POWER CORPORATION OF CANADA

NOTICE OF 2014 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 Thursday, May 15, 2014, 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, 2013 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

Stéphane Lemay
Vice-President, General Counsel and Secretary
Montréal, Québec
March 19, 2014

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 or otherwise vote by telephone or the Internet by following the instructions on the accompanying form of proxy.

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

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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 Thursday, May 15, 2014 (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, 2014, there were outstanding 48,854,772 Participating Preferred Shares and 411,533,721 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, 2014 (the "Record Date"). The Subordinate Voting Shares represent 45.72 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.

Upon the death of The Honourable Paul G. Desmarais on October 8, 2013, control of the Corporation passed to the Desmarais Family Residuary Trust (a Québec testamentary trust governed by the Civil Code of Québec). The Desmarais Family Residuary Trust is for the benefit of members of the family of The Honourable Paul G. Desmarais. The trustees of the Desmarais Family Residuary Trust are Jacqueline Desmarais, Paul Desmarais, Jr., André Desmarais, Michel Plessis-Bélair and Guy Fortin. The Desmarais family member trustees determine how to vote the shares of the Corporation controlled by the Desmarais Family Residuary Trust.

To the knowledge of the Directors and officers of the Corporation, as of March 19, 2014, the Desmarais Family Residuary Trust exercised, through holding corporations, control over 48,603,392 Participating Preferred Shares and 48,363,392 Subordinate Voting Shares in the aggregate, representing 99.49 per cent and 11.75 per cent, respectively, of the outstanding shares of such classes and 59.37 per cent and 21.06 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 any class of voting securities of the Corporation.

VOTING INSTRUCTIONS FOR 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.

IF A REGISTERED SHAREHOLDER DOES NOT WISH TO ATTEND THE MEETING

In order to be voted at the Meeting, or any adjournment thereof, proxies from registered shareholders must be properly executed and received by or deposited with Computershare, 9th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 (or voted by telephone or the Internet by following the instructions on the accompanying form of proxy), no later than 5:00 p.m. on the last business day preceding the day of the Meeting.

IF A REGISTERED SHAREHOLDER WISHES TO VOTE IN PERSON AT THE MEETING

Registered shareholders who wish to attend the Meeting and vote in person should not complete or return the proxy. Such registered shareholders should register with Computershare upon arrival at the Meeting.

IF A REGISTERED SHAREHOLDER WISHES TO REVOKE A PROXY

A registered shareholder who has submitted 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 with Computershare or 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.

VOTING INSTRUCTIONS FOR NON-REGISTERED SHAREHOLDERS

A shareholder is a non-registered (or beneficial owner) 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").

In accordance with CSA *National Instrument 54-101—Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), 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 declined to receive such materials). Such Intermediaries often use a service company (such as Broadridge Investor Communication Solutions in Canada ("Broadridge")), to permit the non-registered shareholder to direct the voting of the Shares, held by the Intermediary, on behalf of the non-registered shareholder. The Corporation is paying Broadridge to deliver, on behalf of the Intermediaries, a copy of the materials related to the Meeting to each "objecting beneficial owner" (as that term is defined in NI 54-101).

IF A NON-REGISTERED SHAREHOLDER DOES NOT WISH TO ATTEND THE MEETING

Non-registered shareholders who do not wish to attend the Meeting should carefully follow the instructions on the voting instruction form 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.

IF A NON-REGISTERED SHAREHOLDER WISHES TO VOTE IN PERSON AT THE MEETING

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 voting instruction form or form of proxy to appoint themselves as proxyholders and then follow their Intermediary's instructions for returning the voting instruction form or proxy form.

Non-registered shareholders who wish to attend the Meeting and vote in person should not complete the voting section of the voting instruction form or form of proxy. Such non-registered shareholders should register with Computershare upon arrival at the Meeting.

IF A NON-REGISTERED SHAREHOLDER WISHES TO REVOKE A 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.

VOTING BY PROXY

SHAREHOLDERS CAN CHOOSE ANY PERSON OR COMPANY AS THEIR PROXYHOLDER

Each of the persons named in the form of proxy as proxyholder is a representative of management of the Corporation and is a director and officer of the Corporation. **Every shareholder has the right to appoint some other person or company of their choice (who need not be a shareholder) to attend and act on their behalf at the Meeting, or any adjournment thereof, and may do so by inserting such other proxyholder's name in the blank space provided for that purpose in the form of proxy.**

HOW PROXYHOLDERS WILL VOTE

The persons designated in the proxy will vote or withhold from voting the Shares represented by the proxy in accordance with the instructions of the shareholder as indicated on the proxy on any ballot that may be called for and, if the shareholder has specified a choice with respect to any matter to be acted on, the Shares will be voted accordingly. In the absence of such instructions, Shares represented by a proxy will be voted in the discretion of the persons designated in the proxy, which in the case of the representatives of management named in the form of proxy will be as follows: for the election, as directors, of all nominees listed in this Management Proxy Circular; for the appointment of Deloitte LLP as auditors of the Corporation; for the amendment to the Executive Stock Option Plan of the Corporation increasing the number of Subordinate Voting Shares of the Corporation issuable pursuant thereto; and against each of the shareholder proposals attached as Schedule "A" to this Management Proxy Circular.

The proxy confers discretionary authority in respect of amendments to matters identified in the Notice of 2014 Annual Meeting of Shareholders and such other matters as may properly come before the Meeting or any adjournment thereof. Management of the Corporation is not aware that any such amendments or other matters are to be submitted to the Meeting.

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 11. The 11 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. Mr. T. Timothy Ryan, Jr., who did not stand for re-election at the 2013 Annual General Meeting ("2013 AGM"), is proposed for election at the Meeting, as he will assume a new role at JPMorgan Chase & Co., which will allow him to re-join the Board of the Corporation should he be elected. Mr. Robert Gratton will not be standing for re-election at the Meeting, after a career with the Power group of companies which spanned over 30 years, first as President of PFC from July 1989, then as President and CEO of PFC from May 1990 to May 2005, as Chairman of PFC from May 2005 to May 2008 and as Deputy Chairman of the Corporation from May 2008 to May 2014. Previously, he was Chairman, President and Chief Executive Officer of PFC's subsidiary The Montreal Trust Company, from 1982 until 1989. He has been a Director of the Corporation since 1989 and a Director of PFC since 1986. In recognition of his outstanding contribution, Mr. Gratton will be appointed by the Board as Deputy Chairman Emeritus of the Corporation, such appointment to take effect on May 15, 2014. 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.

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 or until a successor to the Director is otherwise elected, unless he or she resigns or his or her office becomes vacant for any reason. 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 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.

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, the voting results for each nominee elected to the Board at the 2013 AGM, the number of shares and deferred share units ("DSUs") of the Corporation and its subsidiaries, and performance-based vesting deferred share units ("PDSUs") and performance share units ("PSUs") of PFC (in the case of Mr. Orr), beneficially owned, or controlled or directed, directly or indirectly, by each of them and an assessment of whether each nominee meets or is on track to meet the Corporation's minimum equity ownership requirements for Directors.

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, 2013, by the 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.

Footnotes to the biographical information appear at the end of this section.

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.

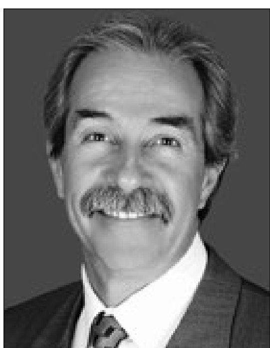
DIRECTOR SINCE
May 2005

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board Related Party and Conduct Review Committee	5/6 2/3	Votes For: 97.48%

SECURITIES HELD

Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
25,000 Subordinate Voting Shares of the Corporation 1,070 Common Shares of PFC	36,571 DSUs of the Corporation[2]

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
61,571	$1,837,894	✓



Marcel R. Coutu, ALBERTA, CANADA

Mr. Coutu is a company director. He is a Director of Brookfield Asset Management Inc. From 2001 to January 1, 2014, he was President and Chief Executive Officer of Canadian Oil Sands Limited (an oil and gas company) and Chairman of Syncrude Canada Ltd. (a Canadian oil sands project). 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 and Canada Life.

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.

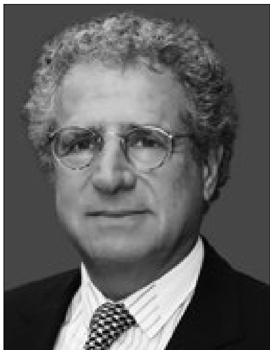
DIRECTOR SINCE
May 2011

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board Executive Committee Audit Committee Compensation Committee	6/6 1/1[5] 4/4 5/5	Votes For: 97.24%

SECURITIES HELD

Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
10,000 Common Shares of Lifeco	14,588 DSUs of the Corporation[2] 14,461 DSUs of Lifeco

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
14,588	$435,452	✓



Laurent Dassault, PARIS, FRANCE

Mr. Dassault is Vice-Chairman and Chief Executive Officer of Groupe Industriel Marcel Dassault SA (an investment and financing company based in Paris, France), a position he has held since December 2011. 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.

DIRECTOR SINCE
May 1997

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board Related Party and Conduct Review Committee	3/6 1/3	Votes For: 99.73%

SECURITIES HELD

Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
20,671 Subordinate Voting Shares of the Corporation	N/A

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
20,671	$617,029	✓

André Desmarais, O.C., O.Q., QUÉBEC, CANADA

Mr. Desmarais is 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. Mr. Desmarais is a trustee of the Desmarais Family Residuary Trust.[6]

Mr. Desmarais 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, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc. He is also a Director and Vice-Chairman of Pargesa in Europe and Director 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 a number of cultural, health and other not-for-profit organizations. 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, Université de Montréal and McGill University.

DIRECTOR SINCE
May 1988

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board Executive Committee Governance and Nominating Committee	6/6 1/1[5] 2/2	Votes For: 86.65%

SECURITIES HELD[7]

Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
558,589 Subordinate Voting Shares of the Corporation 43,200 Common Shares of PFC 350,000 Common Shares of Lifeco	60,290 DSUs of the Corporation[2] 58,626 DSUs of PFC 112,284 DSUs of Lifeco 40,583 DSUs of IGM

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
618,879	$18,473,538	✓

DIRECTOR SINCE
May 1988

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. Mr. Desmarais is a trustee of the Desmarais Family Residuary Trust.[6]

Mr. Desmarais 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, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc. In Europe, he is Chairman of the Board and Executive Director of Pargesa, Vice-Chairman of the Board of Groupe Bruxelles Lambert, and Director of GDF Suez, Total SA, Lafarge SA and SGS SA. He was Vice-Chairman of the Board and a Director of Imerys until 2008.

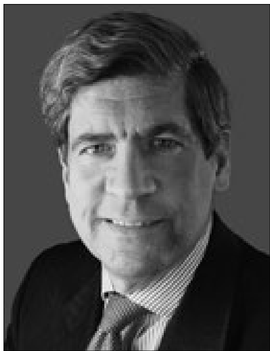
Mr. Desmarais is a member of the Advisory Council of the European Institute of Business Administration (INSEAD), a Trustee of The Brookings Institution (Washington), a Co-Chair of the Brookings International Advisory Council, a member of the Global Board of Advisers of the Council on Foreign Relations (New York), the Chairman of the Canadian Council of Chief Executives and a member of the Global Advisory Council of Harvard University (Boston). He is also involved in a number of charitable and community activities. He was named an Officer of the Order of Canada in 2005, an Officer of the National Order of Québec in 2009 and Chevalier de la Légion d'honneur in France in 2012. He has received Doctorates *Honoris Causa* from Université Laval, Université de Montréal and McGill University.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board Executive Committee Governance and Nominating Committee	6/6 1/1 [5] 2/2	Votes For: 84.98%

SECURITIES HELD[7]

Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
71,881 Subordinate Voting Shares of the Corporation 100,000 Common Shares of Lifeco	41,626 DSUs of the Corporation[2] 40,254 DSUs of PFC 23,350 DSUs of Lifeco 20,013 DSUs of IGM

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
113,507	$3,388,184	✓



DIRECTOR SINCE
May 2001

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 United Kingdom with National Bank Financial Inc. (formerly Lévesque Beaubien Geoffrion Inc.), a Montréal-based investment dealer.

Mr. Graham also serves on the Board of PFC.

Mr. Graham is Chairman and a Director of President's Choice Bank and serves on the Board of George Weston Limited, Loblaw Companies Limited, Graymont Limited, Brown Thomas Group Limited, 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. Michael's Hospital, Luminato and the Trans Canada Trail Foundation. In June 2007, he was awarded an Honorary Doctorate of Laws from Brock University.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board	6/6	Votes For: 97.23%
Executive Committee	1/1 [5]	
Compensation Committee	5/5	
Related Party and Conduct Review Committee	3/3	
Governance and Nominating Committee	2/2	

SECURITIES HELD

Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
25,000 Subordinate Voting Shares of the Corporation 25,000 Common Shares of PFC	45,793 DSUs of the Corporation[2] 38,395 DSUs of PFC

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
70,793	$2,113,171	✓

DIRECTOR SINCE
May 2013

J. David A. Jackson, LL.B., ONTARIO, CANADA

Mr. Jackson retired as a Partner of the law firm Blake, Cassels & Graydon LLP ("Blakes") in 2012, and currently serves as Senior Counsel to the firm, providing advice primarily in the areas of mergers and acquisitions and corporate governance. He was the Chairman of Blakes from 1995 to 2001. He was recognized throughout his career as a leading practitioner in the areas of mergers and acquisitions, corporate finance and corporate governance by numerous independent assessment organizations.

Mr. Jackson is also a Director of several Power group companies in North America, including PFC, Lifeco, Great-West, London Life, Canada Life Financial Corporation and Canada Life. He served as a Director of Investors Group Inc. from 1991 to 2001.

Mr. Jackson has also served as a Director of a number of public and private corporations. He was a Director and the Vice-Chairman of the Board of Sunnybrook Health Sciences Centre until June 2011. He holds a Bachelor of Commerce degree from the University of Windsor and a Bachelor of Laws (LL.B.) from Osgoode Hall Law School, and was called to the Bar of Ontario in 1974.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board Executive Committee Audit Committee	3/3* 1/1*[5] 2/2*	Votes For: 99.65%

SECURITIES HELD	
Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
2,090 Subordinate Voting Shares of the Corporation 5,514 Common Shares of IGM	1,688 DSUs of the Corporation[2] 1,461 DSUs of PFC 1,100 DSUs of Lifeco

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
3,778	$112,773	✓

* Mr. Jackson was elected to the Board and appointed to each of the Executive Committee and the Audit Committee on May 15, 2013.

DIRECTOR SINCE
May 2010

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. She was Vice-Chair of the Board from 2007 to 2012 and Vice-President, Corporate Development, from 2004 to 2012. 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 Trade of Metropolitan Montreal. She has been actively involved in a number of fundraising campaigns for community and not-for-profit organizations, including Young Musicians of the World, Tel-Jeunes, the Montreal Children's Hospital, the Montreal Museum of Fine Arts and the Montreal Mayor's Foundation For Youth.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board Compensation Committee Governance and Nominating Committee	5/6 5/5 2/2	Votes For: 98.10%

SECURITIES HELD	
Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
Nil	18,629 DSUs of the Corporation[2]

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
18,629	$556,076	✓

DIRECTOR SINCE
May 2005

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.

Mr. Orr is a Director of PFC and is also a Director, Chairman of the Board and serves on various committees of IGM, Investors Group Inc., Mackenzie Inc., Lifeco, Great-West, Great-West Life & Annuity Insurance Company, London Life, London Insurance Group Inc., Putnam Investments, LLC, Canada Life Capital Corporation, Canada Life Financial Corporation, Canada Life and The Canada Life Insurance Company of Canada. He is also a Director of PanAgora Asset Management Inc.

Mr. Orr is active in a number of community and business organizations.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board	6/6	Votes For: 93.64%

SECURITIES HELD

Shares (# as at March 19, 2014)	DSUs, PSUs & PDSUs (# as at March 19, 2014)
20,000 Subordinate Voting Shares of the Corporation 400,400 Common Shares of PFC 20,000 Common Shares of Lifeco 120,000 Common Shares of IGM	37,455 DSUs of the Corporation[2] 37,462 DSUs of PFC 116,444 PDSUs of PFC[8] 32,274 PSUs of PFC[8] 106,115 DSUs of Lifeco 49,846 DSUs of IGM

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
57,455	$1,715,032	✓

DIRECTOR SINCE
N/A*

T. Timothy Ryan, JR., NEW YORK, UNITED STATES OF AMERICA

Mr. Ryan is Managing Director, Global Head of Regulatory Strategy and Policy of JPMorgan Chase & Co. ("J.P. Morgan"), a global financial services firm, a position he has held since 2013. From 2008 to 2013, he was President and Chief Executive Officer of the Securities Industry and Financial Markets Association ("SIFMA"), a 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. Prior to joining J.P. Morgan in 1993, Mr. Ryan was the Director of the Office of Thrift Supervision, U.S. Department of the Treasury.

Mr. Ryan is a member of the Board of Markit Group Limited, where he serves on the Nominating and Governance Committee. He has served as a director of Lloyds Banking Group from March 2009 to April 2013, Power and PFC from May 2011 to May 2013, and Lifeco from May 2010 to May 2013. He was a private sector member of the Global Markets Advisory Committee for the National Intelligence Council from 2007 to 2011.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board	N/A*	N/A*

SECURITIES HELD

Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
Nil	12,514 DSUs of the Corporation[2] 9,992 DSUs of PFC 35,048 DSUs of Lifeco

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
12,514	$373,543	✓

* Mr. Ryan is not currently a Director of the Corporation. He was previously a Director of the Corporation from May 13, 2011 to May 15, 2013 and did not stand for re-election at the 2013 AGM.

DIRECTOR SINCE
May 1999

Emőke J.E. Szathmáry, C.M., O.M., PH.D., FRSC, MANITOBA, CANADA

Dr. Szathmáry became President Emeritus of the University of Manitoba, in 2008. She was named Professor Emeritus in the Department of Anthropology in 2014. 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).

Dr. Szathmáry is a Director of many Power group companies in North America, including PFC, Lifeco, Great-West, London Life, Canada Life Financial Corporation and Canada Life.

Dr. Szathmáry 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 six 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.

BOARD/COMMITTEE MEMBERSHIP[1]	ATTENDANCE	2013 AGM VOTING RESULTS
Board Audit Committee Related Party and Conduct Review Committee	6/6 4/4 3/3	Votes For: 99.67%

SECURITIES HELD

Shares (# as at March 19, 2014)	DSUs (# as at March 19, 2014)
3,000 Common Shares of PFC	31,989 DSUs of the Corporation[2] 27,010 DSUs of PFC 24,364 DSUs of Lifeco

Total Subordinate Voting Shares & DSUs of the Corporation (#)	Total Market Value of Subordinate Voting Shares & DSUs of the Corporation[3]	Minimum Equity Ownership Requirement for Directors: Meets/On track to meet[4]
31,989	$954,872	✓

[1] Director is currently a member of each Committee noted, except as indicated at Note [5].

[2] The members of the Board of Directors receive all or a portion of their annual retainer and attendance fees in the form of DSUs or in the form of Subordinate Voting Shares of the Corporation. See "Compensation of Directors—Deferred Share Unit Plan and Directors Share Purchase Plan".

[3] Calculated based on March 19, 2014 closing price on the TSX of $29.85 per Subordinate Voting Share of the Corporation. The value of a DSU of the Corporation is equal to the value of a Subordinate Voting Share.

[4] See "Compensation of Directors—Minimum Equity Ownership Requirement for Directors".

[5] Effective November 14, 2013, the Executive Committee was terminated as a standing committee of the Board. The Board determined that, given its size (11 Directors) and consistent with current corporate governance practices, it was no longer necessary to have an Executive Committee to support the efficient functioning of the Board. The Executive Committee met once during the period from January 1, 2013 to November 14, 2013.

[6] Voting control of the Corporation is held by the Desmarais Family Residuary Trust. See "Voting Shares and Principal Holders Thereof".

[7] The securities described as held by Messrs. André Desmarais and Paul Desmarais, Jr. do not include securities controlled by the Desmarais Family Residuary Trust, of which they are trustees. See also Note [6]. 48,363,392 Subordinate Voting Shares and 48,603,392 Participating Preferred Shares of the Corporation are controlled, indirectly, by the Desmarais Family Residuary Trust. The security holdings of Gelco Enterprises Ltd., controlled by the Desmarais Family Residuary Trust, constitute at least 10 per cent of the voting rights attached to all voting securities of the Corporation. 467,839,296 Common Shares of PFC are controlled, indirectly through the Corporation, by the Desmarais Family Residuary Trust. 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. 669,568,064 Common Shares of Lifeco and 147,932,080 Common Shares of IGM are controlled, indirectly through subsidiaries of the Corporation, by the Desmarais Family Residuary Trust.

[8] Certain officers and employees of PFC receive a portion of their long-term incentive compensation from PFC in the form of PSUs or PDSUs granted under PFC's Performance Share Unit Plan. See PFC's Management Proxy Circular dated March 19, 2014.

COMPENSATION OF DIRECTORS

PROCESS FOR DETERMINATION OF 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 under "Compensation Discussion and Analysis—Benchmarking" below).

The Committee's compensation policy is:

- aimed at providing fair, reasonable and competitive total compensation required to attract and retain experienced and competent Directors; and
- designed to directly align the interests of Directors with the long-term interests of the Corporation's shareholders.

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

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, 2013.

RETAINERS AND FEES

For the financial year ended December 31, 2013, 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 [1]	$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 [1]	$250,000
Attendance Fee—Board and Committee Meetings	$2,000

[1] Effective November 14, 2013, the Executive Committee was terminated as a standing committee of the Board.

DEFERRED SHARE UNIT PLAN AND DIRECTORS SHARE PURCHASE PLAN

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 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 (provided the Director is not then a director, officer or employee of the Corporation or an affiliate of the Corporation), 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 all or a portion of 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 table* shows the compensation paid to individuals (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, 2013.

COMPENSATION OF DIRECTORS [1,2,3]

DIRECTOR	FEES EARNED [4] [$]	SHARE-BASED AWARDS [5,6] [$]	ALL OTHER COMPENSATION [$]	TOTAL COMPENSATION [$]
Pierre Beaudoin	69,000	50,000	–	119,000
Marcel R. Coutu	98,000	50,000	–	148,000
Laurent Dassault	63,000	50,000	–	113,000
Anthony R. Graham	114,000	50,000	–	164,000
Robert Gratton [7]	62,000	50,000	–	112,000
J. David A. Jackson [8]	72,000	37,500	–	109,500
Isabelle Marcoux	84,000	50,000	–	134,000
R. Jeffrey Orr [9]	62,000	50,000	–	112,000
T. Timothy Ryan, Jr. [10]	50,000	25,000	–	75,000
Emőke J.E. Szathmáry	97,000	50,000	–	147,000

* 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; Anthony R. Graham is also a Director of PFC; Robert Gratton is also a Director of PFC; J. David A. Jackson is also a Director of PFC, Lifeco and certain of its subsidiaries; R. Jeffrey Orr is also a Director of PFC, Lifeco, IGM and certain of their subsidiaries; T. Timothy Ryan, Jr. was also a Director of PFC, Lifeco and certain of its subsidiaries; and Emőke J.E. Szathmáry is also a Director of PFC, Lifeco and certain of its subsidiaries. See PFC's Management Proxy Circular dated March 19, 2014, Lifeco's Management Proxy Circular dated February 24, 2014 and IGM's Management Proxy Circular dated February 28, 2014, 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: $69,000; Marcel R. Coutu: $98,000; Anthony R. Graham: $80,000; J. David A. Jackson: $12,000; Isabelle Marcoux: $84,000; R. Jeffrey Orr: $62,000; and T. Timothy Ryan, Jr.: $50,000. None of the Directors elected to receive any of the fees disclosed in the form of Subordinate Voting Shares of the Corporation under the DSP Plan. 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, 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] Robert Gratton will not be standing for re-election at the Meeting. During the financial year ended December 31, 2013, he attended 6 meetings of the Board of Directors (out of 6).

[8] J. David A. Jackson was elected to the Board of the Corporation on May 15, 2013.

[9] 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, 2013 is disclosed in PFC's Management Proxy Circular dated March 19, 2014.

[10] T. Timothy Ryan, Jr. was a Director of the Corporation during a portion of the financial year ended December 31, 2013, but did not stand for re-election at the meeting of the Corporation's shareholders held on May 15, 2013.

DIRECTOR COMPENSATION EQUITY HOLDINGS AT DECEMBER 31, 2013

The following table shows equity holdings as at December 31, 2013 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 2013 and prior years.

DIRECTOR	NUMBER OF DSP PLAN SHARES AS AT DECEMBER 31, 2013 [1] [#]	NUMBER OF DSUS HELD UNDER THE DSU PLAN AS AT DECEMBER 31, 2013 [2] [#]	TOTAL VALUE OF DSP PLAN SHARES AND DSUS [3] AS AT DECEMBER 31, 2013 [4] [$]
Pierre Beaudoin	–	36,571	1,168,443
Marcel R. Coutu	–	14,588	466,087
Laurent Dassault	19,213	–	613,855
Anthony R. Graham	–	45,793	1,463,086
Robert Gratton [5]	–	28,422	908,083
J. David A. Jackson	–	1,688	53,932
Isabelle Marcoux	–	18,629	595,197
R. Jeffrey Orr	–	37,455	1,196,687
Emőke J.E. Szathmáry	–	31,989	1,022,049

[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 (provided the Director is not then a director, officer or employee of the Corporation or an affiliate of the Corporation) 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, 2013 closing price of $31.95 per Subordinate Voting Share of the Corporation on the TSX.

[5] Robert Gratton will not be standing for re-election at the Meeting.

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, PDSUS AND PSUS

Other than the NEOs (see "Executive Compensation—Incentive Plan Awards") or as stated below, no Director of the Corporation holds options to acquire securities, PDSUs or PSUs of the Corporation or any of its subsidiaries.

R. Jeffrey Orr holds options, PDSUs and PSUs of PFC granted to him as an officer of PFC, which are disclosed in PFC's Management Proxy Circular dated March 19, 2014. Robert Gratton holds options of PCC and PFC previously granted to him as an officer of PFC, which are disclosed in PFC's Management Proxy Circular dated March 19, 2014. Robert Gratton will not be standing for re-election at the Meeting.

MINIMUM EQUITY OWNERSHIP REQUIREMENT FOR DIRECTORS

To further align the interests of Directors with the long-term interest of the Corporation's shareholders, Directors are required to hold Shares or DSUs of the Corporation 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 requirement.

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, except to the extent indicated in Note [12], its subsidiaries, including PFC in the case of certain NEOs, during the financial

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	POWER FINANCIAL CORPORATION [1] SALARY [$]	SHARE-BASED AWARDS [2] [$]	OPTION-BASED AWARDS [3] [$]	ANNUAL INCENTIVE PLANS [$]	PENSION VALUE [4] [$]	ALL OTHER COMPEN-SATION [5] [$]	TOTAL COMPEN-SATION FOR PFC [$]
Paul Desmarais, Jr. [9] Chairman and Co-Chief Executive Officer	2013	550,000	137,500	–	875,000 [10]	575,940 [11]	396,056	2,534,496
	2012	537,500	137,500	–	500,000	Nil	344,729	1,519,729
	2011	525,000	137,500	–	750,000	435,000	260,250	2,107,750
André Desmarais [9] Deputy Chairman, President and Co-Chief Executive Officer	2013	550,000	137,500	–	875,000 [10]	412,020 [11]	388,375	2,362,895
	2012	537,500	137,500	–	500,000	Nil	358,750	1,533,750
	2011	525,000	137,500	–	750,000	271,420	333,500	2,017,420
Gregory D. Tretiak [9,12] Executive Vice-President and Chief Financial Officer	2013	256,500	87,500	111,340 [13]	350,000	117,000	355,990	1,278,330
	2012	157,694	57,813	112,513	207,500	2,576,000 [14]	187,180	3,298,700 [14]
	2011	–	–	–	–	–	–	–
John A. Rae Executive Vice-President	2013	–	–	–	–	–	–	–
	2012	–	–	–	–	–	–	–
	2011	–	–	–	–	–	–	–
Henri-Paul Rousseau [9] Vice-Chairman	2013	309,000	87,500	–	370,000	19,000 [16]	296,216	1,081,716
	2012	301,500	112,500	–	210,000	18,500	311,892	954,392
	2011	292,500	137,500	–	125,000	17,000	325,146	897,146

* Footnotes to this table appear on pages 20 and 21.

** In addition to the Corporation's Co-Chief Executive Officers and Chief Financial Officer, only two persons were determined to be NEOs pursuant to applicable securities laws.

years indicated. The amounts shown below 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 [1]							
SALARY [$]	SHARE-BASED AWARDS [6] [$]	OPTION-BASED AWARDS [7] [$]	ANNUAL INCENTIVE PLANS [$]	PENSION VALUE [$]	ALL OTHER COMPEN-SATION [8] [$]	TOTAL COMPEN-SATION FOR PCC [$]	TOTAL COMPENSATION [$]
550,000	50,000	3,080,400	875,000 [10]	417,060 [11]	151,806	5,124,266	7,658,762
537,500	50,000	2,922,026	500,000	Nil	147,229	4,156,755	5,676,484
525,000	50,000	1,366,200	750,000	290,000	134,000	3,115,200	5,222,950
550,000	50,000	3,080,400	875,000 [10]	568,980 [11]	252,625	5,377,005	7,739,900
537,500	50,000	2,922,026	500,000	Nil	227,000	4,236,526	5,770,276
525,000	50,000	1,366,200	750,000	390,580	276,000	3,357,780	5,375,200
256,500	79,663	102,864	350,000	117,000	7,695	913,722	2,192,052
157,694	–	150,008	207,500	2,576,000 [14]	4,731	3,095,933	6,394,633 [14]
–	–	–	–	–	–	–	–
558,000	277,332	119,344	245,000	-243,000 [15]	16,740	973,416	973,416
544,000	25,000	239,360	145,000	-193,000	49,321	809,681	809,681
530,000	50,000	233,201	125,000	-134,000	83,900	888,101	888,101
309,000	–	Nil	370,000	19,000 [16]	33,216	731,216	1,812,932
301,500	25,000	Nil	210,000	18,500	68,642	623,642	1,578,034
292,500	50,000	Nil	125,000	17,000	103,146	587,646	1,484,792

[1] Except as described in Note [9] and Note [12], amounts shown under "Power Financial Corporation" represent amounts paid, awarded or earned by NEOs from PFC and its subsidiaries, while amounts shown under "Power Corporation of Canada" represent amounts paid, awarded or earned by NEOs from the Corporation and its subsidiaries other than PFC and its subsidiaries. No amounts paid, awarded or earned by NEOs from PFC and its subsidiaries have been included in the columns under "Power Corporation of Canada" as they have been accounted for in the appropriate columns under "Power Financial Corporation".

[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 19, 2014, Lifeco's Management Proxy Circular dated February 24, 2014 and IGM's Management Proxy Circular dated February 28, 2014, as applicable.

[3] The grant date fair value for options awarded by PFC in 2013 was calculated as disclosed in PFC's Management Proxy Circular dated March 19, 2014.

[4] Represents the portion of the compensatory value of the annual pension benefits under the Corporation's basic pension plan, Supplementary Executive Retirement Plan ("SERP"), and Mr. Tretiak's pension benefit arrangement, attributable to PFC in 2013, as disclosed in PFC's Management Proxy Circular dated March 19, 2014.

[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 19, 2014. 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 include PDSU and PSU grants in 2013 by the Corporation having a grant date fair value of $79,663 for Mr. Tretiak and $277,332 for Mr. Rae. Other than Mr. Tretiak and Mr. Rae, no other NEOs received PSU or PDSU grants by the Corporation in 2013. The grant date fair value of a PDSU and PSU is equal to the average of the high and low prices on the TSX of the Subordinate Voting Shares on the preceding trading day. The PSUs and PDSUs are subject to performance vesting conditions over a three-year period pursuant to which PSUs and PDSUs may vest within a range of 0 per cent to 150 per cent. The aggregate grant date fair value for the PSU and PDSU reflects the amount of the grant intended for compensation purposes based on an assumption of 100 per cent vesting. This amount is the same as the accounting fair value. See "Compensation Discussion and Analysis–Components of Compensation–Incentive Compensation–Long-Term Incentives" below. This amount also includes 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—Deferred Share Unit Plan and Directors Share Purchase Plan" above. These amounts were $50,000 for Mr. Paul Desmarais, Jr. and $50,000 for Mr. André Desmarais. 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 in 2013 has been calculated using the Black-Scholes method. The Black-Scholes factor has been determined using an 8-year average volatility of 20.96 per cent at the date of grant, a 3-year dividend yield of 4.55 per cent, and a risk free interest rate of 1.71 per cent equal to the implied yield of Government of Canada bonds with a term equal to the expected life of the options on date of grant. Based on these assumptions, the Black-Scholes factor used was approximately 11 per cent of the exercise price. The use of this methodology is 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 is the same as that determined for accounting purposes for options awarded in 2013.

[8] 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 2013 include the following board fees: Mr. Paul Desmarais, Jr.: $111,000 and Mr. André Desmarais: $212,000. 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 Management Proxy 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. Tretiak, in PFC's Management Proxy Circular dated March 19, 2014. 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] See "Compensation Discussion and Analysis—Components of Executive Compensation—Incentive Compensation" below.

[11] Mr. Paul Desmarais, Jr. and Mr. André Desmarais have attained the maximum pension accrual. Their expected final average earnings have increased over the past year since their actual earnings in 2013 were higher than initially projected for pension benefits purposes.

[12] Mr. Tretiak was appointed Executive Vice-President and Chief Financial Officer of the Corporation on May 15, 2012 and of PFC on May 14, 2012. Previously, Mr. Tretiak had been Executive Vice-President and Chief Financial Officer of IGM. Information regarding compensation paid, awarded or earned by Mr. Tretiak from IGM and its subsidiaries in 2011 and 2012 is disclosed in IGM's Management Proxy Circular dated February 28, 2013 and has not been included in the amounts disclosed in the table above.

[13] For an explanation of the terms, vesting conditions and grant date fair value for options awarded to Mr. Tretiak by PFC in 2013, see PFC's Management Proxy Circular dated March 19, 2014.

[14] Includes a one-time adjustment of $2,515,000 in respect of the Corporation and $2,515,000 in respect of PFC, which amounts represent the value of that portion of the benefits to be provided by the Corporation under Mr. Tretiak's pension benefit arrangement with the Corporation, with respect to past service with IGM that exceeds the benefit accrued under the IGM pension plan at the time Mr. Tretiak joined the Corporation.

[15] Mr. Rae has attained the maximum pension accrual. As his actual earnings in 2013 were lower than initially projected for pension benefits purposes, his compensatory change for the 2013 accrued benefit obligation results is a negative amount.

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

INCENTIVE PLAN AWARDS

The table below* shows information for each NEO, for all unexercised options, DSP Plan shares and DSUs of the Corporation and, except to the extent indicated in note [9], its subsidiaries held by NEOs (as well as PDSUs and PSUs of the Corporation in the case of Messrs. Tretiak and Rae) as at December 31, 2013.

OPTION AWARDS

NAME		NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#] VESTED	UNVESTED	OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE
Paul Desmarais, Jr. [7]			1,020,000 [8]	28.24	May 20, 2023
			975,000	27.245	March 18, 2022
			450,000	27.60	March 14, 2021
		225,000	225,000	30.065	March 15, 2020
		364,000		18.52	March 15, 2019
		346,275		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 [7]			1,020,000 [8]	28.24	May 20, 2023
			975,000	27.245	March 18, 2022
			450,000	27.60	March 14, 2021
		225,000	225,000	30.065	March 15, 2020
		364,000		18.52	March 15, 2019
		346,275		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
Gregory D. Tretiak [9]	PCC		34,061 [8]	28.24	May 20, 2023
			52,690	23.725	May 22, 2022
	PFC		41,857 [10]	30.64	May 20, 2023
			47,880	26.11	May 22, 2022
John A. Rae			39,518 [8]	28.24	May 20, 2023
			79,868	27.245	March 18, 2022
			76,812	27.60	March 14, 2021
		34,392	34,392	30.065	March 15, 2020
		81,443		18.52	March 15, 2019
		77,900		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 [7]		457,144	342,856	22.635	January 5, 2019

* Footnotes to this table appear on page 24.

VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS [1] [$]		SHARE-BASED AWARDS		
VESTED	UNVESTED [6]	NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED [2] [#]	MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED [3] [$]	MARKET OR PAYOUT VALUE OF VESTED SHARE-BASED AWARDS NOT PAID OUT OR DISTRIBUTED [4,5] [$]
	3,784,200	–	–	4,640,819
	4,587,375			
	1,957,500			
424,125	424,125			
4,888,520				
713,326				
Nil				
Nil				
Nil				
1,494,100				
7,520,071	10,753,200 [6]			
Total: 18,273,271				
	3,784,200	–	–	9,947,007
	4,587,375			
	1,957,500			
424,125	424,125			
4,888,520				
713,326				
Nil				
Nil				
Nil				
1,494,100				
7,520,071	10,753,200 [6]			
Total: 18,273,271				
	126,366	2,922	93,726	236,847
	433,375			
	559,741 [6]			
	224,354	–	–	–
	473,533			
	697,887 [6]			
	146,612	10,174	326,341	697,500
	375,779			
	334,132			
64,829	64,829			
1,093,779				
160,474				
Nil				
Nil				
Nil				
379,100				
1,698,182	921,352 [6]			
Total: 2,619,534				
4,258,296	3,193,704 [6]	–	–	1,159,244
Total: 7,452,000				

[1] Calculated based on December 31, 2013 closing price on the TSX of $31.95 per Subordinate Voting Share of the Corporation and $36.00 per Common Share of PFC (in the case of Mr. Tretiak). In accordance with the CSA requirements, the total amount includes values for unvested (non-exercisable) options as well as vested (exercisable) options.

[2] Represents the number of PDSUs and PSUs of the Corporation awarded to Mr. Tretiak and Mr. Rae that were not vested as at December 31, 2013.

[3] Represents unvested PDSUs and PSUs. The fair value of a PDSU and PSU is equal to the five day average closing price on the TSX of Subordinate Voting Shares, as of December 31, 2013, being $32.076 per Subordinate Voting Share. The PDSUs and PSUs are subject to performance vesting conditions over a three-year period pursuant to which PDSUs and PSUs may vest within a range of 0 per cent to 150 per cent. The amount shown assumes 100 per cent vesting, but as such PDSUs and PSUs are unvested, the amount shown is not available to the NEOs. See "Compensation Discussion and Analysis—Components of Compensation—Long-Term Incentives" below.

[4] This amount includes the value of 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, Directors are required to be paid in DSUs or in shares. This amount also includes the fees that the NEOs, in their capacity as Directors of the Corporation or its subsidiaries, elected to receive as DSUs or shares. The amount is calculated based on the following December 31, 2013 closing prices on the TSX: PCC Subordinate Voting Shares: $31.95, PFC Common Shares: $36.00, Lifeco Common Shares: $32.75 and IGM Common Shares: $56.09. No PDSUs of the Corporation were vested as at December 31, 2013.

[5] DSUs are payable at the time a Director's membership on the Board is terminated (provided the Director is not then a director, officer or employee of the Corporation or an affiliate of the Corporation), or in the event of the death of a Director, by a lump sum cash payment, based on the value of the DSUs at that time. Vested PDSUs are redeemable at the time the NEO's employment on behalf of the Corporation (or another corporation related to the Corporation) is terminated, or in the event of the death of the NEO, by a lump sum cash payment, based on the value of the vested PDSUs at that time. No PDSUs of the Corporation were vested as at December 31, 2013.

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

[7] These NEOs did not hold any PSUs or PDSUs of the Corporation as at December 31, 2013.

[8] Options awarded to the NEO by the Corporation during the financial year ended December 31, 2013. These options have a 10-year term. 50 per cent of these options vest on the third anniversary of the award and the remaining 50 per cent vest on the fourth anniversary of the award.

[9] Mr. Tretiak 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 28, 2014.

[10] For an explanation of the terms and vesting conditions for options awarded to Mr. Tretiak by PFC during the financial year ended December 31, 2013, see PFC's Management Proxy Circular dated March 19, 2014.

INCENTIVE PLAN AWARDS — VALUE VESTED OR EARNED DURING THE YEAR

The table below shows information for each NEO for the year ended December 31, 2013.

	OPTION-BASED AWARDS— VALUE VESTED DURING THE YEAR [1] [$]		SHARE BASED AWARDS— VALUE VESTED DURING THE YEAR [2] [$]		NON-EQUITY INCENTIVE PLAN COMPENSATION— VALUE EARNED DURING THE YEAR [3] [$]	
NAME	POWER FINANCIAL CORPORATION	POWER CORPORATION OF CANADA	POWER FINANCIAL CORPORATION	POWER CORPORATION OF CANADA	POWER FINANCIAL CORPORATION	POWER CORPORATION OF CANADA
Paul Desmarais, Jr.	–	1,625,260	–	–	875,000 [4]	875,000
André Desmarais	–	1,625,260	–	–	875,000 [4]	875,000
Gregory D. Tretiak [5]	Nil	Nil	–	Nil	350,000 [4]	350,000
John A. Rae	–	363,639	–	Nil	–	245,000
Henri-Paul Rousseau	–	376,572	–	–	370,000 [4]	370,000

[1] Summarizes for each of the NEOs, the aggregate value that would have been realized if the options under the Corporation's Executive Stock Option Plan (and for Mr. Tretiak, under PFC's Employee Stock Option Plan) had been exercised on the vesting date during the financial year ended December 31, 2013.

[2] Summarizes for each of the NEOs, the aggregate value that would have been realized if PDSUs and PSUs of the Corporation had been redeemed on the vesting date during the financial year ended December 31, 2013. Vested PDSUs are redeemable at the time the NEO's employment on behalf of the Corporation (or another corporation related to the Corporation) is terminated, or in the event of the death of the NEO, by a lump sum cash payment, based on the value of the vested PDSUs at that time. No PDSUs and PSUs were vested as at December 31, 2013.

[3] 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.

[4] 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".

[5] Mr. Tretiak also holds options of IGM, previously granted to him as an officer of IGM, which vested during the year ended December 31, 2013. See disclosure in IGM's Management Proxy Circular dated February 28, 2014.

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 from treasury is the Executive Stock Option Plan.

AT DECEMBER 31, 2013	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	19,033,611	$28.44	998,672
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	19,033,611	$28.44	998,672

EQUITY COMPENSATION PLANS

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 following table provides information regarding the Executive Stock Option Plan, as at March 19, 2014.

	NUMBER OF SUBORDINATE VOTING SHARES	% OF OUTSTANDING SHARES OF THE CORPORATION
(a) Issuable pursuant to options outstanding	18,899,611	4.11%
(b) Issuable pursuant to options available for granting	998,672	0.22%
(c) Reserved for issuance (a+b)	19,898,283	4.32% [1]
Issuable pursuant to options granted during year ended December 31, 2013	2,695,036	0.59% [2]

[1] Commonly referred to as the "overhang".

[2] Commonly referred to as the annual "burn rate".

The Executive Stock Option Plan provides for the grant of options to certain officers, 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. Options granted under the Executive Stock Option Plan 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. In the event of a change of control of the Corporation, all outstanding options will become exercisable and continue to terminate on the termination date, as first established by the Compensation Committee. 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 re-grant 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 19, 2014, 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, to increase the number of Subordinate Voting Shares of the Corporation issuable pursuant thereto. Such amendment is described below under "Amendment to Executive Stock Option Plan".

TERMINATION AND CHANGE OF CONTROL BENEFITS

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

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. Tretiak and Mr. Rousseau, participate in the SERP.

The following table summarizes the main provisions of the SERP:

PROVISION	DESCRIPTION
Member contributions	None permitted
Credited service	Years of service (including fractions of years of service) with the Power Group while an executive officer designated by the Corporation for participation in the SERP
Pensionable compensation	Salary and bonuses received in respect of all Power Group positions
Average compensation	Average of the highest 3 years of compensation out of the final 10 years of credited service
Normal retirement age	62 years
Pension formula	Maximum annual pension equal to 60 per cent of the average compensation less offset (see below)
Offset	Amount of benefits payable under the Canada Pension Plan or the Québec Pension Plan and the Corporation's basic pension plan on the date of retirement
Years of credited service requirement	Entitlement to the maximum supplementary pension under the SERP requires 15 years of credited service with the Power Group and no benefit is payable to a participant with less than 5 years of credited service at retirement
Reduced pension	The amount of the supplementary pension (prior to offset) is reduced by 6 ⅔ per cent for each year by which the credited service with the Power Group is less than 15 years
Early retirement age	Early retirement may not be elected prior to age 55
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 (prior to offset) of 6 per cent for each year by which the retirement precedes age 60

Under his pension benefit arrangement and the Corporation's basic pension plan, Mr. Tretiak becomes entitled to an annual pension at age 62 equal to a percentage of the average of the highest 3 years of his compensation out of the final 10 years of credited service multiplied by his credited service under the Corporation's basic pension plan, provided that, in no event will such pension benefit exceed 60 per cent of the average of the highest 3 years of his compensation out of the final 10 years of credited service. Mr. Tretiak's pension benefit is reduced by the amount of the benefits payable under the Canada Pension Plan and the Québec Pension Plan and any benefits payable under his IGM Supplementary Executive Retirement Plan (for prior service with IGM, a subsidiary of the Corporation) on the date of retirement. Credited service includes service with the Corporation and service with IGM recognized under the Corporation's basic pension plan. His average compensation covered under his pension benefit arrangement is calculated based on salary and bonuses received in respect of all Power Group positions.

Mr. Rousseau participates in the Corporation's basic pension plan and has no other pension benefit arrangement with the Corporation. Under the Corporation's basic pension plan, Mr. Rousseau becomes entitled to an annual pension at age 62 equal to a percentage of the average of the highest 3 years of his compensation, calculated based on salary and bonuses, multiplied by his credited service under the plan, provided that in no event will such pension benefit exceed the maximum lifetime retirement benefit permitted to be provided by a registered pension plan under the Income Tax Act (Canada).

		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 [6] [$]	NON- COMPEN- SATORY CHANGE [7] [$]	ACCRUED OBLIGATION AT YEAR-END [4,5] [$]
Paul Desmarais, Jr.	36.7 [8]	1,020,829	1,020,829	14,656,800	575,940	-3,576,480	11,656,260
André Desmarais	30.7 [8]	739,221	739,221	9,299,620	412,020	-1,379,260	8,332,380
Gregory D. Tretiak	25.5 [9]	205,576	252,937	2,662,000	117,000	376,500	3,155,500
John A. Rae	42.7	–	–	–	–	–	–
Henri-Paul Rousseau [10]	5.1 [8]	6,852	6,852	77,000	19,000	-1,500	94,500

[1] With respect to Mr. Paul Desmarais, Jr., Mr. André Desmarais and Mr. John A. Rae, a maximum of 15 years of credited service are recognized under the SERP.

[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, 2013 and on the terms of the current retirement agreements. For NEOs who have already attained age 65, the annual benefits payable at age 65 correspond to the annual benefits payable at year-end. 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 19, 2014.

[4] The accrued obligation represents the value of the projected pension benefits from all pension plans of the Corporation, 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 and PFC's financial statements. The key assumptions include a discount rate of 4.30 per cent per year to calculate the accrued obligation at start of year and the annual service cost, a discount rate of 4.80 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.

The following table presents information on the pension benefits offered to each NEO calculated as of the end of 2013 for the Corporation's basic pension plan, the SERP and Mr. Tretiak'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 payable and the accrued obligation that are shared by PFC and the Corporation. As at the end of 2013, the percentages attributable to PFC and the Corporation are, respectively, 58 per cent and 42 per cent for Paul Desmarais, Jr., 42 per cent and 58 per cent for André Desmarais and 50 per cent each for Gregory D. Tretiak and Henri-Paul Rousseau.

POWER CORPORATION OF CANADA						TOTAL		
ANNUAL BENEFITS PAYABLE [$]						ANNUAL BENEFITS PAYABLE [$]		
AT YEAR-END [2]	AT AGE 65 [2]	ACCRUED OBLIGATION AT START OF YEAR [4,5] [$]	COMPENSATORY CHANGE [6] [$]	NON-COMPENSATORY CHANGE [7] [$]	ACCRUED OBLIGATION AT YEAR-END [4,5] [$]	AT YEAR-END [2]	AT AGE 65 [2]	ACCRUED OBLIGATION AT YEAR-END [4,5] [$]
739,221	739,221	9,771,200	417,060	-1,747,520	8,440,740	1,760,050	1,760,050	20,097,000
1,020,829	1,020,829	13,382,380	568,980	-2,444,740	11,506,620	1,760,050	1,760,050	19,839,000
205,576	252,937	2,662,000	117,000	376,500	3,155,500	411,152	505,874	6,311,000
427,250	427,250	5,553,000	-243,000	139,000	5,449,000	427,250	427,250	5,449,000
6,852	6,852	77,000	19,000	-1,500	94,500	13,704	13,704	189,000

[6] Includes service cost for 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 4.30 per cent to 4.80 per cent, non-pay related experience such as mortality and retirement, and increase in the obligation due to interest and changes in other assumptions, if any.

[8] Represents the total years of credited service with the Corporation and PFC.

[9] Represents the total years of credited service with the Corporation, PFC and IGM.

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

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out the indebtedness of directors and executive officers of the Corporation (including any person who, during the financial year ended December 31, 2013, was, but is not at the date of this Management Proxy Circular, a director or executive officer of the Corporation), nominees for election as directors, and any associates of any of the foregoing persons, during the financial year ended December 31, 2013 to the Corporation or its subsidiaries, or to other entities if the indebtedness to such other entities is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, in each case other than "routine indebtedness" as defined under applicable securities law.

NAME AND PRINCIPAL POSITION	INVOLVEMENT OF THE CORPORATION OR ITS SUBSIDIARY	LARGEST AMOUNT OUTSTANDING DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2013 ($)	AMOUNT OUTSTANDING AS AT FEBRUARY 28, 2014 ($)	FINANCIALLY ASSISTED SECURITIES PURCHASES DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2013 (#)	SECURITY FOR INDEBTEDNESS	AMOUNT FORGIVEN DURING FINANCIAL YEAR ENDED DECEMBER 31, 2013 ($)
Securities Purchase Programs						
–	–	–	–	–	–	–
Other Programs						
Gregory D. Tretiak [1] Executive Vice-President and Chief Financial Officer	Parent company of lender	1,000,000	985,746	Nil	Charge on residence	Nil

[1] Disclosed indebtedness is a residential mortgage that was registered in the name of Investors Group Trust Co. Ltd., a subsidiary of IGM which makes loans in the ordinary course of business, during the financial year ended December 31, 2013. The mortgage matures on October 1, 2018, is fully secured against the residence of the borrower and is on substantially the same terms, including as to interest rate and security, as are available when a loan is made available to other customers of the lender with comparable credit.

Other than as disclosed in the foregoing table, as at February 28, 2014, no current or former executive officers, directors or employees of the Corporation or any of its subsidiaries (other than Lifeco and IGM and their respective subsidiaries), was indebted to the Corporation or any of its subsidiaries, or to other entities if the indebtedness to such other entities is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, in each case other than "routine indebtedness" as defined under applicable securities law.

The Compensation Committee of the Board has approved an unsecured, interest-free loan to Gregory D. Tretiak in the amount of $1,000,000. No amounts have yet been disbursed pursuant to the loan. PFC will contribute $500,000 to the Corporation for purposes of the loan.

If and as required by applicable securities law, the aggregate outstanding indebtedness of all current and former executive officers, directors and employees of Lifeco and its subsidiaries to Lifeco and its subsidiaries is disclosed in Lifeco's Management Proxy Circular dated February 24, 2014 and the aggregate outstanding indebtedness of all current and former executive officers, directors and employees of IGM and its subsidiaries to IGM and its subsidiaries is disclosed in IGM's Management Proxy Circular dated February 28, 2014.

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.

COMPOSITION OF THE COMMITTEE

The current members of the Compensation Committee are Anthony R. Graham, Marcel R. Coutu and Isabelle Marcoux. 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.

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 "Election of Directors—Nominees for Election to the Board"), each of the Compensation Committee members has many years of experience on the compensation committees or working closely with 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 such member's 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, Holt Renfrew & Co., Limited, and Selfridges & Co. Ltd. He has been a member of the Corporation's Compensation Committee since May 2010. He is also a member of the Compensation Committees of both George Weston Limited and Loblaw Companies Limited.

Mr. Coutu is a Director of Brookfield Asset Management Inc. From 2001 to January 1, 2014, he was President and Chief Executive Officer of Canadian Oil Sands Limited, an oil and gas company and Chairman of Syncrude Canada Ltd. (a Canadian oil sands project). 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 and a member of the Compensation Committees of Lifeco and its subsidiaries Great-West, London Life, Canada Life Financial Corporation and Canada Life. He serves on the Pension and Compensation Committee of the Calgary Exhibition and Stampede Board, and 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.

Ms. Marcoux is Chair of the Board of Transcontinental Inc., a printing, publishing and marketing company since February 2012. She was Vice-Chair of the Board from 2007 to 2012 and Vice-President, Corporate Development, from 2004 to 2012. 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, Rogers Communications Inc. and the Board of Trade of Metropolitan Montreal. She is a member of the Compensation Committee of Rogers Communications Inc. and as the Chair of the Board of Transcontinental Inc., she works closely with its Human Resources and Compensation Committee.

COMPENSATION CONSULTANT

Towers Watson has been retained by the Compensation Committee since 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 2012 and 2013 fiscal years for such services were as follows [1]:

	YEAR ENDED DECEMBER 31, 2012 [2]	YEAR ENDED DECEMBER 31, 2013
Executive Compensation-Related Fees [$]	205,639	285,426
All Other Fees [$] [3]	239,177	205,588

[1] If and as required by applicable securities law, fees paid to compensation consultants by PFC are disclosed in PFC's Management Proxy Circular dated March 19, 2014, fees paid to compensation consultants by Lifeco are disclosed in Lifeco's Management Proxy Circular dated February 24, 2014 and fees paid to compensation consultants by IGM are disclosed in IGM's Management Proxy Circular dated February 28, 2014.

[2] 2012 figures have been restated to exclude amounts reimbursed by PFC to the Corporation for consulting services paid by the Corporation, but related to services performed for the benefit of the Corporation and PFC.

[3] These fees relate to non-executive compensation, 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;

> success in identifying and appropriately managing risk;

> 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, with the assistance of Towers Watson, annually 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, with its two Co-CEOs directly holding substantial equity of the Corporation, and serving as trustees of the Desmarais Family Residuary Trust as described above under "Voting Shares And Principal Holders Thereof", 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 PDSUs and PSUs which are subject to performance vesting conditions over a three-year period and stock options which typically have a 10-year term and vest over specified numbers of years during the options' term. In the view of the Committee, as [i] recipients only benefit under PDSUs and PSUs if performance conditions are met over a three-year period and [ii] since the payment of vested PDSUs is deferred until the executive retires or otherwise leaves the employment of the Corporation and [iii] as options generally vest on the third and fourth anniversaries of grant and 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, pursuant to the Corporation's minimum equity ownership requirements, members of senior management are required to hold Shares, DSUs, PDSUs and/or PSUs of the Corporation with at least a specified aggregate minimum value (see "Minimum Equity Ownership Requirement for Senior Management" below), which also mitigates against such executives taking inappropriate or excessive risks to improve short-term performance.

Readers are also referred to the Management Proxy Circular of PFC dated March 19, 2014 for its disclosure entitled "Compensation Risk Management", to the Management Proxy Circular of Lifeco dated February 24, 2014 for its disclosure entitled "Compensation Policy Risk Management" and to the Management Proxy Circular of IGM dated February 28, 2014, 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 PDSUs held by NEOs and 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 PDSUs or 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 benefits) reflect the Corporation's entrepreneurial roots, corporate culture and focus on long-term growth in shareholder value. The various elements of executive compensation, the relative weighting allocated to cash compensation versus equity-based incentives such as PSUs, PDSUs and 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 2013 and notes the selection criteria for which each benchmark company was considered to be relevant:

				GEOGRAPHY		
COMPANY	LARGE IN SCOPE	PUBLICLY TRADED	FINANCIAL SERVICES INDUSTRY	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 the long-term financial returns 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-Chief Executive Officers in reviewing the compensation of each of the NEOs (other than the Co-Chief Executive Officers themselves), 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 and Performance Share Unit 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 2013, increases in salary from 2012 were 2.3 per cent in the case of Paul Desmarais, Jr. and André Desmarais and ranged from 2.5 per cent to 2.6 per cent for Messrs. Tretiak, Rae and Rousseau.

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 2013 for the NEOs reflect a consideration of the above criteria.

The Board of Directors, upon the recommendation of the Compensation Committee, approved a bonus of $1,750,000 to each Co-CEO for 2013, 50 per cent of which was reimbursed by PFC to the Corporation as disclosed above, in recognition of their significant contribution in developing and executing successful strategies aimed at generating long-term value for the Corporation's shareholders.

[II] LONG-TERM INCENTIVES

In 2013, the Corporation adopted a Performance Share Unit Plan, which provides for the grants of PSUs and PDSUs, to allow for flexibility in granting additional forms of long-term incentives to complement the use of stock options. The material terms of the PSU, PDSU and option grants for 2013 are described below.

The Committee initially determines an appropriate long-term incentive amount for each NEO.

In determining the amount of the long-term incentives for a NEO, the Committee considers the amount and terms of the executive's outstanding long-term incentives, the executive individual performance and contribution for the year and the alignment of the executive's total compensation with the Corporation's executive compensation policy. 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 varies from year to year.

Subject to certain restrictions, each NEO may choose the form of long-term incentive to be received by them, as among options, PSUs or PDSUs, having a grant date value equal to the long-term incentive amount determined by the Committee for each NEO.

Stock options have a 10-year term and generally vest over four years at the rate of 50 per cent after 3 years and the remaining 50 per cent after 4 years. Option recipients only benefit if shareholder value increases over the long-term.

PSUs and PDSUs are share units, each entitling the NEO to a payment based on the value of a Subordinate Voting Share, subject to performance vesting conditions. The PSUs and PDSUs granted to NEOs for 2013 are subject to performance vesting conditions relating to the Corporation's return on equity over a three-year period pursuant to which PSUs and PDSUs may vest within a range of 0 per cent to 150 per cent. The number of PSUs or PDSUs included in the grant is determined based on dividing the aggregate grant date fair value of the long-term incentive plan amount allocated to PSUs or PDSUs by the market price of the underlying Subordinate Voting Shares on the grant date. PSUs and PDSUs are identical in all respects, and subject to the same performance conditions over the same performance period, except that the settlement and payment of vested PDSUs is deferred until the executive retires or otherwise leaves the employment of the Corporation whereas vested

PSUs are settled and paid shortly after the applicable three-year performance period. PSUs and PDSUs, to the extent vested, are settled and paid out in the form of cash payments. Unvested PSUs and PDSUs are forfeited in the case of resignation or termination with cause. In the case of death, retirement or termination without cause, unvested PSUs and PDSUs vest at 100 per cent except that the amount is prorated for the period of active employment during the performance period.

The Committee believes that the granting of options, PSUs and PDSUs is consistent with the Corporation's overall approach to executive compensation, as these instruments are designed to reward performance over the long-term.

PDSUs, PSUs and stock options granted in 2013 reflect a consideration of the above criteria.

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 under "Executive Compensation—Retirement Plan Benefits". The purposes of the pension benefit arrangements are to:

> offer an adequate and competitive level of retirement income to the executive officers who have spent a significant portion of their career in service with the Corporation or its subsidiaries;

> provide an incentive for the NEOs to remain in service with the Corporation and to take a long-term view to corporate decision-making, 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 2013 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, up to a maximum of $30,000, 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.

MINIMUM EQUITY OWNERSHIP REQUIREMENT FOR SENIOR MANAGEMENT

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, DSUs, PDSUs and/or PSUs of the Corporation with at least an aggregate minimum value determined as follows:

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

* Determined based on the highest of the cost of acquisition of the Shares (or in the case of DSUs, PDSUs and PSUs, the stock price on the date of grant), and the market value of the Shares (and/or DSUs, PDSUs and PSUs).

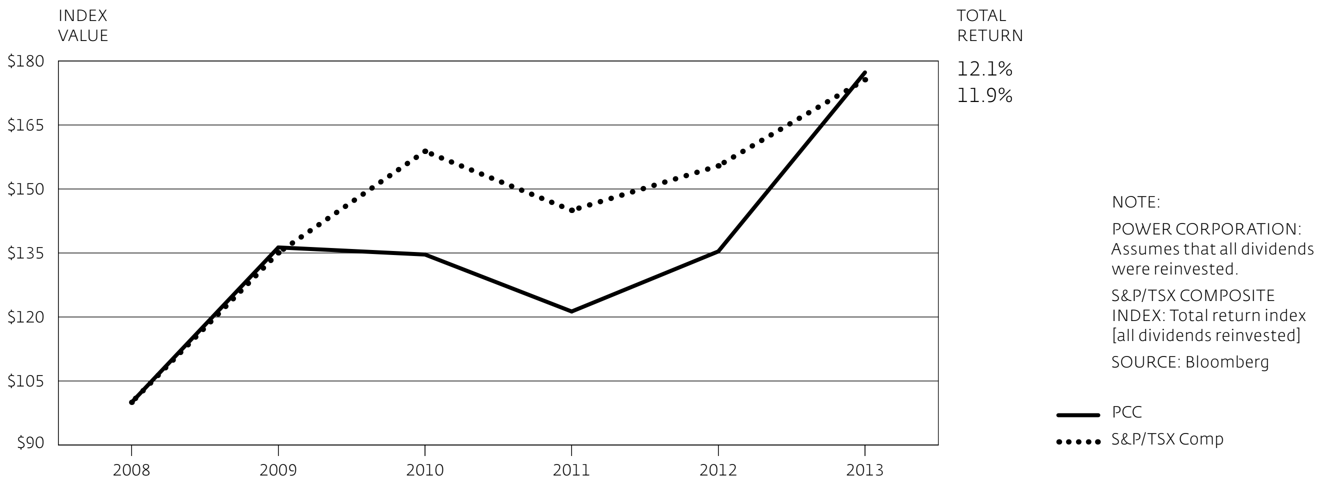
PERFORMANCE GRAPHS

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, 2013.

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, 2008



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.

APPOINTMENT OF AUDITORS

It is proposed to reappoint Deloitte 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 LLP as auditors of the Corporation. The resolution to reappoint Deloitte 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.

In 2013, and as described above under "Components of Executive Compensation – Incentive Compensation", the Corporation adopted a Performance Share Unit Plan, which provides for the granting of PSUs and PDSUs, to allow for flexibility for additional forms of long-term incentives to complement the grant of options under the Executive Stock Option Plan. The Compensation Committee believes that stock options continue to be an appropriate form of long-term incentive for the Corporation as:

> grant recipients only benefit if the share price of the Subordinate Voting Shares of the Corporation increases over the long-term;

> given that stock options granted by the Corporation generally have a 10-year term, they constitute an appropriate vehicle to promote the creation of long-term value, thereby aligning the interests of the options holders with those of the shareholders; and

> the vesting conditions attached to the options promote the retention of executives by the Corporation.

Amendments to the number of Subordinate Voting Shares available for issuance under the Executive Stock Option Plan and other provisions have 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 19, 2014, authorized an amendment to the Executive Stock Option Plan to increase the number of Subordinate Voting Shares issuable pursuant to the plan by an additional 9,000,000 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 18,899,611 Subordinate Voting Shares are outstanding as at March 19, 2014 and the number of Subordinate Voting Shares reserved for issuance pursuant to further grants of options under the Plan, prior to the amendment, is 998,672. As disclosed above under "Executive Compensation – Equity Compensation Plans", the Corporation's annual "burn rate" for the grant of options in 2013 was 0.59 per cent. 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 exercisable for Subordinate Voting Shares representing approximately 6.28 per cent of the aggregate Shares of the Corporation outstanding as of March 19, 2014. Since the establishment of the Executive Stock Option Plan in 1985, an aggregate of 44,264,202 Subordinate Voting Shares have been reserved for issuance pursuant to the exercise of options granted under the plan and the amendment described above would bring the cumulative historical reserve to 53,264,202 Subordinate Voting Shares.

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 19, 2014, as described in the Management Proxy Circular dated March 19, 2014, being an increase in the number of Subordinate Voting Shares issuable pursuant to the Executive Stock Option Plan by an additional 9,000,000 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. The nominees named in the accompanying form of proxy will vote the Shares represented thereby against each shareholder proposal, unless the shareholder of the Corporation has given contrary instructions in such form of proxy.

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 2015 is December 18, 2014.

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. The Honourable Paul G. Desmarais held control of Power from 1968 until his death in October 2013, upon which control of the Corporation passed to the Desmarais Family Residuary Trust. As of March 19, 2014, the Desmarais Family Residuary Trust exercised, through holding corporations, control over shares carrying approximately 59.37 per cent of the votes. See "Voting Shares and Principal Holders Thereof".

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.

The foregoing 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 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 11 Directors. In the Board's view, the following 8 Directors (constituting more than a two thirds majority of the Board), namely Pierre Beaudoin, Marcel R. Coutu, Laurent Dassault, Anthony R. Graham, Robert Gratton, J. David A. Jackson, Isabelle Marcoux and Emőke J.E. Szathmáry are independent within the meaning of the Instruments and have no other relationships that could reasonably interfere with the exercise of their independent judgment in discharging their duties to the Corporation.

Paul Desmarais, Jr., Chairman and Co-CEO, and André Desmarais, a Deputy Chairman, President and Co-CEO, being executive officers of the Corporation, are not independent. R. Jeffrey Orr, President and Chief Executive Officer of PFC, being an executive officer of a subsidiary of Power, is not independent.

Mr. Gratton served as CEO of PFC, a subsidiary of the Corporation, from 1990 to 2005 and Chairman of PFC from 2005 to 2008. As previously disclosed, following his retirement from his position as Chairman of PFC, he received a fee for advisory services to the Corporation for the three years ending December 31, 2010. As those arrangements ended more than three years ago, and Mr. Gratton's position as Chairman of PFC ended more than six years ago, he is no longer deemed (since January 1, 2014) to be not independent within the meaning of the Instruments. The Board has determined there are no relationships between Mr. Gratton and the Corporation which would make him not independent, including within the meaning of the Instruments. Mr. Gratton will not be standing for re-election at the Meeting.

Of the 11 Directors nominated for election at the Meeting, the following 8 Directors, namely Pierre Beaudoin, Marcel R. Coutu, Laurent Dassault, Anthony R. Graham, J. David A. Jackson, Isabelle Marcoux, T. Timothy Ryan, Jr., and Emőke J.E. Szathmáry, being more than a two thirds majority, are independent within the meaning of the Instruments and have no other relationships that could reasonably interfere with the exercise of their independent judgment in discharging their duties to the Corporation.

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. Discussions are led by an independent Director who provides feedback subsequently to the Chairman of the Board. These discussions are currently led by Mr. Graham, who also chairs the Compensation Committee of the Board. 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 is 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 and for such individuals to be associates of our controlling shareholder. Power is at the top of our corporate group structure and is the company in which the controlling shareholder exercises majority voting control directly. Power, in turn, exercises majority voting control, directly and indirectly, through the chain of ownership of its subsidiaries (including PFC, IGM and Lifeco, each of which has separate individuals serving as its

CEO and as its Chairman of the Board). It is at the Power level that many important decisions affecting the corporate group are discussed and made and it is important for the controlling shareholder to be directly involved, both at the management and Board level, in those decisions.

The Board has implemented structures and procedures to provide assurance that the Board can act independently of management. More than a two-thirds majority of the Board is independent within the meaning of the Instruments and in the Board's view. 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 Governance and Nominating Committee includes 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 with a view to the best interests of the Corporation, including its shareholders as a whole. 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 currently discharges directly or through one of the four 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 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 recommend to the Board candidates for election as Directors and for appointment to Board Committees, and to assess the effectiveness and contribution of the Board, of Board Committees, and of individual Directors.

Effective November 14, 2013, the Board determined that, given its size (11 Directors) and consistent with current corporate governance practices, it was no longer necessary to have an Executive Committee to support the efficient functioning of the Board.

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 Governance and Nominating Committee includes 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 four committees. The Board Charter is attached as Schedule "B". The mandates of all four committees are described in summary above in this Corporate Governance section.

RISK OVERSIGHT

As a holding company, the Corporation has the risks associated with being a significant shareholder in its subsidiary operating companies. The subsidiaries' Boards are responsible for the risk oversight function at those companies. Officers of the Corporation are members of these Boards and Board Committees and therefore participate in the risk oversight function at the operating company level in their role as directors of those companies. As an indirect shareholder of companies operating in the financial services sector (including subsidiaries regulated and supervised by the Office of the Superintendent of Financial Institutions and provincial regulators), the Corporation is well aware of the particular necessity for robust risk identification and risk management oversight.

As for risk oversight at the Corporation's level, the Board considers identifying and managing risk, and taking a long-term view when making investments and managing the assets of the Corporation, to be of imperative importance. These factors are inextricably engrained within the culture of the Corporation and are supported by the Corporation's controlling shareholder, which has placed a premium on enduring viability, stability, diversification and cash flow, rather than on quarterly results. The Corporation believes that value is best achieved through a prudent approach to risk and through a governance model that focuses on the active oversight of our investments. The Board has overall responsibility for monitoring the implementation and maintenance by management of appropriate policies and controls to manage the risks associated with the Corporation's businesses as a holding company. Additionally, while risk management is a general responsibility of each committee of the Board, specifically in performing their respective duties, the Audit Committee addresses risks related to financial reporting, the Compensation Committee considers risks associated with the Corporation's compensation policies and practices, the Governance and Nominating Committee oversees the Corporation's approach to appropriately addressing potential risks related to governance matters, and the Related Party and Conduct Review Committee considers risks related to any proposed transactions with related parties of the Corporation.

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, 2013, can be found in the section entitled "Election of Directors—Nominees for Election to the Board" 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 a comprehensive 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. 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. Directors are periodically updated in respect of these matters including by way of quarterly presentations to the Board at Board (from time to time, these presentations are made by an operating subsidiary's chief executive officer) and committee meetings, regarding the Corporation's major operating subsidiaries and operating segments thereof in addition to the presentations by the Corporation's auditors and other speakers. Also, Directors receive a comprehensive package of information prior to each board and committee meeting. As noted above, certain of the Corporation's Directors also serve as Directors of the Corporation's public and private company investments. Finally, our Directors have full access to the Corporation's senior management and employees.

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 employees of the Corporation are required to confirm annually, and officers of the Corporation are required to confirm quarterly, 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 adopted a Corporate Social Responsibility Statement and an Environmental Policy which are available on its website at www.powercorporation.com. The Corporation has also adopted an Anti-Bribery Policy.

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 maintains a skills matrix to assist with reviewing the skills and experience of director candidates and of the Board as a whole. The matrix outlines a complement of qualifications, attributes, skills and experience that are viewed as being relevant to the proper functioning of the Board. The matrix includes industry specific and business experience, as well as other areas of expertise, such as public sector and corporate social responsibility, in order to ensure that the Board includes members with a broad range of complementary experience, knowledge and skills.

The Committee recognizes that each Director will contribute differently to the Board and will each bring particular strengths in different areas of qualification. While the skills matrix is an important tool in assessing Board candidates, the Committee does not limit itself to considering only the specified areas of expertise or attributes in selecting Board members. The Committee and the Board are also 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.

After considering the qualifications that the existing Directors possess and that each potential new nominee would be expected to bring to the Board, and after considering the appropriate size of the Board and the level of representation on the Board by Directors who are independent, the Committee identifies candidates qualified for Board membership, and recommends to the Board nominees to be placed before the shareholders. The Committee has recommended that the 11 individuals set out under "Election of Directors—Nominees for Election to the Board" above be nominated for election as Directors of the Corporation at the Meeting.

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 Board has not adopted a "Majority Voting Policy" (as defined by the TSX) for the election of Directors. The Board strongly believes that sound corporate governance is essential to the well-being of the Corporation. The adoption of measures such as a Majority Voting Policy, however, may be inappropriate when such measures do not recognize differences among companies, such as the presence of a controlling shareholder. It is the Board's view that a Majority Voting Policy for the election of Directors does not serve a useful purpose for the shareholders of a controlled company, like the Corporation, since the controlling shareholder will necessarily cast a majority of the votes to be cast in an election of such a company's directors. This view has been accepted by the TSX, which in recent amendments to its rules to mandate the adoption of majority voting policies by TSX-listed companies, provided an exemption for controlled companies. In addition, the current process for the election of Directors of the Corporation is compliant with corporate and securities laws.

The Governance and Nominating Committee is also responsible for assessing the effectiveness and contribution of the Board, of Board Committees, and of individual Directors from time to time. A general evaluation is conducted at least annually, although the scope and focus of such review vary from year to year. Typically , the Chair of the Committee initiates the process by dedicating time at a meeting of the Committee for an open discussion at which members of the Committee consider whether any changes to the Board's processes, composition or committee structure are appropriate. This assessment is further discussed by the Board, at a meeting without members of management present, in a constructive process facilitated by an independent Director. See "Meetings of Independent Directors" above.

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, 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

Stéphane Lemay
Vice-President, General Counsel and Secretary

Montréal, Québec
March 19, 2014

SCHEDULE A: SHAREHOLDER PROPOSALS

POWER CORPORATION OF CANADA

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 three shareholder proposals for consideration at the Meeting.

PROPOSAL 1

SHAREHOLDER DISSATISFACTION REGARDING THE HIGH PERCENTAGE OF ABSTENTIONS FOR THE APPOINTMENT OF A DIRECTOR

Given that certain board members received a substantially higher percentage of abstentions than their colleagues, it is proposed that, at the next annual meeting, the board of directors present the steps it has taken in order to address the dissatisfaction expressed by the shareholders.

More and more shareholders are expressing their dissatisfaction with respect to certain directors through a high percentage of abstentions. At the most recent annual meeting, Messrs. André Desmarais, Paul Desmarais, Jr. and Robert Gratton received respectively 13.35%, 15.02% and 14.54% abstentions.

This level of abstentions merits reflection and disclosure to the shareholders of the measures the board has taken in order to remedy the situation.

BOARD AND MANAGEMENT STATEMENT:

The voting results for each nominee elected to the Board at the 2013 Annual Meeting of Shareholders and nominated for re-election as a Director of the Corporation at the upcoming Meeting are disclosed within the biographical information under "Election of Directors—Nominees for Election to the Board" earlier in this Management Proxy Circular, as well as in our report of voting results publicly filed on SEDAR at www.sedar.com on May 15, 2013 and in our press release issued on the same date, in accordance with applicable requirements.

Under policies adopted by the Board, shareholders have been provided with the ability to vote "for" or to "withhold" from voting for each individual Director proposed for election to the Board of Directors of the Corporation. At the 2013 Annual Meeting of Shareholders, the proportion of votes cast "for" the nominees for election to the Board ranged between 84.98% and 99.73%. Accordingly, each nominee was elected to the Board by an overwhelming majority of the votes cast at the meeting.

Messrs. André Desmarais, Paul Desmarais, Jr., and Robert Gratton are highly qualified individuals and make significant contributions as members of the Corporation's Board of Directors. For Messrs. André Desmarais and Paul Desmarais, Jr., see their respective biographical summaries, equity holdings and attendance record under "Election of Directors – Nominees for Election to the Board". Mr. Gratton will not be standing for re-election at the Meeting, after an outstanding career with the Power group of companies. See "Election of Directors" above.

The Board believes that the report requested in the proposal is not warranted and has determined, on the recommendation of the Governance and Nominating Committee, to propose for election as a Director at the upcoming Meeting of the Corporation the persons named under "Election of Directors—Nominees for Election to the Board" earlier in this Management Proxy Circular.

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

PROPOSAL 2

ADVISORY VOTE ON SENIOR EXECUTIVE COMPENSATION

It is proposed that the board of directors adopt a policy stipulating that the compensation policy for its five most senior executives be submitted to a shareholder advisory vote.

Currently, the shareholders of Power Corporation of Canada cannot express their opinion on the corporation's senior executive compensation policies. Today, close to one hundred companies offer their shareholders such an opportunity. Last year, a similar proposal we submitted received 18.02% favourable votes, a high percentage. This percentage is very significant given the family's control over the outstanding voting shares.

We are surprised at the response given by management, which asked shareholders to vote against this proposal for the following reason, among others:

> "As well, unlike directors who are required by law to make decisions in accordance with their fiduciary duties to act with due care and with a view to the best interests of the Corporation, individual shareholders have no such legal duties, whether to other shareholders or to the Corporation."

We would point out the following decision by Justice Pierrette Rayle (January 9, 1997) in which she states:

> [Translation] "Thus, in the ordinary scheme of things, the shareholders of a bank only vote on questions put to them by management. Executive compensation is therefore never submitted to a critical review by the shareholders since it is a matter for the board (s. 199.1). And yet this question is attracting public attention across the country. Should everyone be entitled to their opinion on the subject... except shareholders? Should their right to dissent be limited to merely being able to sell their shares?"

An advisory vote on senior executive compensation is a basic element of shareholder democracy and allows the board of directors to ensure that the shareholders are satisfied with its compensation policy, to maintain a good dialogue with its shareholders regardless of the number of shares they hold, and to avoid tense relations between the parties that could tarnish the corporation's image in the industry.

BOARD AND MANAGEMENT STATEMENT:

The Corporation and the Board of Directors appreciate the importance that shareholders place on effective executive compensation programs. The Corporation's executive compensation policies and programs have been designed to support the Corporation's primary objective of generating value for shareholders over the long-term. The sections entitled "Compensation Discussion and Analysis" and "Components of Executive Compensation" above in this Management Proxy Circular provide disclosure on the Corporation's executive compensation approach and arrangements.

One of the Board's key responsibilities is to assess the performance of senior executives and approve their compensation arrangements, with the objective of generating superior long-term performance. Executive compensation policies have become increasingly complex and must take into account a number of factors. Boards and compensation committees are faced with a multitude of potential forms of compensation to be considered, including cash (e.g. salary, annual bonus, long-term non-equity plans and pensions) and equity-based compensation (e.g. stock options, restricted share units, performance share units and stock appreciation rights), each with its own particular incentives and pay-out profile, which can be contingent on the achievement of outcomes across an extensive array of performance-based triggers (e.g. earnings per share, return on invested capital, stock price levels and any number of appropriately-crafted non-GAAP measures) which can vary as between industries, issuer growth profiles and even executive titles.

The Board believes that the Corporation's Directors and the Compensation Committee are in the best position to oversee the executive compensation arrangements of the Corporation. The Compensation Committee, which is comprised entirely of independent Directors within the meaning of the Instruments, has full access to the necessary information and has the benefit of external professional guidance and the relevant experience of its members to make appropriate decisions with respect to executive compensation.

It is also the Board's view that it is important to maintain clarity regarding the role of the Board as distinct from the role of shareholders. The Directors, who are elected by the shareholders, have a legal duty to supervise the management of the business and affairs of the Corporation and are required by law to make decisions in accordance with their fiduciary duties to act with due care and with a view to the best interests of the Corporation, including its shareholders as a whole. Courts have indicated that, in some cases, fiduciary duties may extend to other stakeholders of the Corporation. Individual shareholders, however, have no such fiduciary duty, whether to other shareholders, to the Corporation or to other stakeholders.

Further, directors are responsible for ensuring that a corporation can attract and retain high-calibre executives capable of steering the corporation towards long-term success. The threat of a negative vote by shareholders may gradually emphasize the achievement of short- and medium-term financial measures while neglecting long-term value creation. In fact, in some cases, value protection, rather than growth, may be of strategic importance (e.g. if a company rallies and changes its strategy to maintain market share and profitability in the face of new entrants or disruptive developments initiated by competitors), and the successful management of such a threat may be viewed positively by a company's board of directors and negatively by shareholders focused narrowly on short-term growth and out-performance.

The Corporation's current approach to overseeing executive compensation appropriately recognizes the role of the Board and aligns the interests of the Corporation's shareholders with the need for flexibility and certainty in structuring appropriate compensation arrangements.

In addition, holding shareholder votes on executive compensation at a controlled company (like the Corporation) would be neither effective nor efficient. The adoption of such a policy by a controlled company would be an illusory shareholder democracy development at best and not serve a concrete purpose since the controlling shareholder would necessarily cast a majority of the votes to be cast in respect of such a matter. A controlling shareholder would be expected to have an active dialogue with the controlled company through its board and compensation committee, and would not choose the casting of votes at a shareholder meeting as the forum for raising its displeasure with executive compensation. Accordingly, imposing such requirements on a controlled company would only serve to increase the costs and complexity of the process for setting executive compensation.

The Board believes that compensation arrangements for its senior executives are appropriate and drive long-term performance for the benefit of all shareholders and that the adoption of this proposal would not be in the best interests of the Corporation or its shareholders.

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

PROPOSAL 3

DIRECTOR SKILLS AND TRAINING

It is proposed that the management information circular contain more information about the skills of the directors as well as the ongoing training they receive.

To allow shareholders to better appreciate the skills of nominee directors, many companies provide a table describing their key experience and knowledge. Many companies also indicate the training they have received, which reassures them that they are up-to-date with the latest requirements regarding financial information, risk management, governance, ethics and compensation policies. This information allows shareholders to better assess the quality of the nominees presented to them.

BOARD AND MANAGEMENT STATEMENT:

The Corporation's Governance and Nominating 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 Governance and Nominating Committee maintains a skills matrix to assist with this process. See "Nomination and Assessment of Directors" above. The matrix outlines a complement of qualifications, attributes, skills and experience that are viewed as being relevant to the proper functioning of the Board. The matrix includes industry specific and business experience, as well as other areas of expertise, such as public sector and corporate social responsibility, in order to ensure that the Board includes members with a broad range of complementary experience, knowledge and skills. While the skills matrix is an important tool in assessing Board candidates, the Committee does not limit itself to considering only the specified areas of expertise or attributes in selecting persons for nomination for election to the Board.

Biographical summaries regarding each person proposed for election as a Director at the upcoming Meeting of the Corporation, including, among other information, the nominees' principal current and past occupations and disclosure of the nominees' current and recent past service on the boards of other public companies, is included under "Election of Directors—Nominees for Election to the Board" earlier in this Management Proxy Circular.

The Board believes that the Management Proxy Circular appropriately and accurately describes the skills of the Directors as well as any formal ongoing training Directors receive from the Corporation.

A description of the measures the Board takes to provide continuing education for its Directors and to ensure that its Directors maintain the skills and knowledge necessary to meet their obligations as Directors is disclosed under "Statement of Corporate Governance Practices—Orientation and Continuing Education" earlier in this Management Proxy Circular.

The Board is therefore of the view that this shareholder proposal would not serve a useful purpose given that the Corporation's disclosure in this regard is already fulsome and complies with the applicable requirements.

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

SCHEDULE B: BOARD OF DIRECTORS CHARTER

POWER CORPORATION OF CANADA

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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