

## Prospectus Supplement to the Short Form Base Shelf Prospectus dated November 18, 2008

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus supplement, together with the short form base shelf prospectus dated November 18, 2008 to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*The securities offered under this prospectus supplement have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities laws and may not be offered or sold within the United States or to U.S. persons.*

### Prospectus Supplement

**New Issue**

**June 18, 2010**



**POWER FINANCIAL  
CORPORATION**

**\$200,000,000**

### **4.40% Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P**

This offering of 4.40% Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P (the "Series P First Preferred Shares") of Power Financial Corporation ("Power Financial" or the "Corporation") under this prospectus supplement (the "Prospectus Supplement") consists of 8,000,000 Series P First Preferred Shares. The holders of the Series P First Preferred Shares will be entitled to fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors of the Corporation (the "Board of Directors") for the initial period from and including the closing date of this offering to but excluding January 31, 2016 (the "Initial Fixed Rate Period") payable quarterly on the last day of January, April, July, and October in each year at an annual rate of \$1.10 per share. The initial dividend, if declared, will be payable on October 31, 2010 and will be \$0.37370 per share, based on the anticipated closing date of this offering of Series P First Preferred Shares of June 29, 2010. See "Details of the Offering".

For each five-year period after the Initial Fixed Rate Period (each a "Subsequent Fixed Rate Period"), the holders of Series P First Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of January, April, July, and October in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by Power Financial on the 30th day prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the date on which the Annual Fixed Dividend Rate is determined plus 1.60%. See "Details of the Offering".

#### **Option to Convert Into Series Q First Preferred Shares**

Subject to the Corporation's right to redeem all the Series P First Preferred Shares, the holders of Series P First Preferred Shares will have the right, at their option, to convert their Series P First Preferred Shares into Non-Cumulative Floating Rate First Preferred Shares, Series Q (the "Series Q First Preferred Shares"), subject to certain conditions, on January 31, 2016 and on January 31 every five years thereafter. The holders of Series Q First Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of January, April, July, and October in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a "Quarterly Floating Rate Period"), in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 1.60% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See "Details of the Offering".

Subject to the provisions described below under "Restrictions on Dividends and Retirement of Shares", on January 31, 2016 and on January 31 every five years thereafter, Power Financial may, at its option, redeem all or any part of the then outstanding Series P First Preferred Shares by the payment of an amount in cash for each Series P First Preferred Share so redeemed of \$25.00 plus all declared and unpaid dividends to the date fixed for redemption. See "Details of the Offering."

**The Underwriters may offer the Series P First Preferred Shares at a price lower than that stated above. See “Plan of Distribution”.**

BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., and Desjardins Securities Inc. (collectively, the “Underwriters”), as principals, conditionally offer Series P First Preferred Shares, subject to prior sale, if, as and when issued by Power Financial and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under “Plan of Distribution” below, and subject to approval of certain legal matters on behalf of Power Financial by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Ogilvy Renault LLP. See “Plan of Distribution”. In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series P First Preferred Shares at a level above that which might otherwise prevail in the open market. See “Plan of Distribution”.

Power Financial has applied to list the Series P First Preferred Shares and the Series Q First Preferred Shares on the Toronto Stock Exchange (the “TSX”). Listing will be subject to Power Financial fulfilling all of the requirements of the TSX.

The Corporation’s head and registered office is located at 751 Victoria Square, Montréal, Québec, H2Y 2J3.

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**Price: \$25.00 per share**

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	Price to the Public	Underwriters’ Fee <sup>(1)(3)</sup>	Net Proceeds to the Corporation <sup>(2)(3)</sup>
Per Series P First Preferred Share	\$25.00	\$0.75	\$24.25
<b>Total</b>	<b>\$200,000,000</b>	<b>\$6,000,000</b>	<b>\$194,000,000</b>

(1) The Underwriters’ fee is \$0.25 for each Series P First Preferred Share sold to certain institutions and \$0.75 per share for all other Series P First Preferred Shares sold. The commission set forth in the table assumes that no shares are sold to such institutions.

(2) Before deduction of expenses of the issue payable by the Corporation estimated at \$325,000, which, together with the Underwriters’ fee will be paid from the general funds of the Corporation.

(3) The Underwriters have been granted an option to purchase up to an additional 4,000,000 Series P First Preferred Shares (the “Option Shares”) at the offering price hereunder, exercisable at any time before 8:30 a.m. on the date that is two business days prior to the closing of this offering. This Prospectus Supplement also qualifies the distribution of the Option Shares. If the Underwriters purchase all of the Option Shares, the total offering price, Underwriters’ fee and net proceeds to the Corporation will be \$300,000,000, \$9,000,000 and \$291,000,000, respectively (assuming no shares are sold to those institutions referred to in Note 1 above). See “Plan of Distribution”.

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Option	4,000,000 Series P First Preferred Shares	Exercisable at the sole discretion of the Underwriters at any time up to two business days prior to closing.	\$25.00

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing date will be on or about June 29, 2010 or such other date not later than July 29, 2010 as may be agreed upon by the Corporation and the Underwriters. A book-entry only certificate representing the Series P First Preferred Shares distributed hereunder will be issued in registered form only to CDS Clearing and Depository Services Inc. (“CDS”), or its nominee, and will be deposited with CDS on the closing of this offering. A purchaser of the Series P First Preferred Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the shares are purchased. See “Book-Entry Only Securities” in the Prospectus (as defined herein).

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In this Prospectus Supplement, unless otherwise indicated, capitalized terms which are defined in the accompanying short form base shelf prospectus of the Corporation dated November 18, 2008 (the "Prospectus") are used herein with the meanings defined therein.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Ogilvy Renault LLP, counsel to the Underwriters, the Series P First Preferred Shares to be issued under this Prospectus Supplement, if issued on the date hereof, would be, on such date, qualified investments under the Income Tax Act (Canada) (the "Income Tax Act") and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, tax-free savings accounts, registered education savings plans and registered disability savings plans.

The Series P First Preferred Shares will not be a "prohibited investment" for a trust governed by a tax-free savings account on such date provided the holder of the tax-free savings account deals at arm's length with the Corporation for purposes of the Income Tax Act and does not have a significant interest (within the meaning of the Income Tax Act) in the Corporation or in any person or partnership with which the Corporation does not deal at arm's length for purposes of the Income Tax Act.

### **DOCUMENTS INCORPORATED BY REFERENCE**

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of the offering of the Series P First Preferred Shares. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus including the following documents filed with securities commissions or similar authorities in Canada and reference should be made to the Prospectus for full particulars thereof:

- (a) the Annual Information Form of Power Financial dated March 24, 2010, including documents incorporated by reference therein;
- (b) the interim unaudited consolidated comparative financial statements of Power Financial as at and for the three-month period ended March 31, 2010;
- (c) the interim Management's Discussion and Analysis of Operating Results of Power Financial for the three-month period ended March 31, 2010;
- (d) the audited consolidated comparative financial statements of Power Financial as at and for the year ended December 31, 2009 and the report of the auditors thereon;
- (e) the Management's Discussion and Analysis of Operating Results of Power Financial for the year ended December 31, 2009; and
- (f) the Management Proxy Circular dated March 11, 2010 with respect to the Annual Meeting of Shareholders of Power Financial held on May 12, 2010.

Any statement contained in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement.

## TRADING PRICE AND VOLUME

The following table provides information regarding the price range and volume traded for each of these classes of securities of Power Financial on the TSX on a monthly basis for the 12 months prior to the date of this Prospectus Supplement.

	Common Shares	First Preferred Shares, Series A	First Preferred Shares, Series C	First Preferred Shares, Series D	First Preferred Shares, Series E
	(PWF)	(PWF.PR.A)	(PWF.PR.D)	(PWF.PR.E)	(PWF.PR.F)
<b>June 2009</b>					
<i>Intraday High (\$)</i>	27.79	18.00	26.30	22.00	20.53
<i>Intraday Low (\$)</i>	24.55	15.79	25.85	21.00	19.76
<i>Volume</i>	14,340,246	40,188	85,456	108,995	95,113
<b>July 2009</b>					
<i>Intraday High (\$)</i>	31.25	19.50	26.45	22.74	21.75
<i>Intraday Low (\$)</i>	24.50	17.25	25.85	21.41	19.70
<i>Volume</i>	9,125,465	31,147	81,005	77,453	182,012
<b>August 2009</b>					
<i>Intraday High (\$)</i>	31.99	19.73	26.50	24.99	23.30
<i>Intraday Low (\$)</i>	27.71	18.00	26.16	22.30	21.03
<i>Volume</i>	8,861,738	41,432	76,635	93,479	195,055
<b>September 2009</b>					
<i>Intraday High (\$)</i>	31.62	19.90	26.50	24.45	23.33
<i>Intraday Low (\$)</i>	28.32	18.38	26.26	23.66	22.57
<i>Volume</i>	8,607,992	33,084	64,471	50,068	121,576
<b>October 2009</b>					
<i>Intraday High (\$)</i>	31.00	19.66	26.31	23.90	22.91
<i>Intraday Low (\$)</i>	26.76	19.01	25.70	22.21	21.00
<i>Volume</i>	10,309,378	34,808	121,343	41,637	114,814
<b>November 2009</b>					
<i>Intraday High (\$)</i>	28.82	19.76	26.45	23.51	22.57
<i>Intraday Low (\$)</i>	26.75	19.30	26.20	22.50	21.20
<i>Volume</i>	9,229,350	30,128	221,129	25,314	100,948
<b>December 2009</b>					
<i>Intraday High (\$)</i>	31.48	20.75	26.52	23.89	22.55
<i>Intraday Low (\$)</i>	27.10	19.50	26.38	23.27	22.04
<i>Volume</i>	7,598,873	64,208	156,031	33,810	95,206
<b>January 2010</b>					
<i>Intraday High (\$)</i>	31.38	22.89	26.55	23.73	22.69
<i>Intraday Low (\$)</i>	29.51	20.91	26.20	23.01	22.00
<i>Volume</i>	6,199,426	76,970	189,515	28,320	141,489
<b>February 2010</b>					
<i>Intraday High (\$)</i>	32.10	23.98	26.64	23.20	22.47
<i>Intraday Low (\$)</i>	29.35	21.76	26.16	22.54	21.58
<i>Volume</i>	5,089,346	37,533	37,605	50,419	108,623
<b>March 2010</b>					
<i>Intraday High (\$)</i>	34.23	23.95	26.40	22.90	22.06
<i>Intraday Low (\$)</i>	31.02	22.30	25.75	22.27	21.08
<i>Volume</i>	6,533,800	34,640	41,780	170,420	159,048
<b>April 2010</b>					
<i>Intraday High (\$)</i>	33.95	23.75	26.36	22.40	21.24
<i>Intraday Low (\$)</i>	30.51	23.31	25.55	20.92	19.96
<i>Volume</i>	10,445,495	20,907	96,830	137,945	173,566
<b>May 2010</b>					
<i>Intraday High (\$)</i>	31.09	23.54	25.90	21.85	20.68
<i>Intraday Low (\$)</i>	27.68	22.25	25.63	20.85	19.92
<i>Volume</i>	9,595,813	22,819	423,285	79,672	125,776
<b>June 1 to 17, 2010</b>					
<i>Intraday High (\$)</i>	29.52	22.70	25.81	23.20	21.93
<i>Intraday Low (\$)</i>	27.35	22.21	25.66	21.70	20.56
<i>Volume</i>	4,621,328	149,459	316,956	36,450	123,847

	First Preferred Shares, Series F	First Preferred Shares, Series H	First Preferred Shares, Series I	First Preferred Shares, Series J	First Preferred Shares, Series K
	(PWF.PR.G)	(PWF.PR.H)	(PWF.PR.I)	(PWF.PR.J)	(PWF.PR.K)
<b>June 2009</b>					
<i>Intraday High (\$)</i>	23.00	22.41	23.30	26.99	19.34
<i>Intraday Low (\$)</i>	22.19	21.75	22.20	25.36	18.54
<i>Volume</i>	169,014	84,228	263,664	47,082	253,036
<b>July 2009</b>					
<i>Intraday High (\$)</i>	24.25	24.00	24.45	26.79	20.84
<i>Intraday Low (\$)</i>	22.26	21.25	23.10	25.56	18.75
<i>Volume</i>	144,359	300,760	176,125	22,497	168,352
<b>August 2009</b>					
<i>Intraday High (\$)</i>	26.22	24.95	25.50	26.50	22.28
<i>Intraday Low (\$)</i>	24.20	23.50	24.28	25.76	20.26
<i>Volume</i>	142,436	93,988	139,087	83,759	157,260
<b>September 2009</b>					
<i>Intraday High (\$)</i>	25.60	25.18	25.50	26.88	22.00
<i>Intraday Low (\$)</i>	24.96	24.60	25.05	26.11	21.25
<i>Volume</i>	80,176	159,190	109,435	385,410	226,105
<b>October 2009</b>					
<i>Intraday High (\$)</i>	25.49	24.91	25.59	26.40	21.63
<i>Intraday Low (\$)</i>	23.61	23.04	24.45	25.90	19.75
<i>Volume</i>	76,204	109,433	254,096	107,219	289,887
<b>November 2009</b>					
<i>Intraday High (\$)</i>	25.28	24.87	25.17	26.24	21.25
<i>Intraday Low (\$)</i>	24.14	23.50	24.50	26.01	19.95
<i>Volume</i>	66,601	157,318	168,296	89,522	255,964
<b>December 2009</b>					
<i>Intraday High (\$)</i>	25.38	24.75	25.49	26.68	21.68
<i>Intraday Low (\$)</i>	24.76	24.08	24.84	26.11	20.65
<i>Volume</i>	54,448	110,516	133,682	304,717	147,446
<b>January 2010</b>					
<i>Intraday High (\$)</i>	25.05	24.75	25.15	26.38	21.79
<i>Intraday Low (\$)</i>	24.59	24.10	24.75	25.71	21.00
<i>Volume</i>	117,519	235,421	224,158	95,753	173,726
<b>February 2010</b>					
<i>Intraday High (\$)</i>	24.86	24.25	24.98	26.10	21.62
<i>Intraday Low (\$)</i>	24.37	23.70	24.76	25.80	20.51
<i>Volume</i>	68,626	241,652	602,840	345,317	138,454
<b>March 2010</b>					
<i>Intraday High (\$)</i>	24.64	24.00	24.95	26.00	20.89
<i>Intraday Low (\$)</i>	24.19	23.65	24.53	25.75	19.95
<i>Volume</i>	69,045	98,411	247,912	42,366	245,315
<b>April 2010</b>					
<i>Intraday High (\$)</i>	24.39	23.71	24.70	25.90	20.21
<i>Intraday Low (\$)</i>	22.46	21.92	23.07	25.20	18.80
<i>Volume</i>	132,902	184,161	226,694	396,851	313,662
<b>May 2010</b>					
<i>Intraday High (\$)</i>	23.55	22.66	24.06	25.85	19.49
<i>Intraday Low (\$)</i>	22.35	21.70	22.75	25.46	18.78
<i>Volume</i>	41,958	227,154	249,850	334,422	189,548
<b>June 1 to 17, 2010</b>					
<i>Intraday High (\$)</i>	24.60	23.75	24.95	25.90	20.78
<i>Intraday Low (\$)</i>	23.42	22.39	23.59	25.54	19.43
<i>Volume</i>	19,418	57,002	82,635	6,706	154,701

	First Preferred Shares, Series L	First Preferred Shares, Series M	First Preferred Shares, Series O
	(PWF.PR.L)	(PWF.PR.M)	(PWF.PR.O)
<b>June 2009</b>			
<i>Intraday High (\$)</i>	20.51	27.00	--
<i>Intraday Low (\$)</i>	19.10	25.60	--
<i>Volume</i>	102,364	169,692	--
<b>July 2009</b>			
<i>Intraday High (\$)</i>	20.99	27.75	--
<i>Intraday Low (\$)</i>	20.00	26.25	--
<i>Volume</i>	106,560	119,394	--
<b>August 2009</b>			
<i>Intraday High (\$)</i>	23.22	27.25	--
<i>Intraday Low (\$)</i>	20.81	26.75	--
<i>Volume</i>	68,145	82,455	--
<b>September 2009</b>			
<i>Intraday High (\$)</i>	22.95	27.25	--
<i>Intraday Low (\$)</i>	21.94	27.00	--
<i>Volume</i>	107,557	386,312	--
<b>October 2009</b>			
<i>Intraday High (\$)</i>	22.75	27.18	24.60
<i>Intraday Low (\$)</i>	20.42	26.48	24.15
<i>Volume</i>	264,106	193,404	513,340
<b>November 2009</b>			
<i>Intraday High (\$)</i>	21.84	27.35	25.00
<i>Intraday Low (\$)</i>	20.73	26.90	24.32
<i>Volume</i>	104,805	397,522	370,112
<b>December 2009</b>			
<i>Intraday High (\$)</i>	21.97	27.73	24.94
<i>Intraday Low (\$)</i>	21.28	27.07	24.51
<i>Volume</i>	90,256	291,879	88,872
<b>January 2010</b>			
<i>Intraday High (\$)</i>	22.20	27.59	24.90
<i>Intraday Low (\$)</i>	21.67	27.00	24.43
<i>Volume</i>	74,535	358,492	141,330
<b>February 2010</b>			
<i>Intraday High (\$)</i>	22.00	27.50	24.54
<i>Intraday Low (\$)</i>	21.11	27.05	24.20
<i>Volume</i>	110,551	357,263	104,621
<b>March 2010</b>			
<i>Intraday High (\$)</i>	21.48	27.98	24.40
<i>Intraday Low (\$)</i>	20.35	27.38	23.15
<i>Volume</i>	213,501	215,993	311,279
<b>April 2010</b>			
<i>Intraday High (\$)</i>	20.75	27.69	23.40
<i>Intraday Low (\$)</i>	19.65	26.16	22.20
<i>Volume</i>	231,266	216,500	335,553
<b>May 2010</b>			
<i>Intraday High (\$)</i>	20.03	26.60	23.00
<i>Intraday Low (\$)</i>	19.15	26.20	22.03
<i>Volume</i>	129,395	242,455	136,523
<b>June 1 to 17, 2010</b>			
<i>Intraday High (\$)</i>	21.37	27.59	24.22
<i>Intraday Low (\$)</i>	19.98	26.40	22.95
<i>Volume</i>	69,608	132,555	40,345

On June 17, 2010, the closing prices per security of each class of outstanding securities of the Corporation on the TSX were as follows:

<b>Class of Security</b>	<b>TSX Symbol</b>	<b>Closing Price (\$)</b>
Common Shares	PWF	29.03
First Preferred Shares, Series A	PWF.PR.A	22.26
First Preferred Shares, Series C	PWF.PR.D	25.81
First Preferred Shares, Series D	PWF.PR.E	23.15
First Preferred Shares, Series E	PWF.PR.F	21.65
First Preferred Shares, Series F	PWF.PR.G	24.52
First Preferred Shares, Series H	PWF.PR.H	23.60
First Preferred Shares, Series I	PWF.PR.I	24.90
First Preferred Shares, Series J	PWF.PR.J	25.80
First Preferred Shares, Series K	PWF.PR.K	20.78
First Preferred Shares, Series L	PWF.PR.L	21.16
First Preferred Shares, Series M	PWF.PR.M	27.00
First Preferred Shares, Series O	PWF.PR.O	24.20

#### **DETAILS OF THE OFFERING**

The following is a summary of certain provisions attaching to the Series P First Preferred Shares, as a series, and the Series Q First Preferred Shares, as a series, each of which represents a series of First Preferred Shares of the Corporation. See “Description of First Preferred Shares” in the Prospectus for a description of the general terms and provisions of the First Preferred Shares of the Corporation as a class.

#### **Certain Provisions of the Series P First Preferred Shares as a Series**

The following is a summary of certain provisions of the Series P First Preferred Shares, as a series.

#### ***Definition of Terms***

The following definitions are relevant to the Series P First Preferred Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate of interest (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 1.60%).

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

**“Government of Canada Yield”** on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers, selected by the Corporation, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

**“Initial Fixed Rate Period”** means the period from and including the closing date of this offering to but excluding January 31, 2016.

**“Subsequent Fixed Rate Period”** means for the initial Subsequent Fixed Rate Period, the period from and including January 31, 2016 to but excluding January 31, 2021, and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding January 31 in the fifth year thereafter.

### ***Dividends***

During the Initial Fixed Rate Period, the holders of the Series P First Preferred Shares will be entitled to receive fixed quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, on the last day of January, April, July, and October in each year, at an annual rate equal to \$1.10 per share. The initial dividend, if declared, will be payable on October 31, 2010 and will be \$0.37370 per share, based on the anticipated closing date of the offering hereunder of June 29, 2010 in respect of the period from and including such date of initial issue of Series P First Preferred Shares to but excluding October 31, 2010.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Series P First Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of January, April, July, and October in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series P First Preferred Shares. The Corporation will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate (as defined below) applicable to the Series Q First Preferred Shares for the next Quarterly Floating Rate Period (as defined below) to the registered holders of the then outstanding Series P First Preferred Shares.

If the Board of Directors does not declare a dividend, or any part thereof, on the Series P First Preferred Shares on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Series P First Preferred Shares to receive such dividend, or any part thereof, for such quarter will be forever extinguished.

### ***Redemption***

The Series P First Preferred Shares will not be redeemable prior to January 31, 2016. Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on January 31, 2016 and on January 31 every five years thereafter, the Corporation may redeem all or any part of the then outstanding Series P First Preferred Shares, at the Corporation’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of \$25.00 together with all declared and unpaid dividends to the date fixed for redemption.

Notice of any redemption will be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Series P First Preferred Shares are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions.

### ***Conversion of Series P First Preferred Shares into Series Q First Preferred Shares***

Subject to the right of the Corporation to redeem all the Series P First Preferred Shares as described above, the holders of Series P First Preferred Shares will have the right, at their option, on January 31, 2016 and on January 31 every five years thereafter (a “Series P Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Corporation of evidence of payment of the tax (if any) payable, all or any of the Series P First Preferred Shares registered in their name into Series Q First Preferred Shares on the basis of one Series Q First Preferred Share for each Series P First Preferred Share. Notice of a holder’s intention to convert Series P First Preferred Shares must be received by the Corporation not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series P Conversion Date.

The Corporation will, at least 30 days and not more than 60 days prior to the applicable Series P Conversion Date, give notice in writing to the then registered holders of the Series P First Preferred Shares of the above-mentioned conversion right. On the 30th day prior to each Series P Conversion Date, the Corporation will give notice in writing to the then registered holders of the Series P First Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series Q First Preferred Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series P First Preferred Shares will not be entitled to convert their shares into Series Q First Preferred Shares if the Corporation determines that there would remain outstanding on a Series P Conversion Date less than 1,000,000 Series Q First Preferred Shares, after having taken into account all Series P First Preferred Shares tendered for conversion into Series Q First Preferred Shares and all Series Q First Preferred Shares tendered for conversion into Series P First Preferred Shares. The Corporation will give notice in writing thereof to all registered holders of Series P First Preferred Shares at least seven days prior to the applicable Series P Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series P Conversion Date less than 1,000,000 Series P First Preferred Shares, after having taken into account all Series P First Preferred Shares tendered for conversion into Series Q First Preferred Shares and all Series Q First Preferred Shares tendered for conversion into Series P First Preferred Shares, then, all, but not part, of the remaining outstanding Series P First Preferred Shares will automatically be converted into Series Q First Preferred Shares without the consent of the holders on the basis of one Series Q First Preferred Share for each Series P First Preferred Share on the applicable Series P Conversion Date and the Corporation will give notice in writing thereof to the then registered holders of such remaining Series P First Preferred Shares at least seven days prior to the Series P Conversion Date.

Upon exercise by the holder of this right to convert Series P First Preferred Shares into Series Q First Preferred Shares, or upon automatic conversion of Series P First Preferred Shares into Series Q First Preferred Shares, the Corporation reserves the right not to issue Series Q First Preferred Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Corporation to take any action to comply with the securities, banking or analogous laws of such jurisdiction.

If the Corporation gives notice to the registered holders of the Series P First Preferred Shares of the redemption of all the Series P First Preferred Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series P First Preferred Shares of an Annual Fixed Dividend Rate or Floating Quarterly Dividend Rate or of the conversion right of holders of Series P First Preferred Shares and the right of any holder of Series P First Preferred Shares to convert such Series P First Preferred Shares will cease and terminate in that event.

### ***Purchase for Cancellation***

Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Corporation may at any time purchase for cancellation any Series P First Preferred Shares by private contract or in the open market or by tender, at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

### ***Restrictions on Dividends and Retirement of Shares***

So long as any of the Series P First Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series P First Preferred Shares given as described under “Modification of Series” below:

- (i) declare or pay any dividends (other than stock dividends in shares ranking junior to the Series P First Preferred Shares) on the common shares or any other shares of the Corporation ranking junior to the Series P First Preferred Shares;
- (ii) except out of the net cash proceeds of an issue of shares of the Corporation ranking junior to the Series P First Preferred Shares, redeem or call for redemption or purchase or otherwise retire any common shares or other shares of the Corporation ranking junior to the Series P First Preferred Shares;
- (iii) redeem or call for redemption or purchase or otherwise retire or make any return of capital in respect of less than all of the Series P First Preferred Shares; or
- (iv) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption or purchase or otherwise retire or make any return of capital in respect of any shares of the Corporation ranking *pari passu* with the Series P First Preferred Shares;

unless all dividends (including cumulative, if any) for the immediately preceding payment date (as defined in the share provisions) in respect of the Series P First Preferred Shares and all other shares ranking prior to or *pari passu* with the Series P First Preferred Shares shall have been declared and paid or monies set aside for payment.

### ***Voting Rights***

The holders of the Series P First Preferred Shares shall not be entitled to notice of or to attend or to vote at any meeting of the shareholders of the Corporation unless and until the Corporation shall at any time have failed to pay dividends on the Series P First Preferred Shares equal in the aggregate to six quarterly dividends thereon, whether or not consecutive and whether or not such dividends shall have been declared and whether or not there shall have been any monies of the Corporation properly applicable to the payment of dividends, and for such purpose such dividends shall be deemed to have accrued from day to day. Thereafter, until an amount or amounts equal in the aggregate to four quarterly dividends thereon shall have been paid thereon, the holders of the Series P First Preferred Shares shall be entitled to receive notice of all general meetings of shareholders of the Corporation and to attend thereat, other than any meetings of the holders of any other series of First Preferred Shares held separately and as a series, and shall at any such meetings which they shall be entitled to attend, except when the vote of the holders of shares of any other class or series is to be taken separately and as a class or series, be entitled to one vote in respect of each Series P First Preferred Share held by each of such holders respectively.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series P First Preferred Shares, the holders of the Series P First Preferred Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per Series P First Preferred Share plus declared and unpaid dividends up to and including the date of distribution before any amount shall be paid or any assets of the Corporation shall be distributed to the holders of common shares or of shares of any other class of the Corporation ranking junior to the Series P First Preferred Shares. After payment to the holders of the Series P First Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

### ***Modification of Series***

Approval of variations to the provisions of the Series P First Preferred Shares as a series and any other authorization required to be given by the holders of such shares as a series may be given by a resolution passed by an affirmative vote of not less than two-thirds of the votes cast at a general meeting of the holders of Series P First Preferred Shares duly called for such purpose and held upon at least 21 days' notice at which the holders of a majority of the outstanding shares of such series are present in person or represented by duly qualified proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series P First Preferred Shares then present in person or represented by proxy will form the necessary quorum. On any vote held in respect of such a resolution, holders of Series P First Preferred Shares will be entitled to one vote per share.

### ***Tax Election***

The provisions of the Series P First Preferred Shares as a series require the Corporation to make the necessary election under Part VI.1 of the Income Tax Act so that a corporation holding Series P First Preferred Shares will not be subject to tax under Part IV.1 of the Income Tax Act on dividends received (or deemed to be received) on the Series P First Preferred Shares. See "Certain Canadian Federal Income Tax Considerations".

### ***Business Day***

If any action is required to be taken by the Corporation on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

### **Certain Provisions of the Series Q First Preferred Shares as a Series**

The following is a summary of certain provisions of the Series Q First Preferred Shares, as a series.

### ***Definition of Terms***

The following definitions are relevant to the Series Q First Preferred Shares.

**"Floating Quarterly Dividend Rate"** means, for any Quarterly Floating Rate Period, the rate of interest (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 1.60% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

**"Floating Rate Calculation Date"** means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

**"Quarterly Commencement Date"** means the last day of January, April, July, and October in each year.

**"Quarterly Floating Rate Period"** means, for the initial Quarterly Floating Rate Period, the period from and including January 31, 2016 to but excluding April 30, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

**"T-Bill Rate"** means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

### ***Dividends***

The holders of the Series Q First Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of January, April, July and October each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Corporation on the Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series Q First Preferred Shares. The Corporation will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series Q First Preferred Shares.

If the Board of Directors does not declare a dividend, or any part thereof, on the Series Q First Preferred Shares on or before the dividend payment date for a particular Quarterly Floating Rate Period, then the entitlement of the holders of the Series Q First Preferred Shares to receive such dividend, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished.

### ***Redemption***

Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Corporation may redeem all or any part of the then outstanding Series Q First Preferred Shares, at the Corporation’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of (i) \$25.00 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on January 31, 2021 and on January 31 every five years thereafter, or (ii) \$25.50 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on any other date after January 31, 2016 that is not a Series Q Conversion Date.

Notice of any redemption will be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Series Q First Preferred Shares are at any time to be redeemed, the shares to be redeemed will be redeemed pro rata, disregarding fractions.

### ***Conversion of Series Q First Preferred Shares into Series P First Preferred Shares***

Subject to the right of the Corporation to redeem all the Series Q First Preferred Shares as described above, the holders of Series Q First Preferred Shares will have the right, at their option, on January 31, 2021 and on January 31 every five years thereafter (a “Series Q Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Corporation of evidence of payment of the tax (if any) payable, all or any of their Series Q First Preferred Shares registered in their name into Series P First Preferred Shares on the basis of one Series P First Preferred Share for each Series Q First Preferred Share. Notice of a holder’s intention to convert Series Q First Preferred Shares must be received by the Corporation not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series Q Conversion Date.

The Corporation will, at least 30 days and not more than 60 days prior to the applicable Series Q Conversion Date, give notice in writing to the then holders of the Series Q First Preferred Shares of the above-mentioned conversion right. On the 30th day prior to each Series Q Conversion Date, the Corporation will give notice in writing to the then registered holders of Series Q First Preferred Shares of the Floating Quarterly Dividend Rate for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series P First Preferred Shares for the next succeeding Subsequent Fixed Rate Period.

Holders of Series Q First Preferred Shares will not be entitled to convert their shares into Series P First Preferred Shares if the Corporation determines that there would remain outstanding on a Series Q Conversion Date less than 1,000,000 Series P First Preferred Shares, after having taken into account all Series Q First Preferred Shares tendered for conversion into Series P First Preferred Shares and all Series P First Preferred Shares tendered for conversion into Series Q First Preferred Shares. The Corporation will give notice in writing thereof to all registered holders of the Series Q First Preferred Shares at least seven days prior to the applicable Series Q Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series Q Conversion Date less than 1,000,000 Series Q First Preferred Shares, after having taken into account all Series Q First Preferred Shares tendered for conversion into Series P First Preferred Shares and all Series P First Preferred Shares tendered for conversion into Series Q First Preferred Shares, then, all, but not part, of the remaining outstanding Series Q First Preferred Shares will automatically be converted into Series P First Preferred Shares without the consent of the holders on the basis of one Series P First Preferred Share for each Series Q First Preferred Share on the applicable Series Q Conversion Date and the Corporation will give notice in writing thereof to the then

registered holders of such remaining Series Q First Preferred Shares at least seven days prior to the Series Q Conversion Date.

Upon exercise by the holder of this right to convert Series Q First Preferred Shares into Series P First Preferred Shares, or upon automatic conversion of Series Q First Preferred Shares into Series P First Preferred Shares, the Corporation reserves the right not to issue Series P First Preferred Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Corporation to take any action to comply with the securities, banking or analogous laws of such jurisdiction.

If the Corporation gives notice to the registered holders of the Series Q First Preferred Shares of the redemption on a Series Q Conversion Date of all the Series Q First Preferred Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series Q First Preferred Shares of an Annual Fixed Dividend Rate or Floating Quarterly Dividend Rate or of the conversion right of holders of Series Q First Preferred Shares and the right of any holder of Series Q First Preferred Shares to convert such Series Q First Preferred Shares will cease and terminate in that event.

### ***Purchase for Cancellation***

Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, the Corporation may at any time purchase for cancellation any Series Q First Preferred Shares by private contract or in the open market or by tender, at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

### ***Restrictions on Dividends and Retirement of Shares***

So long as any of the Series Q First Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series Q First Preferred Shares given as described under “Modification of Series” below:

- (i) declare or pay any dividends (other than stock dividends in shares ranking junior to the Series Q First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series Q First Preferred Shares;
- (ii) except out of the net cash proceeds of an issue of shares of the Corporation ranking junior to the Series Q First Preferred Shares, redeem or call for redemption or purchase or otherwise retire any Common Shares or other shares of the Corporation ranking junior to the Series Q First Preferred Shares;
- (iii) redeem or call for redemption or purchase or otherwise retire or make any return of capital in respect of less than all of the Series Q First Preferred Shares; or
- (iv) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption or purchase or otherwise retire or make any return of capital in respect of any shares of the Corporation ranking *pari passu* with the Series Q First Preferred Shares;

unless all dividends (including cumulative, if any) for the immediately preceding payment date (as defined in the share provisions) in respect of the Series Q First Preferred Shares and all other shares ranking prior to or *pari passu* with the Series Q First Preferred Shares shall have been declared and paid or monies set aside for payment.

### ***Voting Rights***

The holders of the Series Q First Preferred Shares shall not be entitled to notice of or to attend or to vote at any meeting of the shareholders of the Corporation unless and until the Corporation shall at any time have failed to pay dividends on the Series Q First Preferred Shares equal in the aggregate to six quarterly dividends thereon, whether or not consecutive and whether or not such dividends shall have been declared and whether or not there shall have been any monies of the Corporation properly applicable to the payment of dividends, and for such purpose such dividends

shall be deemed to have accrued from day to day. Thereafter, until an amount or amounts equal in the aggregate to four quarterly dividends thereon shall have been paid thereon, the holders of the Series Q First Preferred Shares shall be entitled to receive notice of all general meetings of shareholders of the Corporation and to attend thereat, other than any meetings of the holders of any other series of First Preferred Shares held separately and as a series, and shall at any such meetings which they shall be entitled to attend, except when the vote of the holders of shares of any other class or series is to be taken separately and as a class or series, be entitled to one vote in respect of each Series Q First Preferred Share held by each of such holders respectively.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series Q First Preferred Shares, the holders of the Series Q First Preferred Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per Series Q First Preferred Share plus declared and unpaid dividends up to and including the date of distribution before any amount shall be paid or any assets of the Corporation shall be distributed to the holders of common shares or of shares of any other class of the Corporation ranking junior to the Series Q First Preferred Shares. After payment to the holders of the Series Q First Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

### ***Modification of Series***

Approval of variations to the provisions of the Series Q First Preferred Shares as a series and any other authorization required to be given by the holders of such shares as a series may be given by a resolution passed by an affirmative vote of not less than two-thirds of the votes cast at a general meeting of the holders of Series Q First Preferred Shares duly called for such purpose and held upon at least 21 days' notice at which the holders of a majority of the outstanding shares of such series are present in person or represented by duly qualified proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series Q First Preferred Shares then present in person or represented by proxy will form the necessary quorum. On any vote held in respect of such a resolution, holders of Series Q First Preferred Shares will be entitled to one vote per share.

### ***Tax Election***

The provisions of the Series Q First Preferred Shares as a series require the Corporation to make the necessary election under Part VI.1 of the Income Tax Act so that a corporation holding Series Q First Preferred Shares will not be subject to tax under Part IV.1 of the Income Tax Act on dividends received (or deemed to be received) on the Series Q First Preferred Shares. See "Certain Canadian Federal Income Tax Considerations".

### ***Business Day***

If any action is required to be taken by the Corporation on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Ogilvy Renault LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Series P First Preferred Shares pursuant to this Prospectus Supplement (a "Holder") who, for purposes of the Income Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm's length and is not affiliated with the Corporation and holds Series P First Preferred Shares or Series Q First Preferred Shares, as the case may be, as capital property. Generally, the Series P First Preferred Shares and Series Q First Preferred Shares will be capital property to a holder provided the holder does not acquire or hold such shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade. This summary is not applicable to a Holder that is a "financial institution" for purposes of the "mark to market property" rules in the Income Tax Act or a "specified financial institution" (as defined in the Income Tax

Act), nor does it apply to a Holder an interest in which is a “tax shelter investment” (as defined in the Income Tax Act) or to a Holder which has made a “functional currency” election under the Income Tax Act to determine its Canadian tax results in a currency other than Canadian currency. Such Holders are advised to consult with their own tax advisors. This summary assumes that the Series P First Preferred Shares and the Series Q First Preferred Shares will be listed on a designated stock exchange in Canada (which currently includes the TSX) at all relevant times.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser and no representations with respect to the income tax consequence to any particular purchaser are made. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.**

This summary is based upon the current provisions of the Income Tax Act, the regulations thereunder (the “Regulations”), all specific proposals to amend the Income Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance of Canada prior to the date hereof (the “Proposals”) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available prior to the date hereof. No assurances can be given that the Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any change in law or administrative policies or assessing practices, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign tax legislation or considerations.

The Canadian federal income tax considerations described herein for a holder of Series P First Preferred Shares will generally be applicable, with necessary changes, to a holder of Series Q First Preferred Shares.

### *Dividends*

Dividends (including deemed dividends) received on the Series P First Preferred Shares by an individual will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced dividend gross-up and dividend tax credit with respect to any dividends (including deemed dividends) designated by the Corporation as “eligible dividends” in accordance with the Income Tax Act.

Dividends (including deemed dividends) received on the Series P First Preferred Shares by a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

The Series P First Preferred Shares are “taxable preferred shares” as defined in the Income Tax Act. The terms of the Series P First Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Income Tax Act so that a corporation holding Series P First Preferred Shares will not be subject to tax under Part IV.1 of the Income Tax Act on dividends received (or deemed to be received) on the Series P First Preferred Shares.

Dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

A “private corporation”, as defined in the Income Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay refundable tax under Part IV of the Income Tax Act of 33 $\frac{1}{3}$ % of dividends received (or deemed to be received) on the Series P First Preferred Shares to the extent such dividends are deductible in computing its taxable income.

### *Dispositions*

A Holder who disposes of or is deemed to dispose of a Series P First Preferred Share (either on redemption of the Series P First Preferred Share for cash or otherwise but not including on a conversion) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to such Holder. The amount of any deemed

dividend arising on the redemption or acquisition by the Corporation of a Series P First Preferred Share will generally not be included in computing the proceeds of disposition to the Holder for purposes of computing the capital gain or capital loss arising on the disposition of the Series P First Preferred Share. See “Redemption” below. If the Holder is a corporation, any capital loss arising on the disposition of a Series P First Preferred Share may, in certain circumstances, be reduced by the amount of any dividends, including deemed dividends, which have been received on the Series P First Preferred Share or on any share which was converted into or exchanged for such share. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Generally, one-half of any capital gain will be included in computing the Holder's income as a taxable capital gain. One-half of any capital loss may be deducted from the Holder's taxable capital gains subject to and in accordance with the rules contained in the Income Tax Act. Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax under the Income Tax Act. An amount in respect of taxable capital gains of a Canadian-controlled private corporation, as defined in the Income Tax Act, may be subject to an additional refundable tax of  $6\frac{2}{3}\%$ .

### ***Redemption***

If the Corporation redeems for cash or otherwise acquires a Series P First Preferred Share, other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation, including any redemption premium, in excess of the paid-up capital (as determined for purposes of the Income Tax Act) of such share at such time. Generally, the proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such share will be equal to the amount paid by the Corporation on redemption or acquisition of such share, including any redemption premium, less the amount of the deemed dividend, if any. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not as a dividend.

### ***Conversion***

The conversion of a Series P First Preferred Share into a Series Q First Preferred Share pursuant to the exercise of the conversion privilege or to the automatic conversion mechanism will not constitute a disposition thereof and, accordingly, will not give rise to a capital gain or capital loss. The cost to a holder of the Series Q First Preferred Share received on a conversion will be deemed to be the adjusted cost base to such holder of the Series P First Preferred Share converted into such Series Q First Preferred Share immediately before the conversion. The cost of a Series Q First Preferred Share so obtained will be averaged with the adjusted cost base of all other Series Q First Preferred Shares held by such holder as capital property at such time for the purpose of determining thereafter the adjusted cost base of each such share.

## **EARNINGS COVERAGE RATIOS**

Power Financial's dividend requirements on all of its preferred shares including those of subsidiaries, after giving effect to the issue of the Series P First Preferred Shares (assuming the Option Shares are issued) and adjusted to a pre-tax equivalent using effective income tax rates of 20.3% and 19.3%, respectively, amounted to \$292 million and \$288 million for the 12 months ended December 31, 2009 and for the 12 months ended March 31, 2010, respectively. Power Financial's annualized interest requirements on its consolidated debt for the 12 months ended December 31, 2009 and for the 12 months ended March 31, 2010, amounted to \$413 million and \$412 million, respectively for each such periods.

Power Financial's earnings before interest on debt, dividends on preferred shares classified as liabilities and other financial charges, income tax and non-controlling interest for the 12 months ended December 31, 2009 was \$3,261 million, which is 4.6 times the aggregate dividend and interest on debt requirements for this period. Power Financial's earnings before interest on debt, dividends on preferred shares classified as liabilities and other financial charges, income tax and non-controlling interest for the 12 months ended March 31, 2010 was \$3,510 million, which is 5.0 times the aggregate dividend and interest on debt requirements for this period.

## **RATINGS**

The Series P First Preferred Shares have been given a preliminary rating of Pfd-1 (low) with a Stable trend by DBRS Limited (“DBRS”). Pfd-1 (low) is the third highest of sixteen ratings used by DBRS for preferred shares. Preferred shares with a Pfd-1 (low) rating are of superior credit quality, and are supported by entities with strong earnings and balance sheet characteristics. Pfd-1 securities generally correspond with companies whose senior bonds are rated AAA or AA. As in the case with all rating categories, the relationship between senior debt ratings and preferred share ratings should be understood as one where the senior debt rating effectively sets a ceiling for the preferred shares issued by the entity. However, there are cases where the preferred share rating could be lower than the normal relationship with the issuer’s senior debt rating.

The Series P First Preferred Shares have been given a preliminary rating of P-1(Low) under its Canadian rating scale and A- under its global rating scale by Standard & Poor’s Rating Services (“S&P”). A P-1(Low) rating is the third highest of eighteen ratings used by S&P in its Canadian national preferred share rating scale. Correspondingly, an A- rating is the fifth highest of the twenty ratings used by S&P in its Global preferred share rating scale. A preferred share rating of A- indicates that the obligor’s capacity to meet its financial commitment on the obligation is still strong, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher rated categories.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

## **PLAN OF DISTRIBUTION**

Under an underwriting agreement (the “Underwriting Agreement”) dated June 18, 2010 between the Corporation and the Underwriters, the Corporation has agreed to sell and the Underwriters have severally agreed to purchase, as principals, subject to compliance with all necessary legal requirements and to the terms and conditions contained therein, on June 29, 2010 or such other date not later than July 29, 2010 as may be agreed upon by the parties, all but not less than all of the 8,000,000 Series P First Preferred Shares at an aggregate price of \$200,000,000 payable in cash to the Corporation against delivery.

In consideration for their services in connection with this offering, the Corporation has agreed to pay the Underwriters a fee equal to \$0.25 per Series P First Preferred Share sold to certain exempt institutions and \$0.75 per share with respect to all other sales of Series P First Preferred Shares. Assuming that no Series P First Preferred Shares are sold to such institutions, the Underwriters’ fee will be \$6,000,000. All fees payable to the Underwriters will be paid on account of services rendered in connection with the issue and will be paid out of the general funds of the Corporation.

The Corporation has granted to the Underwriters an option to purchase the Option Shares at the offering price hereunder, exercisable at any time before 8:30 a.m. on the date that is two business days prior to the closing of this offering. This Prospectus Supplement also qualifies the distribution of the Option Shares. The Underwriters will be paid a fee equal to \$0.25 with respect to Option Shares sold to certain institutions, and \$0.75 with respect to all other Option Shares.

The Underwriting Agreement provides that the Underwriters may, at their discretion, terminate their obligations thereunder upon the occurrence of certain stated events or if there should develop, occur or come into effect any occurrence of national or international consequence, or any action, government law or regulation, inquiry or other occurrence of any nature whatsoever which in the reasonable opinion of the Underwriters may materially adversely affect Canadian financial markets or the business, operations or affairs of the Corporation and its subsidiaries, taken together, and such event would be reasonably expected to have a significant adverse effect on the market price or value of the Series P First Preferred Shares. The Underwriters are, however, obligated to take up and pay for all the Series P First Preferred Shares if any Series P First Preferred Shares are purchased under the Underwriting Agreement.

The Underwriters may not, throughout the period of distribution, bid for or purchase the Series P First Preferred Shares. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series P First Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with this offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Series P First Preferred Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Series P First Preferred Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The distribution of this Prospectus Supplement and the offering and sale of the Series P First Preferred Shares are also subject to certain restrictions under the laws of certain other jurisdictions outside of Canada. Each Underwriter has agreed that it will not offer for sale or sell or deliver the Series P First Preferred Shares in any such jurisdiction except in accordance with the laws thereof.

The Underwriters propose to offer the Series P First Preferred Shares initially at the offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Series P First Preferred Shares at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page.

The determination of the terms of the distribution, including the issue price of the Series P First Preferred Shares, was made through negotiations between the Corporation and the Underwriters.

Power Financial has applied to list the Series P First Preferred Shares and the Series Q First Preferred Shares on the TSX. Listing will be subject to Power Financial fulfilling all of the requirements of the TSX.

## **RISK FACTORS**

An investment in the Series P First Preferred Shares is subject to certain risks, including those set out in the Prospectus and the following.

Power Financial's Annual Information form dated March 24, 2010, Power Financial's Management's Discussion and Analysis of Operating Results and consolidated financial statements for the year ended December 31, 2009 as well as Power Financial's Management's Discussion and Analysis of Operating Results and consolidated financial statements for the three-month period ended March 31, 2010 are incorporated by reference in this section. These documents discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on Power Financial's business, financial condition or results of operations. See also the discussion under "Earnings Coverage Ratios", which is relevant to an assessment of the risk that Power Financial will be unable to pay dividends on the Series P First Preferred Shares and the Series Q First Preferred Shares.

Canadian generally accepted accounting principles require the Corporation and its subsidiaries to perform an impairment test on goodwill and intangible assets at least annually. Such testing has not yet been completed for the Corporation and certain of its subsidiaries in respect of 2010. It is not possible to determine the outcome of such testing at this time.

The value of Series P First Preferred Shares and Series Q First Preferred Shares will be affected by the general creditworthiness of Power Financial. The market value of the Series P First Preferred Shares and Series Q First Preferred Shares, as with other preferred shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such shares. Real or anticipated changes in credit ratings on the Series P First Preferred Shares and Series Q First Preferred Shares may also affect the cost at which Power Financial can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

The Series P First Preferred Shares and Series Q First Preferred Shares rank equally with other First Preferred Shares of Power Financial in the event of an insolvency or winding-up of Power Financial. If Power Financial becomes insolvent or is wound-up, Power Financial's assets must be used to pay debt, including subordinated debt, before payments may be made on Series P First Preferred Shares and Series Q First Preferred Shares and other preferred shares.

The Series P First Preferred Shares and Series Q First Preferred Shares are non-cumulative and dividends are payable at the discretion of the Board of Directors. See "Details of the Offering" and "Earnings Coverage Ratios" which are relevant to an assessment of the risk that Power Financial will be unable to pay dividends on the Series P First Preferred Shares and the Series Q First Preferred Shares.

Neither the Series P First Preferred Shares nor the Series Q First Preferred Shares have a fixed maturity date and are not redeemable at the option of the holders thereof. The ability of a holder to dispose of its holdings of Series P First Preferred Shares or Series Q First Preferred Shares, as applicable, may be limited.

An investment in the Series P First Preferred Shares may become an investment in the Series Q First Preferred Shares without the consent of the holder in the circumstances described under "Certain Provisions of the Series P First Preferred Shares as a Series – Conversion of Series P First Preferred Shares into Series Q First Preferred Shares" above.

Upon the automatic conversion of the Series P First Preferred Shares into Series Q First Preferred Shares, the dividend rate on the Series P First Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time. In addition, holders may be prevented from converting their Series P First Preferred Shares into Series Q First Preferred Shares in certain circumstances. See "Details of the Offering – Certain Provisions of the Series P First Preferred Shares as a Series – Conversion of Series P First Preferred Shares into Series Q First Preferred Shares".

Stock market volatility may affect the market price of the Series P First Preferred Shares and Series Q First Preferred Shares for reasons unrelated to Power Financial's performance.

There can be no assurance that an active trading market will develop for the Series P First Preferred Shares and Series Q First Preferred Shares after the offering, or, if developed, that such market will be sustained at the offering price of the Series P First Preferred Shares and the Series Q First Preferred Shares.

## **USE OF PROCEEDS**

The net proceeds from the sale of the Series P First Preferred Shares offered hereunder (and assuming the Option Shares are issued) will amount to approximately \$290,675,000 after deducting the Underwriters' fee (assuming no sales of Series P First Preferred Shares to certain institutions) and estimated expenses of the issue. Such fee and expenses will be paid out of the general funds of the Corporation. The net proceeds of this offering will be used by the Corporation to supplement its financial resources and for general corporate purposes. The Corporation intends to redeem all of its \$150 million First Preferred Shares, Series C on October 31, 2010.

## **LEGAL MATTERS**

In connection with the issue and sale of the Series P First Preferred Shares, certain legal matters will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Ogilvy Renault LLP. As of the date hereof, the partners and associates of Blake, Cassels & Graydon LLP and Ogilvy Renault LLP, as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of Power Financial or any associated party or affiliate of Power Financial.

## **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Series P First Preferred Shares and Series Q First Preferred Shares is Computershare Investor Services Inc. at its principal offices in Montréal, Québec, and Toronto, Ontario.

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

## AUDITORS' CONSENTS

We have read the prospectus supplement of Power Financial Corporation (the "Corporation") dated June 18, 2010 qualifying the distribution of Non-Cumulative First Preferred Shares, Series P, to the Short Form Base Shelf Prospectus dated November 18, 2008 relating to the offering of up to \$1,500,000,000 of Debt Securities (unsecured indebtedness) and First Preferred Shares of the Corporation (collectively, the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the Prospectus of our report to the shareholders of Power Financial Corporation on the consolidated balance sheets of the Corporation as at December 31, 2009 and 2008 and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the years then ended. Our report is dated March 11, 2010.

We also consent to the incorporation by reference in the Prospectus of our report to the shareholders of Great-West Lifeco Inc. on the consolidated balance sheets of Great-West Lifeco Inc. as at December 31, 2009 and 2008 and the summaries of consolidated operations, the consolidated statements of surplus, the summaries of consolidated comprehensive income and the consolidated statements of cash flows for the years then ended. Our report is dated February 11, 2010.

We also consent to the incorporation by reference in the Prospectus of our report to the shareholders of IGM Financial Inc. on the consolidated balance sheets of IGM Financial Inc. as at December 31, 2009 and 2008 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended. Our report is dated February 10, 2010.

(Signed) Deloitte & Touche LLP<sup>1</sup>

Montréal, Québec  
June 18, 2010

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<sup>1</sup> Chartered accountant auditor permit No 18383

## CERTIFICATE OF UNDERWRITERS

Dated: June 18, 2010

To the best of our knowledge, information and belief, the short form base shelf prospectus dated November 18, 2008 (the "Prospectus"), together with the documents incorporated in the Prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the Prospectus and this supplement as required by the securities legislation of all the provinces and territories of Canada.

BMO NESBITT BURNS INC.

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

By: (signed) DARRYL WHITE

By: (signed) RAJIV BAHL

By: (signed) ÉRIC MICHAUD

CIBC WORLD MARKETS INC.

TD SECURITIES INC.

By: (signed) BENOIT LAÛZÉ

By: (signed) JONATHAN BROER

NATIONAL BANK FINANCIAL INC.

By: (signed) DARIN DESCHAMPS

DESJARDINS SECURITIES INC.

By: (signed) A. THOMAS LITTLE

## Short Form Base Shelf Prospectus

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This short form shelf prospectus has been filed under legislation in all provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Power Financial Corporation, 751 Victoria Square, Montréal, Québec H2Y 2J3 (telephone: (514) 286-7430), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

### Short Form Base Shelf Prospectus

New Issue

November 18, 2008



POWER FINANCIAL  
CORPORATION

**\$1,500,000,000**

## **Debt Securities (unsecured) First Preferred Shares**

Power Financial Corporation (“Power Financial” or the “Corporation”) may from time to time offer and issue the following securities: (i) debt securities (the “Debt Securities”) and (ii) first preferred shares (the “First Preferred Shares”), or any combination thereof. The Debt Securities and First Preferred Shares (together, the “Securities”) offered hereby may be offered separately or together, in separate series, in amounts, at prices and on terms to be set forth in an accompanying shelf prospectus supplement (a “Prospectus Supplement”). All shelf information not included in this short form base shelf prospectus (the “Prospectus”) will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with the Prospectus. Power Financial may sell up to \$1,500,000,000 in aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof at the time of issuance if any of the Securities are denominated in a foreign currency or currency unit) during the 25-month period that this Prospectus, including any amendments hereto, remains valid.

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any terms for redemption at the option of Power Financial or the holder, any exchange or conversion terms and any other specific terms and (ii) in the case of First Preferred Shares, the designation of the particular class, series, aggregate principal amount, the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any terms for redemption at the option of Power Financial or the holder, any exchange or conversion terms and any other specific terms. A prospectus supplement may include specific variable terms pertaining to the securities that are not within the alternatives and parameters described in this Prospectus.

The outstanding Common Shares of the Corporation and the First Preferred Shares of the Corporation are listed on the Toronto Stock Exchange (the “TSX”) under the stock symbol “PWF”, and “PWF.PR.A”, “PWF.PR.D”, “PWF.PR.E”, “PWF.PR.F”, “PWF.PR.G”, “PWF.PR.H”, “PWF.PR.I”, “PWF.PR.J”, “PWF.PR.K”, and “PWF.PR.L”, respectively.

The Securities may be sold through underwriters or dealers, by Power Financial directly pursuant to applicable statutory exemptions or through agents designated by Power Financial from time to time. See “Plan of Distribution”. Each Prospectus Supplement will identify each underwriter, dealer or agent engaged in connection with the offering and sale of those Securities, and will also set forth the terms of the offering of such Securities including the net proceeds to Power Financial and, to the extent applicable, any fees payable to the underwriters, dealers or agents. The offerings are subject to approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of Power Financial.

Power Financial’s registered and head office is located at 751 Victoria Square, Montréal, Québec, H2Y 2J3.

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### FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's and its subsidiaries' current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial position and results of operations as at and for, the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

By its nature, this information is subject to inherent risks and uncertainties, that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes (including adoption of International Financial Reporting Standards), business competition, operational and reputational risks, technological change, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation's and its subsidiaries' forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

Other than as specifically required by law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties about the Corporation's business is provided in the documents incorporated herein by reference, including the Corporation's Annual Information Form dated March 20, 2008 and its Management's Discussion and Analysis of Operating Results for the year ended December 31, 2007 and the three- and nine-month periods ended September 30, 2008.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, filed with securities commissions or similar authorities in Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the Annual Information Form of Power Financial dated March 20, 2008, including documents incorporated by reference therein;
- (b) the interim unaudited consolidated comparative financial statements of Power Financial as at and for the three- and nine-month periods ended September 30, 2008;
- (c) the interim Management's Discussion and Analysis of Operating Results of Power Financial for the three- and nine-month periods ended September 30, 2008;
- (d) the audited consolidated comparative financial statements of Power Financial as at and for the year ended December 31, 2007 and the report of the auditors thereon;
- (e) the Management's Discussion and Analysis of Operating Results of Power Financial for the year ended December 31, 2007; and
- (f) the Management Proxy Circular dated March 13, 2008 with respect to the Annual Meeting of Shareholders of Power Financial held on May 8, 2008.

All documents of Power Financial of the type described in Section 11.1 of Form 44-101F1 — Short Form Prospectus to National Instrument 44-101 — Short Form Prospectus Distributions, if filed by Power Financial with the provincial and territorial securities commissions or similar authorities in Canada after the date of this Prospectus and during the term of this Prospectus shall be deemed to be incorporated by reference into this Prospectus.

A Prospectus Supplement containing the specific terms in respect of any Securities will be delivered, together with this Prospectus, to purchasers of such Securities and will be deemed to be incorporated into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement, but only for the purposes of the distribution of the Securities to which such Prospectus Supplement pertains.

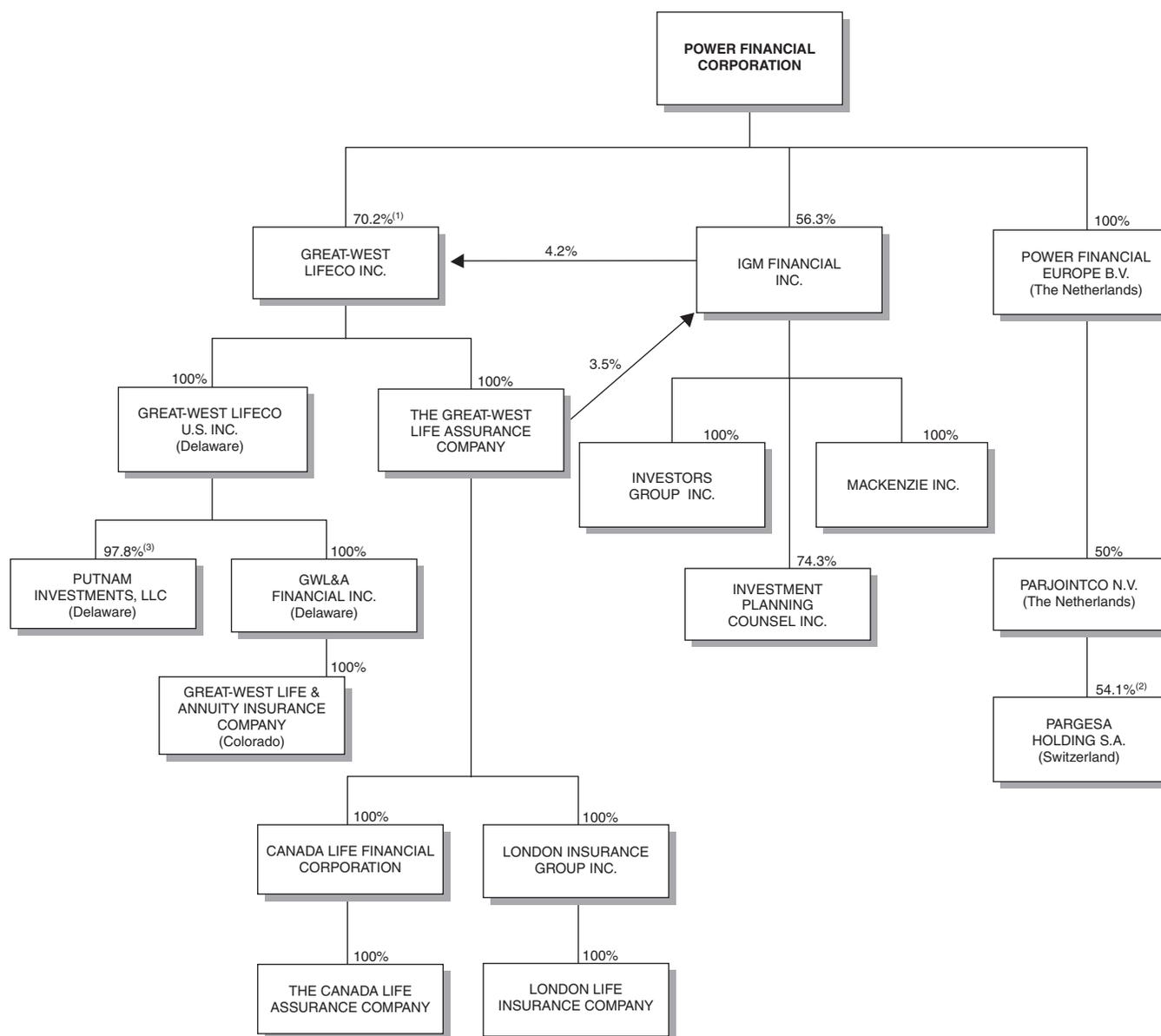
Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

When a new annual information form and related annual financial statements are filed by Power Financial and, where required, accepted by the applicable securities regulatory authorities during the term of this Prospectus, the previous annual information form, the previous annual financial statements, all interim financial statements, material change reports and information circulars filed by Power Financial prior to the commencement of Power Financial's financial year in which the new annual information form is filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

## POWER FINANCIAL CORPORATION

### Intercorporate Relationships

The following chart summarizes Power Financial's corporate structure at September 30, 2008, including interests (direct and indirect) in its material and certain other subsidiaries and investments. Unless otherwise specified below, all companies were incorporated in Canada. The indicated percentages represent approximate participating equity interests.



(1) Power Financial's combined direct and indirect voting interest in Lifeco is approximately 65 per cent.

(2) 62.9 per cent voting interest

(3) 100 per cent voting interest

## General

Power Financial is a diversified international management and holding company that holds interests, directly or indirectly, in companies that are active in the financial services industry in Canada, the United States and Europe and, through its indirect investment in Pargesa Holding SA (“Pargesa Holding”), has substantial holdings in a group of major oil, gas and chemicals, energy, water, waste services, specialty minerals, cement and building materials, and spirits and wine companies based in Europe. These investments are held by Pargesa Holding directly or through Groupe Bruxelles Lambert (“GBL”), a Belgian holding company. Power Financial’s head and registered office is located at 751 Victoria Square, Montréal, Québec, H2Y 2J3.

Power Financial owns a controlling interest in each of Great-West Lifeco Inc. (“Lifeco”) and IGM Financial Inc. (“IGM Financial”). These companies and their subsidiaries offer an extensive range of financial products and services to individuals and corporations in Canada, the United States and Europe. Through its wholly owned subsidiary, Power Financial Europe B.V. (“Power Financial Europe”), which in turn holds a 50% interest in Parjointco N.V. (“Parjointco”), Power Financial has a significant interest in the Pargesa group.

As at December 31, 2007, Power Financial employed, directly and through subsidiaries, approximately 33,000 people in North America.

At September 30, 2008, Power Financial controlled, directly and indirectly, approximately 74.4% of the outstanding common shares of Lifeco, representing approximately 65% of the voting rights attached to all the outstanding Lifeco voting shares. At September 30, 2008, Power Financial also controlled, directly and indirectly, approximately 59.8% of the outstanding common shares of IGM Financial.

## Great-West Lifeco Inc.

Lifeco is a financial services holding company with interests in the life insurance, health insurance, asset management, investment and retirement savings and reinsurance businesses, primarily in Canada, the United States, Europe and Asia. Its major operating subsidiaries are The Great-West Life Assurance Company (“Great-West Life”) and London Life Insurance Company (“London Life”) in Canada, The Canada Life Assurance Company (“Canada Life”) in Canada and in Europe, and Great-West Life & Annuity Insurance Company (“GWL&A”) and Putnam Investments, LLC (“Putnam”) in the United States. As at September 30, 2008, Lifeco and its subsidiaries had more than \$356 billion in assets under administration.

Lifeco currently has no other holdings, and currently carries on no businesses or activities, that are unrelated to its holdings in Great-West Life, London Life, Canada Life, GWL&A, Putnam and their subsidiaries. However, Lifeco is not restricted to investing in those companies, and may make other investments in the future.

## *The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company*

Great-West Life owns all of the common shares of London Insurance Group Inc. (“LIG”), a company continued under the *Canada Business Corporations Act*. LIG owns all of the voting shares of London Life. Great-West Life owns all the common shares of Canada Life Financial Corporation (“CLFC”), which in turn owns all of the common shares of Canada Life. Each of Great-West Life, London Life, CLFC and Canada Life are Canadian insurance companies governed by the *Insurance Companies Act* (Canada). Great-West Life also owned at September 30, 2008, 9.2 million common shares (representing 3.5%) of IGM Financial.

In Canada, Great-West Life and its operating subsidiaries, London Life and Canada Life, offer a broad portfolio of financial and benefit plan solutions for individuals, families, businesses and organizations. They provide a wide range of retirement savings and income plans, as well as life, disability and critical illness insurance for individuals and families. As a leading provider of employee benefits in Canada, Great-West offers effective benefit solutions for large and small employee groups.

In Europe, Canada Life is broadly organized along geographically defined market segments and offers protection and wealth management products and reinsurance. The Europe segment is composed of two distinct business units: Insurance & Annuities, which consists of operations in the United Kingdom, Isle of Man, Republic of Ireland and

Germany; and Reinsurance, which operates primarily in the United States, Barbados and the Republic of Ireland. Reinsurance products are provided through Canada Life, London Reinsurance Group Inc. and their subsidiaries.

### ***Great-West Life & Annuity Insurance Company***

GWL&A is a leader in meeting the retirement income needs of employees in the public/non-profit and corporate sectors. Headquartered in Denver, Colorado, GWL&A serves its customers nationwide through a range of financial security products and services marketed through brokers, consultants and group representatives, and through marketing partnerships with other financial institutions.

On April 1, 2008, GWL&A completed the sale of its health care business, Great-West Healthcare, to a subsidiary of CIGNA Corporation. GWL&A received gross consideration of US \$1.5 billion in cash and retained an estimated US\$750 million representing the amount of equity invested in the healthcare business at close.

### ***Putnam Investments, LLC***

Headquartered in Boston, Massachusetts, Putnam provides investment management, certain administrative functions, distribution, and related services through a broad range of investment products to individual and institutional investors. Individual retail investors are served through a broad network of distribution relationships with unaffiliated broker-dealers, financial planners, registered investment advisors and other financial institutions that distribute the Putnam Funds to their customers, which, in total, includes more than 150,000 advisors in over 2,000 firms. Institutional investors are supported by Putnam's dedicated account management, product management, and client service professionals and through strategic relationships with several investment management firms outside of the United States.

### ***IGM Financial Inc.***

IGM Financial is a personal financial services company providing investment advisory and related services. Its activities are carried out principally through its subsidiaries Investors Group Inc. ("Investors Group"), Mackenzie Financial Corporation ("Mackenzie") and Investment Planning Counsel Inc. ("Investment Planning Counsel"). As at September 30, 2008, IGM Financial owned all of the outstanding common shares of Investors Group; indirectly, all of the outstanding common shares of Mackenzie; and 74.3% of the outstanding common shares of Investment Planning Counsel.

As at September 30, 2008, IGM Financial had \$118.5 billion in total assets under management. At that same date, IGM Financial held 37.8 million common shares (representing 4.2%) of Lifeco.

### ***Investors Group Inc.***

Investors Group, founded in 1926, delivers personalized financial solutions to Canadians through a network of consultants located throughout Canada, with \$54.3 billion in mutual fund assets under management. In addition to an exclusive family of mutual funds and other investment vehicles, Investors Group offers a wide range of insurance, securities, mortgage products and services, and, through National Bank of Canada, also offers banking products and services.

### ***Mackenzie Financial Corporation***

Mackenzie was founded in 1967, and is an investment management firm providing investment advisory and related services. With \$64.8 billion in total assets under management, Mackenzie distributes its products and services primarily through a diversified distribution network of third party financial advisors.

### ***Investment Planning Counsel Inc.***

Investment Planning Counsel was founded in 1996, and is an independent distributor of financial products, services and advice in Canada.

## **Power Financial Europe B.V.**

At September 30, 2008, Power Financial Europe held a 50% interest in Parjointco, which held a 62.9% voting interest and a 54.1% equity interest in Pargesa Holding of Geneva, Switzerland. At such date, Pargesa Holding held a 51.8% voting and a 50.0% equity interest in GBL. The Pargesa group holds significant interests in a limited number of large European companies, either through Pargesa Holding or through GBL. At November 5, 2008, such interests consisted principally of a 4.0% interest in Total S.A., an international oil, gas and chemical group; a 5.3% interest in GDF SUEZ, an energy company, a 7.1% interest in SUEZ Environnement, a water and waste services company; a 57.6% interest in Imerys S.A., a leading company in specialty minerals, a 21.1% interest in Lafarge S.A., a leading cement and building materials company, and an 8.1% interest in Pernod Ricard, a spirits and wine company.

### **DESCRIPTION OF DEBT SECURITIES**

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be direct unsecured obligations of Power Financial and will rank equally and rateably with all other unsecured and unsubordinated indebtedness of Power Financial from time to time issued and outstanding.

The Debt Securities will be issued under one or more indentures between Power Financial and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (each, a "Trustee"), as supplemented and amended from time to time (each a "Trust Indenture" and, collectively, the "Trust Indentures").

Each Prospectus Supplement will set forth the terms and other information with respect to the Debt Securities being offered thereby, including: (i) the designation, aggregate principal amount and authorized denominations of such Debt Securities; (ii) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars); (iii) the percentage of the principal amount at which such Debt Securities will be issued; (iv) the date or dates on which such Debt Securities will mature; (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any); (vi) the dates on which such interest will be payable and the record dates for such payments; (vii) the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued; (viii) any redemption term or terms under which such Debt Securities may be defeased; (ix) whether such Debt Securities are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof; (x) any exchange or conversion terms; and (xi) any other specific terms.

Debt Securities may, at the option of Power Financial, be issued in fully registered form, in bearer form or in "book-entry only" form. See "Book-Entry Only Securities".

### **DESCRIPTION OF SHARE CAPITAL**

The authorized capital of Power Financial consists of an unlimited number of First Preferred Shares, an unlimited number of Second Preferred Shares and an unlimited number of Common Shares. As of November 11, 2008, there were 705,013,680 Common Shares issued and outstanding.

The First Preferred Shares of Power Financial may be issued in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of Power Financial designates. As of November 11, 2008, the Series A Floating Rate Cumulative Redeemable First Preferred Shares, the 5.20% Non-Cumulative First Preferred Shares, Series C, the 5.50% Non-Cumulative First Preferred Shares, Series D, the 5.25% Non-Cumulative First Preferred Shares, Series E, the 5.90% Non-Cumulative First Preferred Shares, Series F, the 5.75% Non-Cumulative First Preferred Shares, Series H, the 6.00% Non-Cumulative First Preferred Shares, Series I, the 4.70% Non-Cumulative First Preferred Shares, Series J, the 4.95% Non-Cumulative First Preferred Shares, Series K, and the 5.10% Non-Cumulative First Preferred Shares, Series L are the only series of First Preferred Shares outstanding.

## DESCRIPTION OF FIRST PREFERRED SHARES

The following sets forth certain general terms and provisions of the First Preferred Shares. The particular terms and provisions of a series of First Preferred Shares offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement. First Preferred Shares may be issued in fully registered form or in “book-entry only” form. See “Book-Entry Only Securities”.

The First Preferred Shares of Power Financial may be issued in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of Power Financial designates. The following is a summary of certain provisions of the First Preferred Shares as a class.

### **Certain Provisions of the First Preferred Shares as a Class**

#### ***Priority***

With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Power Financial, whether voluntary or involuntary, or any other distribution of the assets of Power Financial among its shareholders for the purpose of winding up its affairs, the First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series and in priority to the Second Preferred Shares (although no Second Preferred Shares have yet been issued), the Common Shares and any other shares ranking junior to the First Preferred Shares. On such a distribution, the rights of the holders of the First Preferred Shares of each series will be subject to the prior satisfaction of all claims of all creditors of Power Financial and of holders of shares of Power Financial ranking prior to the First Preferred Shares.

#### ***Approval by First Preferred Shareholders***

In addition to any shareholder approvals required by applicable law, the approval of the holders of the First Preferred Shares as a class is required to delete, add to or vary any right, privilege, preference, restriction or condition attaching to the First Preferred Shares as a class.

#### ***Voting Rights***

The holders of First Preferred Shares of any series shall not be entitled to notice of or to attend or to vote at any meeting of the shareholders of Power Financial except as may be specifically provided in the provisions attaching to the First Preferred Shares of such series. At any meeting of shareholders at which, notwithstanding the foregoing, holders of the First Preferred Shares are required or entitled by law to vote separately as a class, each holder of a Preferred Share of any series thereof shall be entitled to cast, in respect of each such share held, that number of votes as is equal to the quotient obtained by dividing the total number of dollars which were received by Power Financial as consideration for the issue of all outstanding shares of such series by the number of such outstanding shares, provided that in respect of any such consideration denominated in a currency other than Canadian dollars, the Board of Directors of Power Financial shall determine the appropriate conversion rate of such currency to Canadian dollars in effect on the date of the issue of such shares and, based on such rate, the Canadian dollar equivalent of such consideration, and provided further that when such quotient is a fraction or a whole number plus a fraction, there shall be no right to vote in respect of such fraction.

Any meeting of shareholders at which the holders of First Preferred Shares are required or entitled by law to vote separately as a class or as a series shall, unless the Articles of Power Financial otherwise provide, be called and conducted in accordance with the by-laws of Power Financial, provided that no amendment to or repeal of the provisions of such by-laws made after the date of the first issue of any of the First Preferred Shares by Power Financial shall be applicable to the calling and conduct of a meeting of holders of the First Preferred Shares voting separately as a class or as a series unless such amendment or repeal has theretofore been approved by a resolution adopted by the holders of the First Preferred Shares voting separately as a class.

## **BOOK-ENTRY ONLY SECURITIES**

Securities issued in “book-entry only” form must be purchased, transferred or redeemed through participants (“CDS Participants”) in the depository service of CDS Clearing and Depository Services Inc. or a successor (collectively, “CDS”). Each of the underwriters, dealers or agents, as the case may be, named in an accompanying Prospectus Supplement will be a CDS Participant or will have arrangements with a CDS Participant. On the closing of a book-entry only offering, Power Financial may cause a global certificate or certificates representing the aggregate number of Securities subscribed for under such offering to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Securities will be entitled to a certificate or other instrument from Power Financial or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such purchaser. Each purchaser of Securities will receive a customer confirmation of purchase from the registered dealer from which the Securities are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in the Securities. Reference in this Prospectus to a holder of Securities means, unless the context otherwise requires, the owner of the beneficial interest in the Securities.

If Power Financial determines, or CDS notifies Power Financial in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Securities and Power Financial is unable to locate a qualified successor, or if Power Financial at its option elects, or is required by law, to terminate the book-entry system, then the Securities will be issued in fully registered form to holders or their nominees.

### **Transfer, Conversion or Redemption of Securities**

Transfer of ownership, conversion or redemption of Securities will be effected through records maintained by CDS or its nominee for such Securities with respect to interests of CDS Participants, and on the records of Participants with respect to interests of persons other than CDS Participants. Holders who desire to purchase, sell or otherwise transfer ownership of or other interests in the Securities may do so only through CDS Participants.

The ability of a holder to pledge a Security or otherwise take action with respect to such holder’s interest in a Security (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

### **Payments and Notices**

Payments of principal, redemption price, if any, dividends and interest, as applicable, on each Security will be made by Power Financial to CDS or its nominee, as the case may be, as the registered holder of the Security and Power Financial understands that such payments will be credited by CDS or its nominee in the appropriate amounts to the relevant CDS Participants. Payments to holders of Securities of amounts so credited will be the responsibility of the CDS Participants.

As long as CDS or its nominee is the registered holder of the Securities, CDS or its nominee, as the case may be, will be considered the sole owner of the Securities for the purposes of receiving notices or payments on the Securities. In such circumstances, the responsibility and liability of Power Financial in respect of notices or payments on the Securities is limited to giving or making payment of any principal, redemption price, if any, dividends and interest due on the Securities to CDS or its nominee.

Each holder must rely on the procedures of CDS and, if such holder is not a CDS Participant, on the procedures of the CDS Participant through which such holder owns its interest, to exercise any rights with respect to the Securities. Power Financial understands that under existing policies of CDS and industry practices, if Power Financial requests any action of holders or if a holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect to the Securities, CDS would authorize the CDS Participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by Power Financial, any Trustee and CDS. Any holder that is not a Participant must rely on the contractual arrangement it has directly, or indirectly through its financial intermediary, with its CDS Participant to give such notice or take such action.

Power Financial, the underwriters, dealers or agents and any Trustee identified in an accompanying Prospectus Supplement, as applicable, will not have any liability or responsibility for (i) records maintained by CDS relating to

beneficial ownership interest in the Securities held by CDS or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interest; or (iii) any advice or representation made by or with respect to CDS and contained herein or in any Trust Indenture with respect to the rules and regulations of CDS or at the directions of the CDS Participants.

### **EARNINGS COVERAGE RATIOS**

Earnings coverage ratios will be provided as required in the Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

### **PLAN OF DISTRIBUTION**

Power Financial may sell the Securities (i) through underwriters or dealers, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions or (iii) through agents. The Securities may be sold at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of the Securities in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities. The Prospectus Supplement for any of the Securities being offered thereby will set forth the terms of the offering of such Securities, including the type of security being offered, the name or names of any underwriters, dealers or agents, the purchase price of such Securities, the proceeds to Power Financial from such sale, any underwriting discounts and other items constituting underwriters' compensation, any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers. Only underwriters so named in the Prospectus Supplement are deemed to be underwriters in connection with the Securities offered thereby.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents may be changed from time to time.

The Securities may also be sold directly by Power Financial at such prices and upon such terms as agreed to by Power Financial and the purchaser or through agents designated by Power Financial from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by Power Financial to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent is acting on a best efforts basis for the period of its appointment.

Power Financial may agree to pay the underwriters a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of the general corporate funds of Power Financial. Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with Power Financial to indemnification by Power Financial against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

In connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

Unless otherwise specified in a Prospectus Supplement, the Securities will not be registered under the United States Securities Act of 1933, as amended.

## **RISK FACTORS**

Before deciding whether to invest in any Securities, investors should consider carefully the risks set out in the documents incorporated by reference in this Prospectus (including the risks described under “Risk Factors” of Power Financial’s Annual Information Form dated March 20, 2008, and all subsequently filed documents incorporated by reference) and those described in a Prospectus Supplement relating to a specific offering of Securities.

## **USE OF PROCEEDS**

The use of proceeds of the sale of each series of Securities will be described in the Prospectus Supplement relating to the specific issuance of Securities.

## **LEGAL MATTERS**

Certain legal matters in connection with the Securities offered hereby will be passed upon by Blake, Cassels & Graydon LLP on behalf of the Corporation. As of the date hereof, the partners and associates of Blake, Cassels & Graydon LLP, as a group beneficially own, directly or indirectly, less than 1% of the outstanding Securities of Power Financial or any associated party or affiliate of Power Financial.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of Power Financial are Deloitte & Touche LLP, independent chartered accountants, located at 1, Place Ville-Marie, Suite 3000, Montréal, Québec, H3B 4T9.

The registrar and transfer agent for Power Financial is Computershare Investor Services Inc. at its principal offices in Montréal, Québec, and Toronto, Ontario.

## **PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

## **POWER FINANCIAL CORPORATION'S AUDITORS' CONSENT**

We have read the Short Form Base Shelf Prospectus of Power Financial Corporation ("Power Financial") dated November 18, 2008 relating to the offering of up to \$1,500,000,000 of Debt Securities (unsecured indebtedness) and First Preferred Shares (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the shareholders of Power Financial on the consolidated balance sheets as at December 31, 2007 and 2006, and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended. Our report is dated March 13, 2008.

(Signed) DELOITTE & TOUCHE LLP  
Chartered Accountants

Montréal, Québec  
November 18, 2008

## **GREAT-WEST LIFECO INC.'S AUDITORS' CONSENT**

We have read the Short Form Base Shelf Prospectus of Power Financial Corporation ("Power Financial") dated November 18, 2008 relating to the offering of up to \$1,500,000,000 of Debt Securities (unsecured indebtedness) and First Preferred Shares (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the shareholders of Great-West Lifeco Inc. on the consolidated balance sheets of Great-West Lifeco Inc. as at December 31, 2007 and 2006 and the summaries of consolidated operations, the consolidated statements of surplus, the summaries of consolidated comprehensive income, and the consolidated statements of cash flows for the years then ended. Our report is dated February 14, 2008.

(Signed) DELOITTE & TOUCHE LLP  
Chartered Accountants

Winnipeg, Manitoba  
November 18, 2008

## **IGM FINANCIAL INC.'S AUDITORS' CONSENT**

We have read the Short Form Base Shelf Prospectus of Power Financial Corporation ("Power Financial") dated November 18, 2008 relating to the offering of up to \$1,500,000,000 of Debt Securities (unsecured indebtedness) and First Preferred Shares (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the shareholders of IGM Financial Inc. on the consolidated balance sheets as at December 31, 2007 and 2006 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended. Our report is dated February 13, 2008.

(Signed) DELOITTE & TOUCHE LLP  
Chartered Accountants

Winnipeg, Manitoba  
November 18, 2008

## CERTIFICATE OF POWER FINANCIAL CORPORATION

Dated: November 18, 2008

This short form shelf prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

By: (signed) R. JEFFREY ORR  
President and Chief Executive Officer

By: (signed) PHILIP K. RYAN  
Executive Vice-President and Chief Financial Officer

On behalf of the Board of Directors

By: (signed) PAUL DESMARAIS, JR.  
Director

By: (signed) MICHEL PLESSIS-BÉLAIR  
Director



POWER FINANCIAL  
CORPORATION