropriately. Furthermore, any review of governance practices should include consideration of long-term returns to shareholders, as the Board believes this to be an important indicator of the effectiveness of a governance system.

INDEPENDENCE OF DIRECTORS

A - CURRENT APPLICABLE STANDARDS

The CSA Guidelines and *National Instrument 52-110 — Audit Committees* and *National Instrument 58-101 — Disclosure of Corporate Governance Practices* (the "Instruments") provide that a director is "independent" of an issuer if he or she has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of the director's independent judgment. The Corporation's Board of Directors agrees with this approach to assessing director independence.

However, the Instruments go on to provide that a director is deemed to have such a direct or indirect relationship with an issuer (and thus not to be independent) if, among other things, the director is, or has been within the last three years, an executive officer or an employee of the issuer's parent corporation. In the view of the Board, the determination of director independence should be based upon whether or not the director is independent of the corporation's management, and whether or not the director has any other relationships with the corporation which could reasonably be expected to interfere with the exercise of the director's independent judgment. In the Board's view, that is a question of fact that should be determined by the issuer's board of directors on a case-by-case basis without reference to any presumptions such as those which are currently contained in the Instruments.

One of the most important functions of a board of directors is to oversee management in the drive to achieve long-term shareholder returns.

A financially strong and long-term oriented controlling shareholder can have a significant positive impact on a corporation's long-term returns, benefiting all shareholders and the corporation as a whole. The benefits can include the ability to encourage and support management in the pursuit of long-term strategies and the provision of directors who are experienced and knowledgeable about the business of the corporation. In the case of our corporate group, many of these attributes are provided through a governance model which has been developed over many years, and which includes a group of directors on the boards of our subsidiaries who are also Directors and/or officers of the Corporation or PFC. These Directors have no other relationship with the subsidiaries other than as directors and shareholders, and the full-time job of a number of officers of the Corporation is to focus on and become knowledgeable about the affairs of our subsidiaries. The effect of the "deeming provision" regarding director independence, if followed, would be to deny the Corporation, all of its shareholders, and its corporate group the benefit of this governance model and prevent the Corporation and PFC from participating fully in the oversight function at their subsidiaries.

Any concerns which may exist in a controlled company situation about conflicts of interest or self-dealing should, in the view of the Board of Directors, be resolved directly through a committee of directors who are independent of the controlling shareholder. The governance model at the Corporation includes such a committee, the Related Party and Conduct Review Committee, which is discussed below in the section entitled "Resolution of Conflicts". Each of our publicly traded subsidiaries also has such a committee.

The CSA has acknowledged the concerns expressed by some reporting issuers as to whether the CSA's view of director independence is appropriate to companies such as the Corporation and its publicly traded subsidiaries which have a majority shareholder. Thus, the Policy stated at the time of its implementation that the CSA "intend(s), over the next year, to carefully consider these concerns in the context of a study to examine the governance of controlled companies" and that it "will consider whether to change how this Policy...treat(s) controlled companies". On December 19, 2008, the CSA published "Request for Comment — *Proposed Repeal and Replacement of NP 58-201 Corporate Governance Guidelines, NI 58-101 Disclosure of Corporate Governance Practices, and NI 52-110 Audit Committees and Companion Policy 52-110 CP Audit Committees*" (the "Proposal") which included, among other things, the replacement of the current prescriptive approach, and use of deeming rules, to independence with a more principles-based approach. Although the Board of Directors was encouraged by the new direction proposed by the CSA, the CSA subsequently decided not to proceed with its proposed revisions as then-published. The CSA has indicated that it is still considering potential changes to the corporate governance regime. The Corporation encourages the CSA to continue its review of the "independence" definition as it relates to majority shareholders and to proceed with appropriate revisions at an early opportunity.

B - ASSESSMENT OF INDEPENDENCE

The Board of the Corporation is currently composed of 21 Directors. In the Board's view, the following 11 Directors, namely Pierre Beaudoin, Marcel R. Coutu, Laurent Dassault, Anthony R. Graham, Isabelle Marcoux, the Right Honourable Donald F. Mazankowski, Jerry E.A. Nickerson, James R. Nininger, Robert Parizeau, T. Timothy Ryan, Jr. and Emőke J.E. Szathmáry are independent of management and have no other relationships that could reasonably interfere with the exercise of their independent judgment in discharging their duties to the Corporation. The foregoing 11 Directors, constituting a majority of the Board, are also independent within the meaning of the Instruments.

Paul Desmarais, Jr., Chairman and Co-CEO, André Desmarais, a Deputy Chairman, President and Co-CEO, John A. Rae, Executive Vice-President, Office of the Chairman of the Executive Committee of the Corporation and Henri-Paul Rousseau, Vice-Chairman, being executive officers of the Corporation, are not independent. R. Jeffrey Orr, President and Chief Executive Officer of PFC and Raymond L. McFeetors, a Vice-Chairman of PFC, being executive officers of a subsidiary of Power, are not independent.

The Honourable Paul Desmarais, who receives a salary as Chairman of a wholly owned subsidiary of the Corporation (see "Director Compensation Table" above), and Michel Plessis-Bélair, a Vice-Chairman, who receives compensation in his capacity as Senior Adviser to a wholly owned subsidiary of the Corporation (see "Directors Compensation Table" above), are not independent. Robert Gratton, a Deputy Chairman of the Corporation, who received compensation for serving as a special adviser to the Corporation for a period of three years ending in December 2010, is not independent.

Guy Fortin has an indirect material relationship with the Corporation and is not independent.

As more fully described below under "Nomination and Assessment of Directors", the following 9 Directors will not be standing for re-election at the Meeting, namely Guy Fortin, the Right Honourable Donald F. Mazankowski, Raymond L. McFeetors, Jerry E.A. Nickerson, James R. Nininger, Robert Parizeau, Michel Plessis-Bélair, John A. Rae and Henri-Paul Rousseau. As indicated above, 12 current Directors are nominated for election to the Board at the Meeting. Of such 12 Directors, a majority being the following 7 Directors, namely Pierre Beaudoin, Marcel R. Coutu, Laurent Dassault, Anthony R. Graham, Isabelle Marcoux, T. Timothy Ryan, Jr. and Emőke J.E. Szathmáry, are independent of management and have no other relationships that could reasonably interfere with the exercise of their independent judgment in discharging their duties to the Corporation. The foregoing 7 Directors are also independent within the meaning of the Instruments.

C - MEETINGS OF INDEPENDENT DIRECTORS

The Chairman of the Board is responsible for ensuring that the Directors who are independent of management have opportunities to meet without management present. All independent Directors are encouraged by the Chairman of the Board to have open and candid discussions with the Chairman or with the Co-CEOs.

The Board has adopted a policy relating to meetings of independent Directors at Board and Committee meetings. The Directors on the Board who are independent of management meet at least once annually, and more frequently as needed, without members of management present. The Audit Committee, the Related Party and Conduct Review Committee, and the Compensation Committee are composed entirely of Directors who are independent in the Board's view and within the meaning of the Instruments. Under the policy, each of these committees are to meet without members of management as follows: Audit Committee — at least four times per year, and Related Party and Conduct Review Committee and Compensation Committee — at every meeting.

D - CHAIRMAN OF THE BOARD

The Board believes it is appropriate in a management and holding company such as Power, with a controlling shareholder, that the positions of the Chairman of the Board and Co-CEO overlap. The Board has implemented structures and procedures to provide assurance that the Board can act independently of management. A majority of the Board is independent in the Board's view and within the meaning of the Instruments. The Audit Committee, the Related Party and Conduct Review Committee and the Compensation Committee are constituted entirely with Directors who are independent in the Board's view and within the meaning of the Instruments. The Executive Committee and the Governance and Nominating Committee include Directors who are independent in the Board's view and within the meaning of the Instruments.

RESOLUTION OF CONFLICTS

It is the duty of the Board to supervise the management of the business and affairs of the Corporation for the benefit of all shareholders. In discharging this duty, the Board establishes procedures for the identification and resolution of conflicts that might arise between the interests of Power and the interests of its controlling shareholder.

Power has established a Related Party and Conduct Review Committee composed entirely of Directors who are independent of management and independent of the Corporation's controlling shareholder. The mandate of the Related Party and Conduct Review Committee is to review proposed transactions, if any, with related parties of the Corporation and to approve only those transactions that it deems appropriate.

Each of Great-West, London Life and Canada Life is a regulated financial institution that is required by law to have a conduct review committee that establishes procedures for the review of proposed related party transactions to ensure that any such transactions are on terms and conditions at least as favourable to those companies as market terms and conditions. These conduct review committees are composed of Directors who are independent of the management of Great-West Life, London Life and Canada Life and who are neither officers nor employees of the Corporation, PFC or any of their affiliates. Similarly, Lifeco and IGM have also established their own conduct review committees composed entirely of Directors who are independent of management and who are neither officers, employees nor Directors of Power or PFC. PFC has also established its own related party and conduct review committee composed entirely of Directors who are independent of management and who are neither officers, employees nor Directors of Power.

For a description of the Board's procedures in respect of transactions involving Directors or officers of Power, see also "Ethical Business Conduct".

BOARD OF DIRECTORS

The mandate of the Board, which it discharges directly or through one of the five Board Committees, is to supervise the management of the business and affairs of the Corporation, and includes responsibility for approving strategic goals and objectives, review of operations, disclosure and communication policies, oversight of financial reporting and other internal controls, corporate governance, Director orientation and education, senior management compensation and oversight, and Director nomination, compensation and assessment. The Executive Committee has and may exercise all or any of the powers vested in and exercisable by the Board, except the power to do certain things as outlined in its Charter. The primary mandate of the Audit Committee is to review the financial statements of the Corporation and public disclosure documents containing financial information and to report on such review to the Board, to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure documents that contain financial information, to oversee the work and review the independence of the external auditors, and to review any evaluation of the Corporation's internal control over financial reporting. The primary mandate of the Compensation Committee is to approve compensation policies and guidelines for employees of the Corporation, to approve compensation arrangements for executives of the Corporation, to recommend to the Board compensation arrangements for the Directors and for the Co-CEOs, to oversee the management of incentive compensation plans and equity compensation plans, to consider the implications of any risks associated with the Corporation's compensation policies and practices, and to review succession plans for senior management. The primary mandate of the Related Party and Conduct Review Committee is to recommend to the Board procedures for the consideration and approval of transactions with related parties of the Corporation and to review and, if deemed appropriate, to approve such transactions. The primary mandate of the Governance and Nominating Committee is to oversee the Corporation's approach to governance issues, to recommend to the Board corporate governance practices consistent with the Corporation's commitment to high standards of corporate governance, to assess the effectiveness of the Board of Directors, of Committees of the Board and of the Directors, and to recommend to the Board candidates for election as Directors and for appointment to Board Committees.

COMMITTEE MEMBERSHIP

The Audit Committee, the Related Party and Conduct Review Committee, and the Compensation Committee are composed entirely of Directors who are independent in the Board's view and within the meaning of the Instruments.

The Executive Committee and the Governance and Nominating Committee include Directors who are independent in the Board's view and within the meaning of the Instruments.

BOARD AND COMMITTEE MANDATES

The Board has adopted a Charter for itself and for each of its five committees. The Board Charter is attached as Schedule B. The mandates of all five committees are described in summary above in this section.

DIRECTOR AFFILIATIONS AND ATTENDANCE

Additional information relating to Directors standing for election, including a list of all public companies and certain private companies, for which they serve as board members, as well as their attendance records for all Board and Committee meetings for the year ended December 31, 2011, can be found in the section entitled "Election of Directors" earlier in this Management Proxy Circular.

The Corporation believes that the interests of the Corporation, a holding company, are well served by the experience of and expertise in the affairs of its group companies that is brought to the Corporation by those Directors who also serve on the boards of affiliates. Their presence enriches the discussion and enhances the quality of governance of the Corporation's Board and at the other group boards on which they serve.

CHAIRMEN AND CO-CEOS' POSITION DESCRIPTIONS

The Board has approved written position descriptions for the Chairman of the Board and for the Chairman of each Board Committee. In general terms, the Chairman of the Board and the Chairmen of the Board Committees are responsible for ensuring that the Board or Committee is able to fulfill its duties and responsibilities in an effective manner, for planning and organizing the activities of the Board or of the Committee, for ensuring that delegated Committee functions are carried out and reported as necessary, for facilitating effective interaction with management, and for engaging outside advisers where necessary.

The Board has approved a written position description for the Co-CEOs. In general terms, the Co-CEOs are responsible for managing the strategic and operational performance of the Corporation in accordance with the goals, policies and objectives set from time to time by the Board, including developing for the Board's consideration and approval the Corporation's financial plan and developing sound operating strategies to implement such plan, for managing the day-to-day operations of the Corporation, for setting an operational environment that is performance driven, for assisting the Board with succession planning, and for representing the Corporation to its major stakeholders.

ORIENTATION AND CONTINUING EDUCATION

Director orientation and education is conducted under the aegis of the Chairman of the Board. Newly elected Directors are provided with orientation as to the nature and operation of the business and affairs of the Corporation and the Corporation's major operating subsidiaries, as to the role of the Board and its Committees, and as to the contributions that individual Directors are expected to make. Directors are periodically updated in respect of these matters, including by way of regular presentations to the Board regarding the Corporation's major operating subsidiaries and operating segments thereof. As noted above, certain of the Corporation's Directors also serve as Directors of the Corporation's public and private company investments.

In order to orient new Directors as to the nature and operation of the Corporation's business, they are also given the opportunity to meet with members of the Corporation's executive management team and with members of the executive management teams of the Corporation's major operating subsidiaries to discuss the Corporation's businesses and activities.

ETHICAL BUSINESS CONDUCT

The Board has adopted a written Code of Business Conduct and Ethics (the "Code of Conduct") that governs the conduct of the Corporation's Directors, officers and employees. A copy of the Code of Conduct is available on SEDAR (www.sedar.com), or may be obtained by contacting the Corporation's General Counsel and Secretary.

The Board oversees compliance with the Code of Conduct through the Corporation's General Counsel and Secretary who monitors compliance with the Code of Conduct. Directors, officers and employees who believe that a violation of the Code of Conduct or any law, rule or regulation has been or is likely to be committed have an obligation to promptly report the relevant information to an appropriate supervisor or, in the case of Directors and senior officers, to the General Counsel and Secretary. Alternatively, in any case, the violation or potential violation may be reported to the Chairman, the Co-CEOs or any member of the Audit Committee, as appropriate, in accordance with the Corporation's procedures. Directors and officers of the Corporation are required to confirm annually their understanding of, and agreement to comply with, the Code of Conduct (which contains the Corporation's conflict of interest policy). There have been no material change reports filed that pertain to any conduct of a Director or executive officer that constitutes a departure from the Code of Conduct.

In order to ensure that Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or an executive officer has a material interest, the Director or executive officer having a conflict of interest must declare his/her interest and, if requested by any other Director, excuse himself or herself from the meeting during the consideration of that particular matter. Such Director may not vote on such matter. In addition, the Corporation has a Related Party and Conduct Review Committee, the role of which is described earlier in this Management Proxy Circular.

The Corporation has also adopted a Corporate Social Responsibility Statement which is available on its website at www.powercorporation.com.

NOMINATION AND ASSESSMENT OF DIRECTORS

The Board has established a Governance and Nominating Committee, which has a number of responsibilities relating to governance and the nomination of candidates for election as Directors. The Committee is responsible for identifying new candidates for Board nomination and for recommending to the Board those candidates who possess the qualifications, skills, business and financial experience, leadership roles and level of commitment required of a Director to fulfill Board responsibilities. The Committee is also responsible for overseeing the Corporation's approach to governance issues. In doing so, it reviews, on a regular basis, a number of matters relating to the effective functioning of the Board of Directors. As a part of this process, the Committee has recently considered the size and composition of the current Board, and has concluded that it would be appropriate to invite a number of the longer-serving Directors to not stand for re-election at the Meeting. These directors are The Right Honourable Donald F. Mazankowski, Mr. Jerry E.A. Nickerson, Dr. James Nininger and Mr. Robert Parizeau. In order to ensure that the Board has a significant representation of Directors who are independent, in the Board's view and within the meaning of the Instruments, Messrs. Guy Fortin, Raymond L. McFeetors, Michel Plessis-Bélair, John A. Rae and Henri-Paul Rousseau will not stand for re-election as a Director. These nine Directors have made a very substantial contribution to the business and affairs of the Corporation during their service as a Director. The Committee's recommendation was discussed individually with each of these Directors, and each agreed that it was appropriate that he not stand for re-election at the Meeting.

The result of this recommendation is that the candidates proposed for election to the Board at the Meeting will consist of 12 Directors, of whom 7, constituting a majority, will be independent in the Board's view and within the meaning of the Instruments as disclosed above under "Assessment of Independence." Each of these candidates has the qualifications and experience necessary and appropriate to fulfill Board responsibilities. The Committee recognizes that each Director will contribute differently to the Board and will each bring particular strengths in different areas of qualification. After considering the qualifications that the continuing existing Directors possess, the Committee has recommended that the 12 individuals set out under "Nominees for Election to the Board" above be nominated for election as Directors of the Corporation at the Meeting.

The Committee and the Board are mindful of the importance of having a Board with a balance of competencies, skills and experience, as well as geographic diversity. The Committee and the Board believe that these factors and continuity of membership are critical to the Board's efficient operation.

The Corporation has adopted a form of proxy which gives shareholders the ability to vote for or withhold from voting for each individual Director proposed for election to the Board of Directors of the Corporation.

The Committee is also responsible for assessing the effectiveness and contribution of the Board, of Board Committees, and of individual Directors from time to time. The Board assesses its effectiveness at least annually at a meeting without members of management present.

The Board believes that it is normal and appropriate, especially in the case of a holding company with a controlling shareholder, like the Corporation, to have Directors who are related to the controlling shareholder (in this case, the Honourable Paul Desmarais, Paul Desmarais, Jr. and André Desmarais) as members of the Governance and Nominating Committee, as well as Directors who are independent and not related to the controlling shareholder.

COMPENSATION COMMITTEE

Additional information relating to the Compensation Committee can be found in the section above entitled "Compensation Discussion and Analysis – The Compensation Committee".

ADDITIONAL INFORMATION

Upon request to the Secretary of the Corporation at 751 Victoria Square, Montréal, Québec, Canada H2Y 2J3, the Corporation shall provide to any person or company, one copy of: [i] the Corporation's annual information form ("AIF"), together with any document, or the pertinent pages of any document, incorporated therein by reference; [ii] the financial statements of the Corporation for its most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditors thereon, management's discussion and analysis ("MD&A") and any interim financial statements of the Corporation issued subsequent to the annual financial statements together with the related MD&A; and [iii] the information circular of the Corporation in respect of the most recent annual meeting of its shareholders. The Corporation may require the payment of a reasonable charge when the request is made by someone who is not a security holder thereof, unless securities of the Corporation are in the course of a distribution pursuant to a short-form prospectus, in which case such documents will be provided free of charge.

Financial information is provided in the Corporation's financial statements and MD&A for its most recently completed financial year.

Information relating to the Audit Committee can be found in the section of the AIF entitled "Audit Committee".

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

APPROVAL BY DIRECTORS

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors.

Signed

Edward Johnson
Senior Vice-President, General Counsel and Secretary

Montréal, Québec
March 19, 2012

SCHEDULE A

POWER CORPORATION OF CANADA

SHAREHOLDER PROPOSALS

The Corporation is required by applicable law to attach the following proposals, and the related supporting statements, to the Management Proxy Circular. The Corporation has, and assumes, no responsibility for the content of such proposals and related supporting statements, including the opinions expressed or the accuracy of any statements contained therein. For the reasons set forth below each proposal under Board and Management Statement, the Board of Directors recommends that shareholders vote AGAINST each such proposal.

The Mouvement d'éducation et de défense des actionnaires ("MÉDAC"), 82 Sherbrooke Street West, Montréal, Québec, H2X 1X3 has submitted the following four shareholder proposals for consideration at the Meeting.

PROPOSAL 1

Stock options and senior management's actual performance

Executive compensation in the form of stock options is a formula that has contributed to the dramatic increase in the overall compensation of executives. Stock options give holders the right to purchase shares at a predetermined price, but they may be exercised only after a waiting period. The amount of compensation thus obtained is equal to the difference between the exercise price agreed upon and the share price at the time the options are exercised. By giving executives stock options, corporations try to align their interests with those of the shareholders and to retain them.

In this type of compensation formula, the basic premise is that market price increases are due to the decisions made by senior management. Research has shown that the stock market performance of organizations is influenced by a large number of factors that are beyond the control of senior management, such as interest rates or inflation. For example, Professor Magnan conducted research that shows that, between 1998 and 2008, 90% of the changes in the stock market prices of the five large Canadian banks were due to characteristics of the banking sector, such as low interest rates and a favourable economic environment. One should therefore refrain from linking the exercise of stock options solely to the market prices trends.

In order for this portion of the variable compensation package to achieve its objectives and take into account factors over which senior management may have an impact, **we propose** that these stock options may be exercised, after the waiting period, only to the extent that measurable and quantifiable objectives have been achieved, such as higher earnings per share, return on shareholder equity or other non-financial indicators the compensation committee may deem relevant.

BOARD AND MANAGEMENT STATEMENT:

The Corporation's Executive Stock Option Plan was approved by its shareholders at its inception and all amendments to the plan have also been approved by the Corporation's shareholders from time to time.

As further described above in the "Compensation Discussion and Analysis" section, the Board of Directors of the Corporation has established a Compensation Committee, composed exclusively of Directors who are independent of management, which is responsible for approving (or, in the case of the Co-CEOs, recommending to the Board for approval) the compensation for executives of the Corporation. The Committee also oversees the management of the Corporation's equity compensation plans, including the Executive Stock Option Plan. The Board and the Committee recognize the importance of executive compensation decisions to the shareholders of the Corporation and have given careful consideration to the terms of the Corporation's equity compensation plans and the grants of equity compensation thereunder.

The Corporation's executive compensation policies and programs, including the Executive Stock Option Plan, have been designed to support the Corporation's primary objective of generating sustained added-value for shareholders over the long term. Accordingly, stock options are generally granted with 10-year terms, and for options granted since March 2004, generally vest on the basis of [i] as to the first 50 per cent, three years from the date of grant; and [ii] as to the remaining 50 per cent, four years from the date of grant.

The Executive Stock Option Plan contains provisions for setting the exercise price of options at no less than the market value of Subordinate Voting Shares on the date of grant, which exercise price may not be subsequently revised downwards. Plan participants can only benefit from the options granted to them provided the Corporation's share price increases over the long term. Unlike operating companies, where compensation may be tied directly to specific objectives, the Corporation is a holding company, and its compensation is deliberately structured to reflect the long-term value-building nature of the duties of senior management and the absence of precise shorter term operating measures.

The Board believes that the Executive Stock Option Plan and the terms of grants thereunder are appropriate and have succeeded in driving performance over the long term for the benefit of all shareholders. Stock options are also an effective means to attract and retain key executives. The Board does not believe that the interests of the Corporation's shareholders would be furthered by the current proposal.

The Board of Directors recommends that shareholders vote AGAINST this proposal.

PROPOSAL 2

Performance-based compensation

In May 2011, the Globe and Mail published a study, measuring the compensation paid to the most senior executive of a corporation and a corporation's financial performance relative to a group of comparable corporations. Put differently, the tool compares the ranking of the compensation paid to an organization's most senior executive and the ranking of the organization's financial performance to those of a group of comparable institutions. The tool therefore allows shareholders to get an idea as to whether or not the most senior executive of an organization is adequately compensated in light of the financial performance of the organization he or she manages.

We propose that such a comparison be presented for the most senior executive and the group comprised of the four other most highly compensated executives of the corporation. The indicators used to determine the organization's performance should be elements that could be impacted by the decisions made by management.

The variable component is the largest part of the total compensation package of senior executives. Shareholders should be able to assess whether this component is justified in light of the corporation's relative financial and non-financial performance.

BOARD AND MANAGEMENT STATEMENT:

The shareholders elect the Board of Directors to oversee the management of the business and affairs of the Corporation. One of the Board's primary functions is to oversee the implementation of appropriate executive compensation programs and policies. The Compensation Committee of the Board, composed entirely of Directors who are independent of management and who have appropriate skills and experience in compensation matters, is mindful of the particular circumstances of the Corporation as an international investment holding company and how these circumstances may impact executive compensation. The Board and the Committee recognize the importance of executive compensation decisions to the shareholders of the Corporation and have given careful consideration to the substance of such decisions and to the process which is followed to make such decisions.

In support of the Corporation's primary objective of generating sustained added-value for shareholders over the long term, the Corporation's executive compensation policy has been designed to attract and retain key executive talent with the knowledge and expertise required to develop and execute the Corporation's business strategies. To achieve this, the Corporation must provide executives with a total compensation package competitive with that offered by other comparable organizations. To assist in determining competitive compensation for senior executive positions, the Committee retains the services of a compensation consultant and reviews data from reference groups that include large financial services organizations, management holding companies and other large diversified companies. In general, the Committee takes into account the compensation of executives of companies in the reference group by considering the placement of the Corporation's NEOs compensation in the middle of the group's ranges, with exceptional performance allowing for compensation towards the upper range of the reference group.

More details about the Corporation's compensation policies and comparator group may be found above in the "Compensation Discussion and Analysis" section.

The Board believes that the Corporation's executive compensation arrangements are appropriate, take into account the Corporation's relative performance and have succeeded in creating long-term value for the benefit of all shareholders.

The Board of Directors recommends that shareholders vote AGAINST this proposal.

PROPOSAL 3

Independence of compensation consultants

How much do compensation consultants charge for their work for a corporation? Compensation consultants play a strategic role with a corporation's compensation committee members, as they assist them in fixing senior executive compensation. Arguably, compensation consultants who derive most of their income from one or a few clients could be tempted to give in to pressure from their major client(s) in order to meet or justify the compensation expectations of senior executives.

We propose that the fees charged by compensation consultants be disclosed so as to assure shareholders that the work of the compensated consultants is objective and free of any conflict of interests.

BOARD AND MANAGEMENT STATEMENT:

Applicable Canadian securities laws now require disclosure of the fees charged by compensation consultants. The Corporation complies with such requirements and provides the applicable disclosure above at "Compensation Discussion and Analysis – Compensation Consultant" in this Management Proxy Circular.

The Corporation brought the foregoing to the attention of the proponent. The proponent did not agree to withdraw its proposal despite the fact that the proposal does not take into account the recent changes in applicable law, which have already been implemented by the Corporation.

The proposal accordingly serves no purpose.

The Board of Directors recommends that shareholders vote AGAINST this proposal.

PROPOSAL 4

Director independence

What should one expect from directors?

> that they are competent to deal with the matters for which the board is responsible;

> that they have the necessary time to prepare for board meetings and follow-up;

> that they have thorough knowledge of the corporation and the major stakes involved;

and, above all:

> that they are courageous, that is, that they are prepared to defend the corporation, if necessary, and that they are capable of opposing initiatives by management they deem inappropriate.

It is this last aspect that is most in want of. If one examines the serious dysfunction certain corporations have experienced or are still experiencing, it becomes clear that often the problem is the lack of director independence from management.

Several of Power's directors are not independent and sit together on the same boards of directors. Their external network connections reduce the benefits of a board of directors comprising individuals of differing backgrounds. It is a well-known fact that diversity of experience and skills amongst directors and the presence of both genders on a board improve the quality of the decision-making process. When several directors sit together on several boards, it can adversely affect their independent judgment, an important aspect sought by boards of directors. Members sitting together on the same boards are less likely to have conflicting ideas, as directors wish to maintain good relations with each other. Their good relations even seem to render directors less effective in their supervisory and monitoring role.[1]

We propose that the board of directors put an end to this situation over the next two years.

BOARD AND MANAGEMENT STATEMENT:

The proponent is critical of the number of board interlocks among our Directors. The "interlocks" in question involve other companies in the Power group. The Corporation believes that the interests of the Corporation, a holding company, in a large and diversified corporate group, are well served by the experience of and expertise in the affairs of its group companies that is brought to the Corporation by those Directors who also serve on the boards of subsidiaries. Their presence enriches the discussion and enhances the quality of governance of the Corporation's Board and at the other group boards on which they serve. In addition, a majority of the Directors (7 out of 12) proposed for election at the upcoming Annual Meeting of Shareholders are independent.

There are four aspects to our group's cascading board memberships and the contribution they make to our governance model.

> First, we believe that proper governance can best be achieved through a model which includes a group of directors on the boards of our subsidiaries who are also officers of their parent companies. The full-time job of a number of these directors is to focus on and become knowledgeable about the affairs of our subsidiaries. They have no relationship with the subsidiaries other than as directors and shareholders.

> Second, our model includes directors on the boards of our subsidiary companies who are also directors, but not officers, of the parent company. They bring to the subsidiary board the benefit of the long-term perspective of a controlling shareholder, and they assist the board of the parent company in the proper stewardship of its holdings. These directors have no connection with our group companies other than as directors and shareholders.

> Third, our model also requires that each of the boards in our group should include directors who are not directors or officers of any other company in our group.

> Fourth, some of our independent directors also sit on the boards of companies outside our group. These involvements enrich the deliberations of our boards and contribute to the quality of governance at our companies.

1 http://blogs.law.harvard.edu/corpgov/2011/06/29/external-networking-and-internal-firm-governance/#more-19059.

Over a long period of time, careful thought and effort have been given to building an effective governance model that is appropriate to our group. The effect of this proposal, if it were adopted, would be to deny the Corporation, all of its shareholders (including the proponent) and its corporate group the benefit of this governance model. It would prevent our representatives from participating fully in the oversight function at our subsidiaries, and it would deny the fundamental principle of free enterprise that the owners of capital are entitled to oversee its stewardship.

Director Independence

The proponent also asserts that a director is not independent of a corporation if the director is a member of the board of an affiliate of the corporation.

It is our view that the determination of Director independence should be based upon two tests: first, whether or not the Director is independent of the Corporation's management, and second, whether or not the Director has any other relationships with the Corporation which could reasonably be expected to interfere with the exercise of the Director's independent judgement. These are questions of fact that should be determined by the Corporation's Board of Directors on a case-by-case basis without reference to any presumptions. We note that the CSA has stated that they recognize that Canada has a relatively larger proportion of companies with controlling shareholders and that their current prescriptive approach to determining director independence may need to be replaced with a more principles-based approach to facilitate proper governance of controlled companies. We would welcome such a development. The Board of Directors does not believe that the number of group company boards on which individuals serve is a determinative factor in assessing a Director's independence.

We urge shareholders to read the "Statement of Corporate Governance Practices" above in this Circular, as it sets out more fully our approach to these important matters.

For all the above reasons, the Board believes that the proposal is not in the best interests of the Corporation or its shareholders.

The Board of Directors recommends that shareholders vote AGAINST this proposal.

SCHEDULE B

POWER CORPORATION OF CANADA BOARD OF DIRECTORS CHARTER

SECTION 1. MEMBERSHIP

The Board of Directors (the "Board") shall consist of such number of directors, not greater than the maximum nor less than the minimum set out in the articles of Power Corporation of Canada (the "Corporation"), at least a majority of whom shall be, at the time of each Director's election or appointment, resident Canadians.

SECTION 2. PROCEDURAL MATTERS

In connection with the discharge of its duties and responsibilities, the Board shall observe the following procedures:

1. Meetings > The Board shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder. The Board may meet at any place within or outside of Canada.
2. Advisers > The Board may, at the Corporation's expense, engage such outside advisers as it determines necessary or advisable to permit it to carry out its duties and responsibilities.
3. Quorum > A quorum at any meeting of the Board shall be as fixed from time to time by the Board, but unless so fixed a majority of the Directors shall constitute a quorum.
4. Secretary > The Chairman (or, in the absence of the Chairman, the acting Chairman) of the Board shall appoint a person to act as secretary of meetings of the Board.
5. Calling of Meetings > A meeting of the Board may be called by the Chairman of the Board, a Deputy Chairman, the President or a majority of the Directors, on not less than 48 hours notice to the members of the Board, unless otherwise provided in the by-laws specifying the place, date and time of the meeting. Meetings may be held at any time without notice if all members of the Board waive notice. If a meeting of the Board is called by anyone other than the Chairman of the Board, the person(s) calling such meeting shall so advise the Chairman of the Board.
6. Board Meeting Following Annual Meeting > As soon as practicable after each annual meeting of shareholders there shall be held, without notice, a meeting of such of the newly elected Directors as are then present, provided that they constitute a quorum, at which meeting the Directors may appoint officers, may appoint the Chairman of the Board, may appoint members to and the Chairman of each Board Committee, and may transact such other business as comes before the meeting.

SECTION 3. DUTIES AND RESPONSIBILITIES

The Board shall supervise the management of the business and affairs of the Corporation and shall exercise, as appropriate, the powers vested in and exercisable by the Board pursuant to applicable laws and regulations. Without limiting the generality of the foregoing, the Board shall have the following duties and responsibilities, which it may discharge either directly or indirectly through one or more Committees of the Board. In fulfilling its duties and responsibilities, the Board will rely on the information, advice and recommendations provided to it by management, but will exercise independent judgment:

1. Strategic Planning > The Board shall approve strategic goals and objectives for the Corporation and shall consider management's financial plan, which will be subject to approval by the Board.
2. Review of Operations > The Board shall:
   - [a] monitor the implementation by management of the approved financial plan and shall monitor financial and operating results and other material developments;
   - [b] monitor the implementation and maintenance by management of appropriate systems, policies, procedures and controls to manage the risks associated with the Corporation's businesses and operations;
   - [c] approve significant acquisitions and dispositions, financings and other capital market transactions, capital management decisions, and other significant business and investment decisions and transactions; and
   - [d] review and monitor those operational issues, including those of a regulatory nature, which, in the view of management or the Board may have a potential material impact on the Corporation's ongoing business, affairs and/or reputation.
3. Disclosure and Communication Policies > The Board shall:
   - [a] approve policies with respect to the accurate, timely and full public disclosure of material information while maintaining confidentiality where necessary and permitted, and shall, where required, review specific disclosure documents; and
   - [b] approve appropriate communication policies respecting the communication of information to the Corporation's stakeholders and regulators.

4. Financial Control > The Board shall monitor the integrity of the Corporation's financial reporting systems and the effectiveness of the Corporation's internal controls and management information systems by:
   [a] overseeing the establishment and maintenance by management of appropriate financial control systems;
   [b] reviewing reports provided by management on material deficiencies in, or material changes to, internal controls;
   [c] reviewing and approving the Corporation's annual and interim financial statements and annual Management's Discussion and Analyses, the Corporation's Annual Information Forms, and other public disclosure documents containing financial information requiring board approval; and
   [d] overseeing compliance with applicable audit, accounting and reporting requirements.
5. Corporate Governance > The Board shall oversee the development of the Corporation's approach to corporate governance, including the development of corporate governance policies, principles and guidelines, and shall approve such policies, principles and guidelines, as it deems appropriate.
6. Senior Management > The Board shall:
   [a] approve a position description for, and the appointment of, the Co-Chief Executive Officers (the "Co-CEOs") and approve their compensation in accordance with the Charter of the Compensation Committee;
   [b] approve the appointment of senior management, approve their compensation, and oversee the evaluation of their performance;
   [c] approve incentive compensation plans, equity compensation plans and other compensation plans for senior management, as appropriate; and
   [d] oversee the succession planning processes of the Corporation with respect to senior management.
7. Director Orientation and Education > All newly appointed Directors shall be provided with an orientation as to the nature and operation of the business and affairs of the Corporation and as to the role of, and expectations as to the contributions to be made by, the Board, of Board Committees and of each Director, and existing Directors shall be periodically updated in respect of the foregoing.
8. Code of Conduct > The Board shall support management in seeking to maintain a culture of integrity throughout the Corporation. The Board shall adopt a code of business conduct and ethics (the "Code") to promote integrity and deter wrongdoing that is applicable to Directors, officers and employees of the Corporation and that addresses, among other things, conflicts of interest (including procedures to identify and resolve conflicts and potential conflicts), protection and proper use of corporate assets and opportunities, confidentiality and use of confidential information, accounting complaints, fair dealing with all parties, compliance with applicable laws, rules and regulations and the reporting of illegal or unethical behaviour, and shall require management to establish processes and procedures to monitor compliance with the Code.
9. Chairman of the Board > The Board shall approve a position description for the Chairman of the Board.
10. Board Committees > The Board shall:
   [a] establish an Audit Committee, an Executive Committee, a Related Party and Conduct Review Committee, a Compensation Committee, and a Governance and Nominating Committee, and may establish such other committees as it deems advisable to assist it in discharging its duties under this Charter, and may establish committee charters and otherwise delegate to those committees such duties and responsibilities as may be permitted by law and as it deems necessary or advisable; and
   [b] approve position descriptions for the Chairman of each Board Committee.
11. Director Nomination, Compensation and Assessment > The Board shall:
   [a] nominate and recommend to the shareholders candidates for election to the Board;
   [b] approve compensation arrangements for the Directors, for the Chairman of the Board, and for the Chairmen and members of Board Committees; and
   [c] assess, on a regular basis, the structure, composition, size, effectiveness and contribution of the Board, of all Committees of the Board, and of the Directors.

SECTION 4. ACCESS TO INFORMATION

The Board shall have access to all information, documents and records of the Corporation that it determines necessary or advisable to permit it to carry out its duties and responsibilities.

SECTION 5. REVIEW OF CHARTER

The Board shall periodically review this Charter, and approve any changes that it deems appropriate, and be responsible for approving any changes to Committee Charters recommended by the relevant Committee.

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