

## Prospectus Supplement to the Short Form Base Shelf Prospectus dated November 23, 2012

*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 23, 2012 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.*

*Information has been incorporated by reference in this prospectus supplement 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) 286-7400), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

### Prospectus Supplement

**New Issue**

**December 4, 2013**



## POWER FINANCIAL CORPORATION

**\$200,000,000**

### **4.20% Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series T**

This offering of 4.20% Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series T (the "Series T 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 T First Preferred Shares. The holders of the Series T First Preferred Shares will be entitled to fixed non-cumulative preferential cash dividends, if, 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, 2019 (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 \$1.05 per share. The initial dividend, if declared, will be payable on April 30, 2014 and will be \$0.40274 per share, based upon an anticipated issue date of December 11, 2013. 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 T First Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, if, 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 2.37%. See "Details of the Offering".

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

Subject to the Corporation's right to redeem all the Series T First Preferred Shares, the holders of Series T First Preferred Shares will have the right, at their option, to convert their Series T First Preferred Shares into Non-Cumulative Floating Rate First Preferred Shares, Series U (the "Series U First Preferred Shares"), subject to certain conditions, on January 31, 2019 and on January 31 every five years thereafter. The holders of Series U First Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, if, 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 2.37% (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, 2019 and on January 31 every five years thereafter, Power Financial may, at its option, redeem all or any part of the then outstanding Series T First Preferred Shares by the payment of an amount in cash for each Series T First Preferred Share so redeemed of \$25.00 plus all declared and unpaid dividends to but excluding the date of redemption. See “Details of the Offering.”

**The Underwriters may offer the Series T 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., Desjardins Securities Inc. and Casgrain & Company Limited (collectively, the “Underwriters”), as principals, conditionally offer Series T 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 Norton Rose Fulbright Canada 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 T 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 T First Preferred Shares and the Series U 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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	<b>Price to the Public</b>	<b>Underwriters’ Fee <sup>(1)</sup></b>	<b>Net Proceeds to the Corporation <sup>(2)</sup></b>
Per Series T 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 T First Preferred Share sold to certain institutions and \$0.75 per share for all other Series T 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 \$425,000, which, together with the Underwriters’ fee will be paid from the general funds of the Corporation.

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 December 11, 2013 or such other date not later than January 10, 2014 as may be agreed upon by the Corporation and the Underwriters. A book-entry only certificate representing the Series T 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 T 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 23, 2012 (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 Norton Rose Fulbright Canada LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (together, the “Income Tax Act”) in force on the date hereof and proposals to amend the Income Tax Act publicly announced by or on behalf of the Minister of Finance of Canada prior to the date hereof, the Series T 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 for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“TFSA”), each as defined in the Income Tax Act.

The Series T First Preferred Shares will not be a “prohibited investment” for trusts governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Corporation for purposes of the Income Tax Act, (ii) has a “significant interest” as defined in the Income Tax Act in the Corporation, or (iii) has a “significant interest” as defined in the Income Tax Act in a corporation, partnership or trust with which the Corporation does not deal at arm’s length for purposes of the Income Tax Act. Proposed amendments to the Income Tax Act in the form of Bill C-4, which is currently before Parliament (the “October 2013 Proposals”), propose to delete the condition in (iii) above. In addition, pursuant to the October 2013 Proposals, the Series T First Preferred Shares will not be a “prohibited investment” if the Series T First Preferred Shares are “excluded property” as defined in the October 2013 Proposals for trusts governed by a TFSA, RRSP or RRIF.

Holders or annuitants should consult their own tax advisors with respect to whether Series T First Preferred Shares would be prohibited investments in their particular circumstances.

### **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 T 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:

- (a) the Annual Information Form of Power Financial dated March 22, 2013, including documents incorporated by reference therein;
- (b) the unaudited interim condensed consolidated financial statements of Power Financial as at and for the three- and nine-month periods ended September 30, 2013 and September 30, 2012, together with the notes thereto;
- (c) the interim Management’s Discussion and Analysis of the financial condition and financial performance of Power Financial for the three- and nine-month periods ended September 30, 2013;
- (d) the audited consolidated financial statements of Power Financial as at and for the years ended December 31, 2012 and December 31, 2011, together with the notes thereto, and the independent auditor’s report thereon;
- (e) the Management’s Discussion and Analysis of the financial condition and financial performance of Power Financial for the year ended December 31, 2012;
- (f) the Management Proxy Circular dated March 13, 2013 with respect to the Annual Meeting of Shareholders of Power Financial held on May 14, 2013; and
- (g) the term sheet dated December 2, 2013 regarding the distribution of the Series T First Preferred Shares.

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.

## PRIOR SALES, TRADING PRICE AND VOLUME

On February 28, 2013, Power Financial issued 12,000,000 First Preferred Shares, Series S (the “Series S Shares”) at a price of \$25.00 per Series S Share.

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 (PWF)	First Preferred Shares, Series A (PWF.PR.A)	First Preferred Shares, Series D (PWF.PR.E)	First Preferred Shares, Series E (PWF.PR.F)	First Preferred Shares, Series F (PWF.PR.G)	First Preferred Shares, Series H (PWF.PR.H)	First Preferred Shares, Series I (PWF.PR.I)
<b>December 2012</b>							
<i>Intraday High (\$)</i>	27.68	22.36	25.63	25.96	25.66	25.65	25.92
<i>Intraday Low (\$)</i>	26.04	21.74	25.37	25.30	25.33	25.30	25.57
<i>Volume</i>	7,358,501	37,017	47,380	91,192	35,685	61,258	37,733
<b>January 2013</b>							
<i>Intraday High (\$)</i>	29.44	24.39	25.70	25.84	25.71	25.92	26.00
<i>Intraday Low (\$)</i>	27.02	22.34	25.27	24.50	25.33	25.35	25.45
<i>Volume</i>	8,073,065	46,585	48,365	246,753	115,092	91,231	73,186
<b>February 2013</b>							
<i>Intraday High (\$)</i>	29.86	24.25	25.61	25.74	25.65	26.19	25.99
<i>Intraday Low (\$)</i>	28.22	22.76	25.42	25.23	25.38	25.68	25.53
<i>Volume</i>	10,486,212	26,454	56,504	83,930	61,134	62,575	58,575
<b>March 2013</b>							
<i>Intraday High (\$)</i>	30.49	25.00	25.88	25.70	25.90	26.12	25.98
<i>Intraday Low (\$)</i>	28.34	23.50	25.50	25.31	25.47	25.73	25.70
<i>Volume</i>	10,109,219	19,100	57,400	66,765	75,804	41,856	79,904
<b>April 2013</b>							
<i>Intraday High (\$)</i>	29.94	24.60	26.08	25.79	25.84	25.98	25.97
<i>Intraday Low (\$)</i>	27.53	23.05	25.55	25.35	25.50	25.56	25.57
<i>Volume</i>	6,205,458	26,632	60,928	92,747	53,362	42,125	62,011
<b>May 2013</b>							
<i>Intraday High (\$)</i>	31.55	24.99	26.05	25.70	25.81	25.97	25.94
<i>Intraday Low (\$)</i>	29.39	22.11	25.50	25.20	25.50	25.40	25.64
<i>Volume</i>	7,760,614	104,560	103,939	212,879	82,894	255,591	99,049
<b>June 2013</b>							
<i>Intraday High (\$)</i>	31.55	25.00	25.51	25.53	25.51	25.69	25.70
<i>Intraday Low (\$)</i>	29.55	22.99	24.13	23.68	25.01	25.05	25.13
<i>Volume</i>	9,675,615	22,838	93,166	170,686	70,422	93,592	100,620
<b>July 2013</b>							
<i>Intraday High (\$)</i>	33.25	24.99	25.07	24.99	25.50	25.74	25.70
<i>Intraday Low (\$)</i>	30.62	23.30	24.30	24.03	24.93	24.83	25.17
<i>Volume</i>	10,270,516	46,976	139,993	68,784	126,788	89,729	70,642
<b>August 2013</b>							
<i>Intraday High (\$)</i>	33.16	25.19	24.50	24.19	25.43	25.47	25.45
<i>Intraday Low (\$)</i>	31.27	24.00	23.20	22.00	24.60	24.34	24.89
<i>Volume</i>	7,501,552	27,659	150,532	113,597	231,520	186,068	152,858
<b>September 2013</b>							
<i>Intraday High (\$)</i>	33.03	25.05	24.67	24.25	25.46	25.15	25.55
<i>Intraday Low (\$)</i>	31.61	22.50	23.81	23.00	24.90	24.50	25.05
<i>Volume</i>	5,472,171	30,806	68,518	135,539	64,590	98,345	74,728

	Common Shares	First Preferred Shares, Series A	First Preferred Shares, Series D	First Preferred Shares, Series E	First Preferred Shares, Series F	First Preferred Shares, Series H	First Preferred Shares, Series I
	(PWF)	(PWF.PR.A)	(PWF.PR.E)	(PWF.PR.F)	(PWF.PR.G)	(PWF.PR.H)	(PWF.PR.I)
<b>October 2013</b>							
<i>Intraday High (\$)</i>	34.56	23.70	24.60	24.17	25.50	25.19	25.51
<i>Intraday Low (\$)</i>	31.30	22.31	23.76	23.00	24.88	24.51	25.00
<i>Volume</i>	6,104,720	13,903	82,189	128,317	102,737	78,937	129,041
<b>November 2013</b>							
<i>Intraday High (\$)</i>	36.58	23.95	24.89	24.15	25.38	25.30	25.71
<i>Intraday Low (\$)</i>	33.85	22.32	24.36	23.59	25.09	25.03	25.24
<i>Volume</i>	7,360,811	34,876	73,520	132,099	142,052	89,616	146,530
<b>December 1 to 2, 2013</b>							
<i>Intraday High (\$)</i>	36.38	n/a	24.70	24.08	25.40	25.39	25.77
<i>Intraday Low (\$)</i>	35.94	n/a	24.64	23.94	25.30	25.31	25.58
<i>Volume</i>	357,320	0	5,550	6,491	2,310	1,049	30,768
	First Preferred Shares, Series K	First Preferred Shares, Series L	First Preferred Shares, Series M	First Preferred Shares, Series O	First Preferred Shares, Series P	First Preferred Shares, Series R	First Preferred Shares, Series S
	(PWF.PR.K)	(PWF.PR.L)	(PWF.PR.M)	(PWF.PR.O)	(PWR.PR.P)	(PWR.PR.R)	(PWR.PR.S)
<b>December 2012</b>							
<i>Intraday High (\$)</i>	25.54	25.88	26.37	26.85	25.84	27.05	
<i>Intraday Low (\$)</i>	25.13	25.41	26.02	26.58	25.07	26.55	
<i>Volume</i>	71,707	55,945	46,848	28,605	134,305	103,612	
<b>January 2013</b>							
<i>Intraday High (\$)</i>	25.92	25.91	26.50	26.95	25.90	27.99	
<i>Intraday Low (\$)</i>	25.15	25.50	25.74	26.45	25.35	26.56	
<i>Volume</i>	102,481	182,992	116,980	41,628	181,284	381,910	
<b>February 2013</b>							
<i>Intraday High (\$)</i>	25.69	25.85	26.29	26.96	26.25	26.89	24.99
<i>Intraday Low (\$)</i>	25.11	25.40	25.85	26.56	25.55	26.53	24.93
<i>Volume</i>	86,304	85,884	298,666	44,210	162,453	832,677	673,150
<b>March 2013</b>							
<i>Intraday High (\$)</i>	25.61	25.99	26.27	26.83	26.46	27.09	25.27
<i>Intraday Low (\$)</i>	25.25	25.53	25.87	26.59	25.76	26.60	24.96
<i>Volume</i>	68,701	45,781	101,210	44,667	165,150	108,604	1,499,854
<b>April 2013</b>							
<i>Intraday High (\$)</i>	25.62	25.97	26.19	26.93	26.30	27.09	25.59
<i>Intraday Low (\$)</i>	25.17	25.25	25.50	26.47	25.40	26.67	25.21
<i>Volume</i>	103,106	76,623	74,630	70,205	209,944	457,275	1,209,513
<b>May 2013</b>							
<i>Intraday High (\$)</i>	25.45	25.82	25.98	26.76	26.40	26.96	25.44
<i>Intraday Low (\$)</i>	25.15	25.36	25.45	26.49	25.48	26.56	25.07
<i>Volume</i>	120,207	72,960	70,684	148,674	131,167	159,160	396,847
<b>June 2013</b>							
<i>Intraday High (\$)</i>	25.24	25.46	25.79	26.72	25.90	26.64	25.14
<i>Intraday Low (\$)</i>	22.28	22.55	25.40	25.12	24.02	24.54	23.49
<i>Volume</i>	409,508	133,953	100,622	275,240	188,325	266,632	1,246,289
<b>July 2013</b>							
<i>Intraday High (\$)</i>	24.18	24.33	25.79	26.20	25.06	25.50	24.24
<i>Intraday Low (\$)</i>	23.00	23.34	25.18	25.40	24.06	24.86	23.35
<i>Volume</i>	163,571	156,499	150,368	86,275	184,095	278,426	397,492
<b>August 2013</b>							
<i>Intraday High (\$)</i>	23.12	23.45	26.00	25.90	24.20	25.03	23.72
<i>Intraday Low (\$)</i>	21.35	21.23	25.22	24.60	22.42	23.57	21.16
<i>Volume</i>	163,567	137,324	102,734	140,323	197,739	169,850	477,050
<b>September 2013</b>							
<i>Intraday High (\$)</i>	23.10	23.40	25.62	25.48	24.66	25.05	23.10
<i>Intraday Low (\$)</i>	21.93	22.30	25.22	24.71	23.50	23.94	21.71
<i>Volume</i>	209,330	143,927	91,277	93,767	289,249	319,966	436,912
<b>October 2013</b>							
<i>Intraday High (\$)</i>	23.44	23.90	25.55	25.60	24.64	25.20	23.26
<i>Intraday Low (\$)</i>	22.05	22.35	25.08	25.05	23.43	24.65	22.19
<i>Volume</i>	211,041	415,109	152,826	185,323	256,664	383,080	397,106
<b>November 2013</b>							
<i>Intraday High (\$)</i>	23.50	24.01	25.39	25.72	24.00	25.10	23.25
<i>Intraday Low (\$)</i>	22.63	23.50	25.17	25.29	23.33	24.72	22.27
<i>Volume</i>	160,299	199,626	100,937	98,463	175,116	150,688	335,368

	Common Shares (PWF)	First Preferred Shares, Series A (PWF.PR.A)	First Preferred Shares, Series D (PWF.PR.E)	First Preferred Shares, Series E (PWF.PR.F)	First Preferred Shares, Series F (PWF.PR.G)	First Preferred Shares, Series H (PWF.PR.H)	First Preferred Shares, Series I (PWF.PR.I)
<b>December 1 to 2, 2013</b>							
<i>Intraday High (\$)</i>	22.97	23.83	25.34	25.60	24.20	25.00	22.70
<i>Intraday Low (\$)</i>	22.82	23.57	25.31	25.50	23.65	24.99	22.51
<i>Volume</i>	9,290	3,731	180,933	6,760	14,607	6,108	16,949

On December 2, 2013, the closing prices per security of each class of outstanding securities of the Corporation on the TSX were as follows:

Class of Security	TSX Symbol	Closing Price (\$)
Common Shares	PWF	36.24
First Preferred Shares, Series A	PWF.PR.A	23.49
First Preferred Shares, Series D	PWF.PR.E	24.69
First Preferred Shares, Series E	PWF.PR.F	24.03
First Preferred Shares, Series F	PWF.PR.G	25.30
First Preferred Shares, Series H	PWF.PR.H	25.32
First Preferred Shares, Series I	PWF.PR.I	25.65
First Preferred Shares, Series K	PWF.PR.K	22.95
First Preferred Shares, Series L	PWF.PR.L	23.57
First Preferred Shares, Series M	PWF.PR.M	25.32
First Preferred Shares, Series O	PWF.PR.O	25.50
First Preferred Shares, Series P	PWF.PR.P	23.87
First Preferred Shares, Series R	PWF.PR.R	25.00
First Preferred Shares, Series S	PWF.PR.S	22.52

#### DETAILS OF THE OFFERING

The following is a summary of certain provisions attaching to the Series T First Preferred Shares, as a series, and the Series U 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 T First Preferred Shares as a Series

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

#### Definition of Terms

The following definitions are relevant to the Series T 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 2.37%.

**“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, 2019.

**“Subsequent Fixed Rate Period”** means for the initial Subsequent Fixed Rate Period, the period from and including January 31, 2019 to but excluding January 31, 2024, 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 T First Preferred Shares will be entitled to receive fixed quarterly non-cumulative preferential cash dividends, if, 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 \$1.05 per share. The initial dividend, if declared, will be payable on April 30, 2014 and will be \$0.40274 per share, based on the anticipated closing date of the offering hereunder of December 11, 2013 in respect of the period from and including such date of initial issue of Series T First Preferred Shares to but excluding April 30, 2014.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Series T First Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, if, 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 T 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 U First Preferred Shares for the next Quarterly Floating Rate Period (as defined below) to the registered holders of the then outstanding Series T First Preferred Shares.

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



### ***Redemption by the Corporation***

The Series T First Preferred Shares will not be redeemable prior to January 31, 2019. Subject to the provisions described below under the heading “Restrictions on Dividends and Retirement of Shares”, on January 31, 2019 and on January 31 every five years thereafter, the Corporation may redeem all or any part of the then outstanding Series T 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 outstanding Series T First Preferred Shares are, at any time to be redeemed, the shares to be redeemed will be selected in such manner as the Corporation shall determine.

### ***Conversion of Series T First Preferred Shares into Series U First Preferred Shares***

Subject to the right of the Corporation to redeem all the Series T First Preferred Shares as described above, the holders of Series T First Preferred Shares will have the right, at their option, on January 31, 2019 and on January 31 every five years thereafter (a “Series T Conversion Date”), to convert, subject to the restrictions on conversion described below, all or any of the Series T First Preferred Shares registered in their name into Series U First Preferred Shares on the basis of one Series U First Preferred Share for each Series T First Preferred Share. Notice of a holder’s intention to convert Series T 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 T Conversion Date.

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

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

Upon exercise by the holder of this right to convert Series T First Preferred Shares into Series U First Preferred Shares, or upon automatic conversion of Series T First Preferred Shares into Series U First Preferred Shares, the Corporation reserves the right not to issue Series U 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 T First Preferred Shares of the redemption of all the Series T First Preferred Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series T First Preferred Shares of an Annual Fixed Dividend Rate or Floating

Quarterly Dividend Rate or of the conversion right of holders of Series T First Preferred Shares and the right of any holder of Series T First Preferred Shares to convert such Series T 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 or times purchase for cancellation any Series T 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 T First Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series T 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 T First Preferred Shares) on the common shares or any other shares of the Corporation ranking junior to the Series T First Preferred Shares;
- (ii) except out of the net cash proceeds of an issue of shares ranking junior to the Series T First Preferred Shares, redeem or call for redemption or purchase or otherwise retire any common shares or other shares ranking junior to the Series T 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 T 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 any shares ranking *pari passu* with the Series T First Preferred Shares;

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

### ***Voting Rights***

The holders of the Series T 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 T First Preferred Shares equal in the aggregate to one and one-half times the annual rate or amount of dividends carried by the Series T First Preferred Shares in accordance with the terms thereof, 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 one year’s dividends at the annual rate or amount of dividends carried by the Series T First Preferred Shares shall have been paid thereon, the holders of the Series T 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 T 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 T First Preferred Shares, the holders of the Series T First Preferred Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per Series T 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 shares of any other class of the Corporation ranking junior to the Series T First Preferred Shares. After payment to the holders of the Series T 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 T 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 T 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 T 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 T First Preferred Shares will be entitled to one vote per share.

### ***Issue of Additional Series of Preferred Shares***

The Corporation may issue other series of preferred shares ranking on a parity with the Series T First Preferred Shares without the authorization of the holders of the Series T First Preferred Shares.

### ***Depository Services***

The Series T First Preferred Shares will be in "book-entry only" form and must be purchased, transferred, converted or redeemed through participants in the depository service of CDS. See "Book-Entry Only Securities" in the Prospectus.

### ***Tax Election***

The provisions of the Series T 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 T 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 T 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 U First Preferred Shares as a Series***

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

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

The following definitions are relevant to the Series U 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 2.37% (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, 2019 to but excluding April 30, 2019, 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 U First Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, if, 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 U 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 U First Preferred Shares.

If the Board of Directors does not declare a dividend, or any part thereof, on the Series U 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 U First Preferred Shares to receive such dividend, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished.

### ***Redemption by the Corporation***

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 U 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, 2024 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, 2019 that is not a Series U Conversion Date (as defined herein).

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 outstanding Series U First Preferred Shares are, at any time to be redeemed, the shares to be redeemed will be selected in such manner as the Corporation shall determine.

### ***Conversion of Series U First Preferred Shares into Series T First Preferred Shares***

Subject to the right of the Corporation to redeem all the Series U First Preferred Shares as described above, the holders of Series U First Preferred Shares will have the right, at their option, on January 31, 2024 and on January 31 every five years thereafter (a “Series U Conversion Date”), to convert, subject to the restrictions on conversion described below, all or any of their Series U First Preferred Shares registered in their name into Series T First Preferred Shares on the basis of one Series T First Preferred Share for each Series U First Preferred Share. Notice of a holder’s intention to convert Series U 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 U Conversion Date.

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

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

Upon exercise by the holder of this right to convert Series U First Preferred Shares into Series T First Preferred Shares, or upon automatic conversion of Series U First Preferred Shares into Series T First Preferred Shares, the Corporation reserves the right not to issue Series T 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 U First Preferred Shares of the redemption on a Series U Conversion Date of all the Series U First Preferred Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series U First Preferred Shares of an Annual Fixed Dividend Rate or Floating Quarterly Dividend Rate or of the conversion right of holders of Series U First Preferred Shares and the right of any holder of Series U First Preferred Shares to convert such Series U 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 U 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 U First Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series U 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 U First Preferred Shares) on the common shares or any other shares of the Corporation ranking junior to the Series U First Preferred Shares;
- (ii) except out of the net cash proceeds of an issue of shares ranking junior to the Series U First Preferred Shares, redeem or call for redemption or purchase or otherwise retire any common shares or other shares ranking junior to the Series U 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 U First Preferred Shares; or
- (iv) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching thereto, redeem or call for redemption or purchase or otherwise retire any shares ranking *pari passu* with the Series U First Preferred Shares;

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

### ***Voting Rights***

The holders of the Series U 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 U First Preferred Shares equal in the aggregate to one and one-half times the annual rate or amount of dividends carried by the Series U First Preferred Shares in accordance with the terms thereof, 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 one year’s dividends at the annual rate or amount of dividends carried by the Series U First Preferred Shares shall have been paid thereon, the holders of the Series U 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 U 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 U First Preferred Shares, the holders of the Series U First Preferred Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per Series U 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 U First Preferred Shares. After payment to the holders of the Series U 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 U 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 U 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 U 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 U First Preferred Shares will be entitled to one vote per share.

### ***Issue of Additional Series of Preferred Shares***

The Corporation may issue other series of preferred shares ranking on a parity with the Series U First Preferred Shares without the authorization of the holders of the Series U First Preferred Shares.

### ***Depository Services***

The Series U First Preferred Shares will be in "book-entry only" form and must be purchased, transferred, converted or redeemed through participants in the depository service of CDS. See "Book-Entry Only Securities" in the Prospectus.

### ***Tax Election***

The provisions of the Series U 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 U 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 U 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 Norton Rose Fulbright Canada 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 T 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 with the Corporation and the Underwriters and is not affiliated with the Corporation or the Underwriters and holds Series T First Preferred Shares or Series U First Preferred Shares, as the case may be, as capital property. Generally, the Series T First Preferred Shares and Series U 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 (i) 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), (ii) an interest in which is a "tax shelter investment" (as defined in the Income Tax Act), (iii) that has made a "functional currency" election under the Income Tax Act to determine its Canadian tax results in a currency other than Canadian currency, (iv) that is a corporation resident in Canada and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Series T First Preferred Shares or the Series U First Preferred Shares, controlled by a non-resident corporation for purposes of section 212.3 of the Income Tax Act; or (v) that has entered or will enter into a "derivative forward agreement" as that term is defined in the October 2013 Proposals with respect to the Series T First Preferred Shares or the Series U First Preferred Shares. Such Holders are advised to consult with their own tax advisors. This summary assumes that the Series T First Preferred Shares and the Series U 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 consequences 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, all specific proposals to amend the Income Tax Act publicly announced by or on behalf of the Minister of Finance of Canada prior to the date hereof (the “Proposals”) and counsels’ 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 T First Preferred Shares will generally be applicable, with necessary changes, to a holder of Series U First Preferred Shares.

### *Dividends*

Dividends (including deemed dividends) received on the Series T 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 T 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 T First Preferred Shares are “taxable preferred shares” as defined in the Income Tax Act. The terms of the Series T 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 T 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 T 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 33⅓% of dividends received (or deemed to be received) on the Series T 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 T First Preferred Share (either on redemption of the Series T 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 T 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 T First Preferred Share. See “Redemption” below. If the Holder is a corporation, any capital loss arising on the disposition of a Series T 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 T 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.

One half of any capital gain (a “taxable capital gain”) realized on the disposition of Series T First Preferred Shares in a particular year will be included in computing the Holder’s income for that year and one half of a capital loss (an “allowable capital loss”) realized on the disposition of Series T First Preferred Shares in that year must be deducted from taxable capital gains of the Holder for that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against 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 T 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 T First Preferred Share into a Series U First Preferred Share pursuant to the exercise of the conversion privilege or to the automatic conversion mechanism will be deemed not to be a disposition thereof and, accordingly, will not give rise to a capital gain or capital loss. The cost to a holder of the Series U First Preferred Share received on a conversion will be deemed to be the adjusted cost base to such holder of the Series T First Preferred Share converted into such Series U First Preferred Share immediately before the conversion. The cost of a Series U First Preferred Share so obtained will be averaged with the adjusted cost base of all other Series U 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 T First Preferred Shares and adjusted to a pre-tax equivalent using effective income tax rates of 16.0% for the 12 months ended December 31, 2012 and 17.6% for the 12 months ended September 30, 2013, amounted to \$320 million and \$327 million, respectively. Power Financial’s interest requirements on its consolidated debt for the 12 months ended December 31, 2012 and for the 12 months ended September 30, 2013, amounted to \$404 million and \$407 million, respectively, for each such period.

The earnings coverage ratios set forth below have been prepared in accordance with applicable Canadian securities law disclosure requirements. The ratios have been determined based on: i) net earnings attributable to shareholders and non-controlling interests of Power Financial and ii) net earnings attributable to shareholders of Power Financial. The ratios also reflect the Power Financial’s adoption of amendments to IAS 19, *Employee Benefits*, effective January 1, 2013 with retrospective applications from January 1, 2012. Please refer to note 3 of Power Financial’s unaudited interim condensed consolidated financial statements as at and for the three- and nine-

month periods ended September 30, 2013 and September 30, 2012 for information regarding these changes in accounting policies.

i) Ratios based on net earnings attributable to shareholders and non-controlling interests of Power Financial

Power Financial's net earnings before interest on debt and other financial charges, and income taxes for the 12 months ended December 31, 2012 were \$3,896 million, which is 5.4 times the aggregate dividend and interest on debt requirements for this period. Power Financial's net earnings before interest on debt and other financial charges, and income taxes for the 12 months ended September 30, 2013 were \$3,960 million, which is 5.4 times the aggregate dividend and interest on debt requirements for this period.

ii) Ratios based on net earnings attributable to shareholders of Power Financial

Power Financial's net earnings attributable to shareholders before interest on debt and other financial charges, and income taxes for the 12 months ended December 31, 2012 were \$2,703 million, which is 3.7 times the aggregate dividend and interest on debt requirements for this period. Power Financial's net earnings attributable to shareholders before interest on debt and other financial charges, and income taxes for the 12 months ended September 30, 2013 were \$2,734 million, which is 3.7 times the aggregate dividend and interest on debt requirements for this period.

## RATINGS

The Series T 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 T First Preferred Shares have been given a preliminary rating of P-1(Low) under its Canadian rating scale and A- under its global preferred share 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 December 3, 2013 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 December 11, 2013 or such other date not later than January 10, 2014 as may be agreed upon by the parties, all but not less than all of the 8,000,000 Series T 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 T First Preferred Share sold to certain exempt institutions and \$0.75 per share with respect to all other sales of Series T First Preferred Shares. Assuming that no Series T 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 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 T First Preferred Shares. The Underwriters are, however, obligated to take up and pay for all the Series T First Preferred Shares if any Series T First Preferred Shares are purchased under the Underwriting Agreement.

The Underwriters may not, throughout the period of distribution, bid for or purchase the Series T 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 T 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 T 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 T 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 T 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 T First Preferred Shares in any such jurisdiction except in accordance with the laws thereof.

The Underwriters propose to offer the Series T 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 T 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 T First Preferred Shares, was made through negotiations between the Corporation and the Underwriters.

Power Financial has applied to list the Series T First Preferred Shares and the Series U 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 T 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 22, 2013, Power Financial's Management's Discussion and Analysis and audited consolidated financial statements for the years ended December 31, 2012 and December 31, 2011, Power Financial's interim Management's Discussion and Analysis and unaudited interim

condensed consolidated financial statements for the three- and nine-month periods ended September 30, 2013 and September 30, 2012, are incorporated by reference in this document. 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 T First Preferred Shares and the Series U First Preferred Shares.

International Financial Reporting Standards require the Corporation and its subsidiaries to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to perform an impairment test on goodwill and indefinite life intangible assets at least annually. Additionally, the annual financial planning process of the Corporation and of its subsidiaries provides a significant basis for the measurement of deferred tax assets which could result in a change in management assessment of recoverability. It is not possible to determine the outcome of the annual impairment test for 2013 at this time.

The value of Series T First Preferred Shares and Series U First Preferred Shares will be affected by the general creditworthiness of Power Financial. The market value of the Series T First Preferred Shares and Series U 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 T First Preferred Shares and Series U 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 T First Preferred Shares and Series U 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 T First Preferred Shares and Series U First Preferred Shares and other preferred shares.

The Series T First Preferred Shares and Series U 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 T First Preferred Shares and the Series U First Preferred Shares.

Neither the Series T First Preferred Shares nor the Series U 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 T First Preferred Shares or Series U First Preferred Shares, as applicable, may be limited.

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

Upon the automatic conversion of the Series T First Preferred Shares into Series U First Preferred Shares, the dividend rate on the Series T 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 T First Preferred Shares into Series U First Preferred Shares in certain circumstances. See "Details of the Offering – Certain Provisions of the Series T First Preferred Shares as a Series – Conversion of Series T First Preferred Shares into Series U First Preferred Shares".

Stock market volatility may affect the market price of the Series T First Preferred Shares and Series U 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 T First Preferred Shares and Series U First Preferred Shares after the offering, or, if developed, that such market will be sustained at the offering price of the Series T First Preferred Shares and the Series U First Preferred Shares.

## **USE OF PROCEEDS**

The net proceeds from the sale of the Series T First Preferred Shares offered hereunder will amount to approximately \$193,575,000 after deducting the Underwriters' fee (assuming no sales of Series T 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 \$175 million First Preferred Shares, Series M on January 31, 2014 upon completion of this offering.

## **LEGAL MATTERS**

In connection with the issue and sale of the Series T 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 Norton Rose Fulbright Canada LLP. As of the date hereof, the partners and associates of Blake, Cassels & Graydon LLP and Norton Rose Fulbright Canada 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 T First Preferred Shares and Series U 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.

## CERTIFICATE OF UNDERWRITERS

Dated: December 4, 2013

To the best of our knowledge, information and belief, the short form base shelf prospectus dated November 23, 2012 (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.

By: (signed) PIERRE-OLIVIER PERRAS

RBC DOMINION SECURITIES INC.

By: (signed) JOHN BYLAARD

SCOTIA CAPITAL INC.

By: (signed) STEPHEN MACCULLOCH

CIBC WORLD MARKETS INC.

By: (signed) PAUL ST-MICHEL

TD SECURITIES INC.

By: (signed) JONATHAN BROER

NATIONAL BANK FINANCIAL INC.

By: (signed) MAUDE LEBLOND

DESJARDINS SECURITIES INC.

By: (signed) A. THOMAS LITTLE

CASGRAIN & COMPANY LIMITED

By: (signed) ROGER CASGRAIN

## **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 base 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 short form base shelf 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) 286-7400), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## **Short Form Base Shelf Prospectus**

**New Issue**

November 23, 2012



**POWER FINANCIAL  
CORPORATION**

**\$1,500,000,000  
Debt Securities (unsecured)  
Common Shares  
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”) of the Corporation; (ii) common shares (the “Common Shares”); and (iii) first preferred shares (the “First Preferred Shares”) of the Corporation, or any combination thereof. The Debt Securities, Common Shares 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; (ii) in the case of Common Shares, the number of shares and the offering price; and (iii) 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.E”, “PWF.PR.F”, “PWF.PR.G”, “PWF.PR.H”, “PWF.PR.I”, “PWF.PR.K”, “PWF.PR.L”, “PWF.PR.M”, “PWF.PR.O”, “PWF.PR.P” and “PWF.PR.R” 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 current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows 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".

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 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, 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 to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the list of factors in the prior paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian 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 of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in the documents incorporated herein by reference, including the Corporation's Annual Information Form dated March 23, 2012 and its Management's Discussion and Analysis of the financial condition and performance for the year ended December 31, 2011 and the three- and nine-month periods ended September 30, 2012.

## **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 23, 2012, including documents incorporated by reference therein;
- (b) the unaudited interim condensed consolidated comparative financial statements of Power Financial as at and for the three- and nine-month periods ended September 30, 2012, together with the notes thereto;
- (c) the interim Management's Discussion and Analysis of the financial condition and performance of Power Financial for the three- and nine-month periods ended September 30, 2012;
- (d) the audited consolidated comparative financial statements of Power Financial as at and for the year ended December 31, 2011, together with the notes thereto, and the independent auditor's report thereon;
- (e) the Management's Discussion and Analysis of the financial condition and performance of Power Financial for the year ended December 31, 2011; and
- (f) the Management Proxy Circular dated March 14, 2012 with respect to the Annual Meeting of Shareholders of Power Financial held on May 14, 2012.

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 at the date of the Prospectus Supplement, but only for the purposes of the distribution of the Securities to which such Prospectus Supplement pertains.

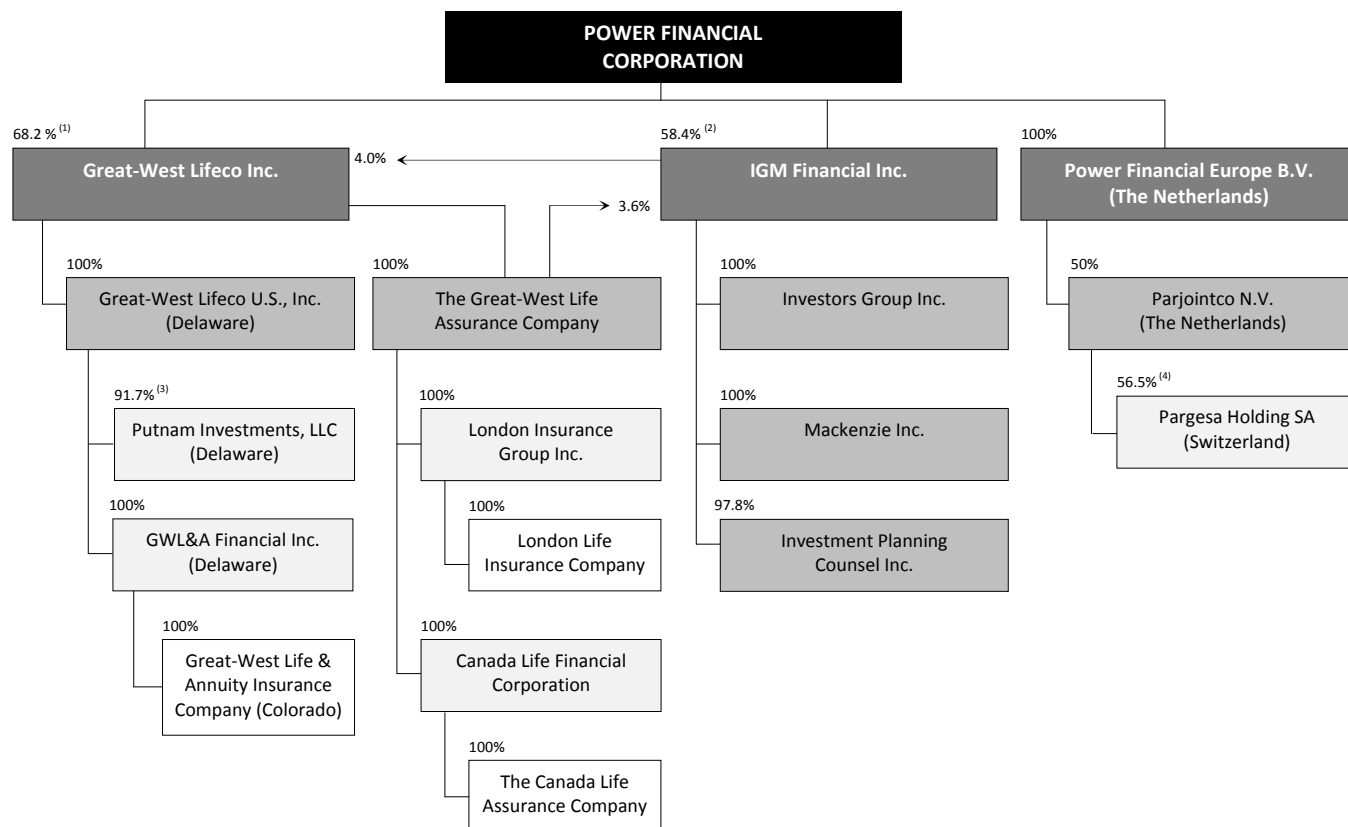
Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be 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, 2012, 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) 56.6 per cent of the participating equity securities of Lifeco (as defined below) are owned by the Corporation, 3.0 per cent are owned by 3411893 Canada Inc., a wholly owned subsidiary of the Corporation, 7.7 per cent are owned by 3439453 Canada Inc., a wholly owned subsidiary of the Corporation, and 0.9 per cent are owned by 4400003 Canada Inc., a wholly owned subsidiary of the Corporation. In addition, IGM Financial (as defined below), a subsidiary of the Corporation, owns 4.0 per cent of the participating equity securities of Lifeco. Power Financial and its subsidiaries own, in the aggregate, voting securities to which are attached approximately 65.0 per cent of the votes attached to all voting securities of Lifeco.
- (2) 55.4 per cent of the participating equity securities of IGM Financial are owned by the Corporation, 2.2 per cent are owned by 3411893 Canada Inc., a wholly owned subsidiary of the Corporation, and 0.8 per cent are owned by 4400003 Canada Inc., a wholly owned subsidiary of the Corporation. In addition, Great-West Life (as defined below), a subsidiary of the Corporation, owns 3.6 per cent of the participating equity securities of IGM Financial (excluding 0.04 per cent of equity securities of IGM Financial held by Great-West Life in its segregated funds or for similar purposes). Power Financial and its subsidiaries own, in the aggregate, voting securities to which are attached approximately 62.0 per cent of the votes attached to all voting securities of IGM Financial.
- (3) 100 per cent voting interest.
- (4) 76.0 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 sector in Canada, the United States and Europe and, through its indirect investment in Pargesa Holding SA (“Pargesa”), has substantial holdings in companies based in Europe, active in the following industries: oil and gas, electricity, energy services, water and waste management services, industrial minerals, cement and building materials, and wines and spirits. These investments are held by Pargesa through its affiliated company, Groupe Bruxelles Lambert (“GBL”), a Belgian holding company.

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, 2011, Power Financial employed, directly and through subsidiaries, approximately 29,100 people in North America. As at September 30, 2012, Power Financial controlled, directly and indirectly, approximately 72.2% of the outstanding common shares of Lifeco, representing approximately 65% of the voting rights attached to all the outstanding Lifeco voting shares. As at September 30, 2012, Power Financial also controlled, directly and indirectly, approximately 62.0% of the outstanding common shares of IGM Financial.

### **Great-West Lifeco Inc.**

Lifeco is an international financial services holding company with interests in the life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Lifeco has operations in Canada, the United States, Europe and Asia through The Great-West Life Assurance Company (“Great-West Life”), London Life Insurance Company (“London Life”), The Canada Life Assurance Company (“Canada Life”), Great-West Life & Annuity Insurance Company (“GWL&A”) and Putnam Investments, LLC (“Putnam”) and their respective subsidiaries. As at September 30, 2012, Lifeco and its subsidiaries had more than \$532 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 shares of London Insurance Group Inc. (“LIG”), a company continued under the *Canada Business Corporations Act*. LIG owns all of the shares of London Life. Great-West Life owns all of the shares of Canada Life Financial Corporation (“CLFC”), which in turn owns all of the 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, 2012, approximately 9.2 million common shares (representing 3.6%) of IGM Financial (excluding approximately 0.1 million common shares of IGM Financial held by Great-West Life in its segregated funds or for similar purposes).

In Canada, Great-West Life, 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 Life 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, including payout annuity 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, Ireland and Germany; and Reinsurance, which operates primarily in the United States, Barbados and Ireland. Reinsurance products are provided through Canada Life, London Reinsurance Group Inc. and their subsidiaries.

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

In the United States, GWL&A is a leading provider of employer-sponsored retirement savings plans in the public/non-profit and corporate sectors. It also provides annuity and life insurance products for individuals and businesses, retirement accounts for individuals, and fund management, investment and advisory services. GWL&A provides an array of financial security products, including employer-sponsored defined contribution retirement plans.

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

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 approximately 158,000 advisors. Institutional investors are supported by Putnam's dedicated account management, product management, and client service professionals and through strategic relationships with certain investment management firms outside of the United States. As at September 30, 2012, Putnam had approximately \$127 billion in total assets under management.

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

IGM Financial is a personal financial services company, primarily 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, 2012, IGM Financial owned all of the outstanding common shares of Investors Group; indirectly, all of the outstanding common shares of Mackenzie, 97.8% of the outstanding common shares of Investment Planning Counsel, and 37.8 million common shares (representing 4.0%) of Lifeco.

As at September 30, 2012, IGM Financial had approximately \$119.3 billion in total assets under management.

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

Investors Group, founded in 1926, delivers personalized financial solutions to Canadians through a network of more than 4,500 consultants located throughout Canada, with approximately \$59.6 billion in mutual fund assets under management as at September 30, 2012. 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 approximately \$61.0 billion in total assets under management as at September 30, 2012, 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, with over 800 financial advisors and \$16.0 billion in client assets under

administration as at September 30, 2012, which includes over \$2.9 billion in mutual fund assets under management in Counsel Portfolio Services Inc.

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

As at September 30, 2012, Power Financial Europe held a 50% interest in Parjointco, which held a 76.0% voting interest and a 56.5% equity interest in Pargesa. At such date, Pargesa held a 52.0% voting and a 50.0% equity interest in GBL. The Pargesa group holds significant interests in a limited number of large European companies, through its affiliated company, GBL. As at September 30, 2012, such interests consisted principally of a 4.0% interest in Total S.A., an international oil and gas group; a 5.0% interest in GDF Suez, an electricity and gas company; a 6.9% interest in Suez Environnement, a water and waste management services company; a 56.9% interest in Imerys S.A., a leading company in industrial minerals; a 21.0% interest in Lafarge S.A., a leading cement and building materials company; and a 7.5% interest in Pernod Ricard, a wines and spirits 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 ratably 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 at November 13, 2012, there were 708,173,680 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 at November 13,

2012, the Series A Floating Rate Cumulative Redeemable First Preferred Shares, 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 4.95% Non-Cumulative First Preferred Shares, Series K, the 5.10% Non-Cumulative First Preferred Shares, Series L, the 6.00% Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series M, the 5.80% Non-Cumulative First Preferred Shares, Series O, the 4.40% Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P and the 5.50% Non-Cumulative First Preferred Shares, Series R are the only series of First Preferred Shares outstanding.

## **DESCRIPTION OF COMMON SHARES**

The holders of Common Shares are entitled to vote at all meetings of shareholders (other than meetings exclusively of another class or series of shares), and subject to the rights of holders of the First Preferred Shares and the Second Preferred Shares, to receive any dividend on such share and to participate equally with all other holders of Common Shares in the remaining property of Power Financial on liquidation, dissolution or winding-up. There are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights attaching to the Common Shares.

## **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 CDS 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 CDS 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 23, 2012, 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 at 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.

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The independent auditor of Power Financial is Deloitte & Touche LLP, chartered professional 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 and Toronto.

## **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.

## INDEPENDENT AUDITOR'S CONSENT

We have read the Short Form Base Shelf Prospectus of Power Financial Corporation ("Power Financial") dated November 23, 2012 relating to the offering of up to \$1,500,000,000 of Debt Securities (unsecured indebtedness), Common Shares and First Preferred Shares of Power Financial (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 of Power Financial as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of earnings, statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated March 14, 2012.

We also 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, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of earnings, statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated February 9, 2012.

We also 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 of IGM Financial Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of earnings, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated February 10, 2012.

(signed) DELIOTTE & TOUCHE LLP<sup>1</sup>  
Montréal, Québec  
November 23, 2012

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<sup>1</sup>CPA auditor, CA public accountancy permit No. A104630

## **CERTIFICATE OF POWER FINANCIAL CORPORATION**

Dated: November 23, 2012

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as at 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) GREGORY D. TRETIAK  
Executive Vice-President and  
Chief Financial Officer

On behalf of the Board of Directors

By: (signed) PAUL DESMARAIS, JR.  
Director

By: (signed) ANDRÉ DESMARAIS  
Director