POWER FINANCIAL CORPORATION

ANNUAL MEETING OF SHAREHOLDERS

WEDNESDAY, MAY 14, 2014

ADDRESS TO SHAREHOLDERS

BY

R. JEFFREY ORR

PRESIDENT AND

CHIEF EXECUTIVE OFFICER

Forward-Looking Statements

Certain statements in these materials, 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 previous 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 its disclosure materials, including its most recent Management's Discussion and Analysis and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

Certain financial terms included in these materials, such as operating earnings, are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities. Please refer to the Corporation's annual and most recent interim Management's Discussion and Analysis for more information, including how such measures are defined, an explanation of their purpose and a reconciliation of the non-IFRS measures to the corresponding IFRS measures, where comparable IFRS measures exist.

The visual presentation accompanying Mr. Orr's remarks is available on the Corporation's website at www.powerfinancial.com.

PRESIDENT'S ADDRESS
TO THE ANNUAL MEETING OF SHAREHOLDERS

POWER FINANCIAL CORPORATION

May 14, 2014

Good morning, ladies and gentlemen. It is my pleasure to address you this morning and to report to you on the results of the Power Financial Corporation group of companies for 2013.

Before I do, I would like to comment on the passing of the Honourable Paul G. Desmarais.

The entire Power group was deeply saddened by the death of Mr. Desmarais, who passed away on October 8, 2013 at the age of 86. We lost a great leader, a colleague, a father, and a friend. All of us at the company were incredibly privileged to have known and worked with this remarkable man.

Mr. Desmarais gained control of Power Corporation in 1968 and served as its Chairman and Chief Executive Officer until 1996. At the time of his death, he was a Director of Power Financial and of Power Corporation, as well as Chairman of the Executive Committee of Power Corporation. His service to Power spanned nearly 50 years and his visionary leadership has left an indelible mark on the entire Power group.

A memorial service held here in Montréal on December 3, drew hundreds of friends and business colleagues from across Canada and around the world, and celebrated the many contributions he made to his family, to business and to his country.

Mr. Desmarais will be missed by all of us.

Paul Desmarais will be making additional comments regarding his father at tomorrow's annual meeting of Power Corporation.

FINANCIAL RESULTS

Power Financial and its subsidiaries experienced positive momentum across its businesses in 2013, leading to an elevated sense of optimism for the future across the group. Increased earnings from financial services were driven by higher product sales and strong financial market conditions. Sales of investment and insurance products increased through most distribution channels, driven by company strategies and actions, as well as increased consumer and business confidence in the geographies where we operate.

New leadership in many of our companies, combined with an increased focus on innovation to enhance our clients' experience, is setting the stage for future growth.

The leadership teams are focused upon organic growth, but have also been seeking to add to growth via acquisitions, as evidenced by Great-West Lifeco's purchase of Irish Life and the recently announced agreement to acquire J.P. Morgan's U.S. retirement business.

Turning to our financial results, Power Financial's operating earnings attributable to common shareholders were \$1,708 million in 2013, compared with \$1,678 million in 2012. Excluding the impact of acquisition and restructuring charges associated with the Irish Life acquisition and other non-recurring charges, operating earnings were \$1,812 million in 2013.

Net earnings attributable to common shareholders, including other items, were $1,896 million in 2013, compared with $1,618 million in 2012.

Power Financial's earnings are very well diversified, reflecting the scale and scope of its activities. Earnings are diversified by geography, by product and by distribution channel.

In total, Power Financial's subsidiaries have $877 billion under management or administration in mutual funds, segregated funds, institutional mandates and retirement programs, as well as assets managed for our companies' own balance sheets.

Let me now turn to the results of our subsidiaries.

GREAT-WEST LIFECO

Power Financial holds a 71% interest in Great-West Lifeco, which has operations in Canada, the United States and Europe.

Great-West Lifeco reported operating earnings attributable to common shareholders of $2,052 million in 2013, compared with $1,946 million in 2012. Excluding the Irish Life and other charges I referred to earlier, Great-West Lifeco's operating earnings were $2,175 million in 2013.

Great-West Lifeco's return on equity of 15.0% on operating earnings for 2013, as well as its balance sheet, continued to be among the strongest in the financial services sector.

A year ago, Great-West Lifeco named Paul Mahon as its new President and Chief Executive Officer.

GREAT-WEST LIFECO – U.S.

A key focus for Mr. Mahon and the team at Great-West Lifeco is building the company's presence in the U.S., the largest financial services market in the world.

Great-West Lifeco operates in the United States through Denver-based Great-West Financial and Boston-based Putnam Investments.

Over the last few months, Great-West Lifeco has communicated a series of important organizational developments that have directly involved – and connected – its two U.S. organizations.

First, it announced the appointment of Putnam Investments President and CEO Robert Reynolds to the leadership role of President and CEO, Great-West Lifeco U.S. Mr. Reynolds is also becoming President and CEO of Great-West Financial, replacing Mitchell Graye, who is retiring. Mr. Graye provided tremendous leadership over his more than 20 years with the company.

In his expanded role, Mr. Reynolds will work with the leadership teams of Great-West Financial and Putnam Investments, which will remain separate entities.

The company also announced the integration of Putnam Investments' full-service retirement business into that of Great-West Financial.

This was followed in early April with the announcement of Great-West Financial's acquisition of the J.P. Morgan Retirement Plan Services large-market record-keeping business.

This combined retirement organization will operate under Great-West Financial, and leverage the combined scale and capabilities of the three businesses. It will be the second-largest retirement services provider in the United States, serving close to 7 million people, and having US$387 billion of assets under administration. In combination, these changes strategically position our companies to play a pivotal role in meeting the retirement needs of Americans.

Boston-based Putnam Investments continued its strategy of providing the very highest quality investment performance to its clients, coupled with introducing highly innovative investment solutions to meet investor needs.

The investment results have been nothing short of remarkable. At the end of 2008, shortly after the new management team was installed, Putnam had no mutual fund assets in the top decile, 10% in the top quartile, 36% above median and 35% in the bottom quartile. These are 5-year trailing performance numbers as compiled by Lipper. At the end of the last quarter, Putnam had 24% of its assets in the top decile, 65% in the top quartile, 85% above median and virtually no assets in the bottom quartile.

This performance was recognized by *Barron's* magazine, which in February ranked Putnam second among the 60 companies it tracks across all asset classes on five-year performance.

The market has noticed. Gross mutual fund sales in the first quarter of 2014 were up 72% year-over-year to US$6.4 billion. Putnam's sales market share has more than doubled since 2012. Net sales grew to US$2.4 billion in the quarter, their highest level since the first quarter of 2001, and up from US$351 million in the same quarter in 2013.

Putnam is highly focused on translating its great investment track record into sales success in the institutional channel, in order to grow assets and revenue to achieve targeted profitability levels.

With the strength of Great-West Financial's retirement and insurance business and Putnam's asset management platform, the U.S. market will remain a key area of focus and growth for Great-West Lifeco and Power Financial in the years to come.

GREAT-WEST LIFECO — EUROPE

In Europe, Great-West Lifeco, through its Canada Life and Irish Life subsidiaries, has operations in the United Kingdom, Isle of Man, Ireland and Germany.

Great-West's European and Reinsurance operations are led by Arshil Jamal. Douglas Brown is assuming the role of Chief Executive Officer of Canada Life in the U.K., replacing Ian Gilmour, who is retiring after 17 years of very strong leadership.

In the United Kingdom, Canada Life grew its Group insurance business in 2013, becoming the number one provider with a 24% market share. It also built a stronger presence in its onshore U.K. Wealth Management business through product and service expansion.

In its latest budget, the U.K. government announced legislative changes governing the payout annuity market, where Canada Life is a large provider. The changes will likely reduce the size of the market, but the company believes that payout annuities will continue to be an important tool for many retirees. And with its large in-force block of payout annuities, Canada Life expects to remain a retirement leader in the U.K. for many years to come.

Turning now to Ireland, Great-West Lifeco closed the acquisition of Irish Life last July. Under Bill Kyle's leadership, integration is well underway and on schedule. The company is now operating under a single brand, Irish Life, with all former Canada Life Ireland customers and staff now associated with this brand.

Irish Life's underlying business performance has been exceptional, with strong quarterly earnings since we closed the transaction. Irish Life has actually grown its market share since the acquisition. It has the number one market share in each of its main businesses, and its overall share in Ireland is 34%.

GREAT-WEST LIFECO — CANADA

I will now turn to Great-West Lifeco's business in Canada, which is led by Dave Johnston, President and Chief Operating Officer.

In Canada, the company's products and services impact the lives of more than 12 million people – that's one in three Canadians.

It operates under three brands – Great-West Life, London Life and Canada Life. Great-West Life's strong Canadian brands have been built upon many years of making and keeping promises – 123 years at Great-West Life, 140 years at London Life; 167 years at Canada Life.

During 2013, Great-West's Canadian operations delivered over $1.1 billion in earnings – up 11% over the prior year and the highest historical earnings performance ever.

With a strong focus on organic growth, Great-West Life has achieved leading market shares across all of its products, from individual insurance and wealth management products to employer-based health, insurance and retirement programs.

Great-West Canada is investing in products, technology and service to be able to build upon these positions. Together with the thousands of financial advisors who serve our clients, the company is committed to meeting the financial security and retirement needs of Canadians.

IGM FINANCIAL

Power Financial's other significant financial services subsidiary is IGM Financial, in which it holds a 62.2% interest.

IGM is one of Canada's premier personal financial services companies, and one of the country's largest managers and distributors of mutual funds and other managed asset products. The company serves the financial needs of Canadians through multiple distinct businesses, including Investors Group, Mackenzie Investments and Investment Planning Counsel.

Operating earnings for 2013 were $764 million, and net earnings were $762 million.

Total assets under management at December 31, 2013 totalled $131.8 billion, compared with total assets under management of $120.7 billion the previous year.

Return on equity for IGM Financial was 17.3% in 2013.

INVESTORS GROUP

Investors Group is led by Murray Taylor, President and Chief Executive Officer. He is also Co-President and Chief Executive Officer of IGM.

Investors Group continued to set itself apart in 2013 by offering personal, comprehensive financial planning through 109 region offices, represented by 4,673 Consultants to approximately one million clients across Canada.

Investors Group meets the complex financial needs of its clients by delivering a diverse range of products and services, all in the context of a comprehensive financial plan. Investors Group's Consultants offer investment funds, segregated funds, insurance, securities, mortgages and banking products. In July, it introduced a new series of funds for households with financial assets in excess of $500,000, which provides separate pricing for fund management and an advisory fee charged to client accounts.

Mutual fund sales were $6.7 billion in 2013, compared with $5.8 billion in 2012, an increase of more than 15%. The redemption rate on long-term mutual funds was 9.4% during 2013, compared with 10% during 2012, and well below industry levels. Net sales were $159 million for the year, up from net redemptions of $724 million a year ago.

MACKENZIE INVESTMENTS

IGM also owns Mackenzie Investments, one of Canada's leading providers of mutual funds through financial advisors.

A year ago, Jeff Carney was appointed President and Chief Executive Officer of Mackenzie and Co-President and Chief Executive Officer of IGM.

At December 31, Mackenzie had more than $65 billion of assets under management across retail, strategic alliance and institutional channels.

Mackenzie conducts business with 250 dealer firms who collectively have 30,000 financial advisors choosing to work with the company. And through them, Mackenzie serves over 1 million Canadians. It also reaches institutional clients through its growing relationships with consultants across the globe.

This has been a year of transformation for Mackenzie. The company has initiated an aggressive strategy, at the center of which is the success of its clients. During 2013 it simplified its existing product line-up, and has launched a number of new solution-based products to the Canadian market. It has also added to its already talented bench of investment professionals.

Mackenzie also took a leadership role in the industry by greatly reducing fees for those investors choosing not to use a financial advisor by launching its "D" series. Although Mackenzie is focussed upon clients who use financial advisors, eliminating the advice portion of its fees for clients who don't use advisors was simply the right thing to do.

Momentum at Mackenzie is clearly building.

Mutual fund gross sales were $6.7 billion, compared with $5.5 billion in 2012, an increase of 22%, and the highest level in five years. Mutual fund net redemptions were $0.5 billion in 2013, compared with net redemptions of $2.0 billion during 2012, a positive trend which continued into the first quarter of 2014 with strong positive net sales.

PARGESA HOLDING

I will now turn to the Pargesa group in Europe. Together with the Frère group of Belgium, Power Financial holds a 55.5% equity interest in Pargesa. Arnaud Vial was recently appointed Managing Director of Pargesa, working closely with Pargesa Chairman Paul Desmarais. At December 31, 2013, Pargesa held a 50% equity interest in the Belgian holding company Groupe Bruxelles Lambert, or "GBL".

The Pargesa group has been very busy over the past year positioning its portfolio of companies for future growth.

During 2013, GBL acquired a 15% interest in SGS, a Swiss-based company which is the world's leading inspection, verification, testing and certification company. It has a market cap of SF17 billion, or approximately $21 billion Canadian dollars at today's rate.

And Lafarge, in which GBL owns 21% of the equity, also announced a proposed merger with Holcim to form the world's largest supplier to the construction materials industry. If approved, GBL will own approximately 10% of the new entity.

Pargesa reported operating earnings of SF251 million in 2013, compared with SF346 million in 2012. The decrease was mainly attributable to non-cash charges.

The contribution to Power Financial's operating earnings was $76 million in 2013, compared with $102 million in 2012.

CORPORATE SOCIAL RESPONSIBILITY

Amid the progress we have made in 2013, we have also advanced on our corporate social responsibility (CSR) strategies and programs, at both the Power Financial level and within our subsidiaries. Power Financial and its group companies are committed to conducting their businesses with integrity, following environmentally sound practices and contributing to the communities where they are present. We actively encourage and support our employees in their volunteering efforts.

The companies under Great-West Lifeco and IGM Financial have long distinguished themselves for the charitable contributions and general support they provide to their communities, and have won many awards for their efforts and the dedication of their employees. As a group, we also work co-operatively to share best practices and identify new opportunities, such as participation in the Carbon Disclosure Project, which we have embraced.

At Pargesa and GBL, CSR performance is a key investment selection criterion, attested to by the fact that all of their major holdings are CSR leaders in their respective industries.

For the Power Financial group of companies, Corporate Social Responsibility is something that we live on a daily basis, recognizing that it is a critical building block of a successful business strategy, and a key component of achieving long-term sustainable performance.

FIRST QUARTER 2014 EARNINGS

It is now my pleasure to report on earnings of the Corporation for the first quarter of 2014.

Operating earnings for the quarter ended March 31, 2014 were $440 million, compared with $407 million in 2013. Results for the first quarter of 2014 were negatively impacted by an amount of $37 million representing the Corporation's share of a non-cash charge recorded by Pargesa.

Other items resulted in a contribution of $27 million, compared with a net charge of $13 million in 2013.

Net earnings were $467 million, compared with $394 million in 2013.

QUARTERLY DIVIDEND

At the meeting of the Board which was held earlier today, the Directors, in addition to declaring the regular dividends on the preferred shares, declared a quarterly dividend of 35 cents per share on the Common Shares of the Corporation.

INDUSTRY MATTERS

I'd like to comment on recent developments in the debate on mutual fund fees.

As you may know, the Canadian Securities Administrators, or CSA, published a consultation paper on this topic in late 2012. They received comment letters and various submissions – including from us – and held roundtable discussions during the summer and fall of 2013. A variety of stakeholders participated, including industry members and investor advocates. Last December, the CSA summarized the arguments that had been put forward in the form of a status report, and recently, issued a request for proposals for independent research, which they hope will provide important information as to whether regulatory action is needed with respect to mutual fund fees.

First, we welcome what appears to be a thoughtful approach on the part of the CSA. We think that the issues are not as straightforward and clear cut as they sometimes appear on the surface. Getting clarity around the facts will lead to better policy-making.

Second, we agree with the CSA that the well-being of the investor should be at the center of the policy debate.

We adhere to the fundamental principle that a consumer should receive fair value for the goods and services he or she pays for. This holds true for products such as mutual funds as it should for all other financial products and services.

One major problem in analyzing mutual fund fees is the issue of comparing apples to apples. This is an issue in comparing mutual funds with different financial products within Canada and is also an issue in comparing mutual fund fees between Canada and the United States.

Is the client investing in the product with the guidance of a financial advisor or not? If an advisor is involved, is the cost of such advice embedded in the product's fee or is it paid directly by the client to their financial institution, financial planner or brokerage firm? Is the product being actively managed by investment professionals or is it passively invested? The answer to these questions can have a major impact on the actual and reported cost of the mutual fund or other financial product.

Most mutual funds sold in Canada have the cost of advice and active management embedded in the fee. In competing financial products and in some mutual funds, the cost of the financial advisor and the firm where they work may be charged separately from the cost of investment management or other services, and the total costs paid by the client are often not aggregated or presented.

In the United States, unlike Canada, the cost of financial advice is typically not included in the reported fees of most mutual funds, as it is usually paid by the client directly to their financial institution. This difference has led to a good deal of confusion on the part of many who have commented on the relative costs of mutual funds in Canada versus the United States.

A good illustration of the impact of the embedded cost of financial advice on a fund's reported fee is Mackenzie's recent launch of its "D Series". Available to clients who are not using the services of a financial advisor, the annual management fee on a Mackenzie D Series equity fund is 75 basis points less, or ¾ of one per cent, than the comparable Mackenzie fund when sold with advice.

We are big believers in the value of financial advice, a belief which is founded on solid research demonstrating that investors who use a financial advisor are far better prepared for retirement, irrespective of their income level.

Investors should, of course, have the choice of whether or not they want advice. When they don't want advice, they should not have to pay for it. When they do want advice, they should have the choice as to how they pay for it – whether through a fee-based arrangement with their financial institution or through embedded commissions in the products. We don't think that restricting those choices will lead to better outcomes for investors; rather, it risks causing a host of unintended consequences, including reduced access to advice for investors with limited assets and for those who are beginning to save on a regular basis.

For us, the solution lies in transparency – clients should understand what they are paying for. We support the idea of disclosing to investors the components of the Management Expense Ratio, or MER, of a particular mutual fund, so that they can see for themselves which proportion goes to manufacturing, distribution and associated financial advice.

The issues, on the whole, are more complex than they might appear and in order to avoid unintended consequences, careful consideration, research and deliberation is advisable. This is the approach that the CSA appears to be taking, and hopefully will lead to the right decisions being made in the long-term best interest of Canadians.

CONCLUSION

As we look forward, the global economy continues to show signs of progress, anchored by solid improvement in the United States and increased stability in Europe. Interest rates have begun moving up from their historic lows and investors have become more confident in their investment choices.

More fundamental than any short-term economic outlook, however, is the strong and growing long-term need of people across the markets where we operate to achieve financial security. The companies in our group are in the business of helping millions of people meet their financial needs through the different stages of their lives. They do so by helping clients through a one-on-one relationship with a financial advisor or through protection and retirement programs at their place of employment.

Excellence and innovation in products and services and value to the customer are critical factors in clients' selections. Financial strength and the ability to honour long-term commitments are equally important. Our companies are focused upon delivering on each of these dimensions.

Ladies and gentlemen, allow me to express our thanks to you, our shareholders, for your continuing support, as well as to the management teams and to all the employees and representatives of our group companies for their outstanding work and for their active involvement in their communities. We thank them, and we thank our clients for the trust they have shown in our companies.