



POWER FINANCIAL
CORPORATION

2017 Annual Information Form

March 28, 2018

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GENERAL INFORMATION

The following abbreviations have been used throughout this Annual Information Form:

Name in full	Abbreviation
adidas AG	adidas
Annual Information Form of Great-West Lifeco Inc., dated February 8, 2018	Lifeco's Annual Information Form
Annual Information Form of IGM Financial Inc., dated March 15, 2018	IGM Financial's Annual Information Form
Burberry Group plc	Burberry
Canada Life Financial Corporation	CLFC
China Asset Management Co., Ltd.	China AMC
Frère-Bourgeois / Compagnie Nationale à Portefeuille	Frère group
GEA Group	GEA
Great-West Life & Annuity Insurance Company	Great-West Financial
Great-West Lifeco Inc.	Lifeco
Groupe Bruxelles Lambert	GBL
IGM Financial Inc.	IGM Financial
Imerys SA	Imerys
Investment Planning Counsel Inc.	Investment Planning Counsel
Investors Group Inc.	Investors Group
Irish Life Group Limited	Irish Life
LafargeHolcim Ltd	LafargeHolcim
London Life Insurance Company	London Life
Mackenzie Financial Corporation	Mackenzie Investments
Mackenzie Inc.	Mackenzie
Management's Discussion and Analysis of Power Financial Corporation, dated March 23, 2018	Power Financial's MD&A
Ontex N.V.	Ontex
Pargesa Holding SA	Pargesa
Parjointco N.V.	Parjointco
Parques Reunidos Servicios Centrales, S.A.	Parques
Pernod Ricard SA	Pernod Ricard
Portag3 Ventures Limited Partnership	Portag3
Power Corporation of Canada	Power
Power Financial Corporation	Power Financial or the Corporation
Power Financial Europe B.V.	PFE
Putnam Investments, LLC	Putnam
SGS SA	SGS
Suez Environnement Company	Suez
The Canada Life Assurance Company	Canada Life
The Great-West Life Assurance Company	Great-West Life
Total SA	Total
Umicore, NV/SA	Umicore
Wealthsimple Financial Corp.	Wealthsimple

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated herein by reference to the extent specified herein:

- > Certain portions of Lifeco's Annual Information Form; and
- > Certain portions of IGM Financial's Annual Information Form.

The above documents have been prepared by Lifeco and IGM Financial, respectively, and are available on SEDAR under their respective company profiles at www.sedar.com.

In addition, certain portions of Power Financial's MD&A are incorporated herein by reference to the extent specified herein. Power Financial's MD&A is available on SEDAR under the Corporation's profile at www.sedar.com.

FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form, 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 and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments 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, fluctuations in interest, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, 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 this Annual Information Form and Power Financial's MD&A, filed with the securities regulatory authorities in Canada and available at www.sedar.com. The sections entitled "General" of Lifeco's Annual Information Form and "Forward-Looking Statements" of IGM Financial's Annual Information Form are incorporated herein by reference.

CORPORATE STRUCTURE

Incorporation

Power Financial Corporation — Corporation Financière Power was continued under the *Canada Business Corporations Act* (“CBCA”) on December 4, 1986. Its head and registered office is located at 751 Victoria Square, Montréal, Québec H2Y 2J3.

The Articles of the Corporation were amended as follows:

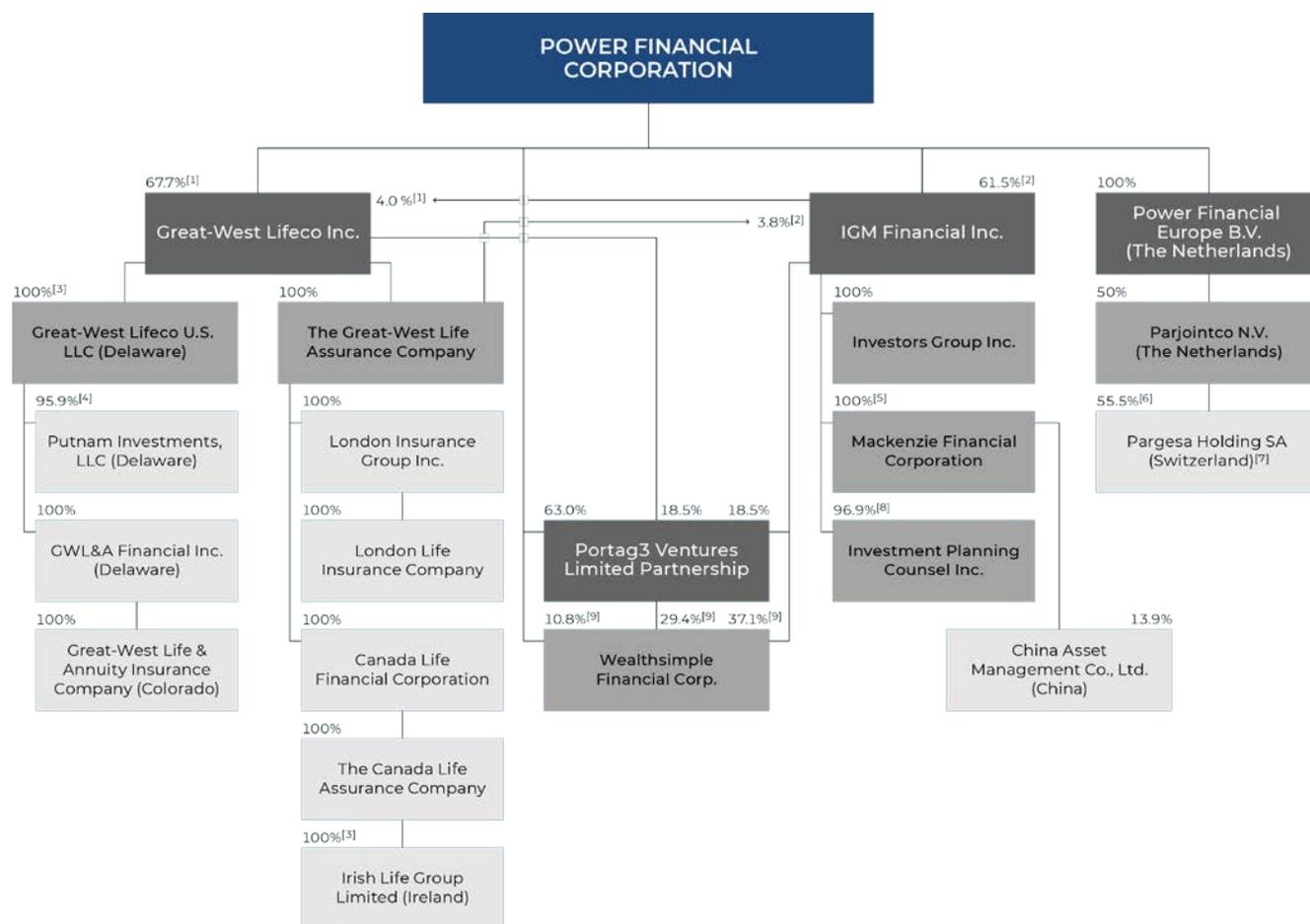
- > effective August 17, 1993, to create 6,000,000 7.00 per cent Non-Cumulative First Preferred Shares, Series B (redeemed on May 30, 2003);
- > effective January 10, 1997, to subdivide the Common Shares on a two-for-one basis;
- > effective October 14, 1997, to create 6,000,000 5.20 per cent Non-Cumulative First Preferred Shares, Series C (redeemed on October 31, 2010);
- > effective December 11, 1997, to create 6,000,000 5.50 per cent Non-Cumulative First Preferred Shares, Series D (the “Series D First Preferred Shares”);
- > effective July 9, 1998, to subdivide the Common Shares on a two-for-one basis;
- > effective November 22, 2001, to create 8,000,000 5.25 per cent Non-Cumulative First Preferred Shares, Series E (the “Series E First Preferred Shares”);
- > effective July 10, 2002, to create 6,000,000 5.90 per cent Non-Cumulative First Preferred Shares, Series F (the “Series F First Preferred Shares”);
- > effective December 4, 2002, to create 6,000,000 5.75 per cent Non-Cumulative First Preferred Shares, Series H (the “Series H First Preferred Shares”);
- > effective March 7, 2003, to create 8,000,000 6.00 per cent Non-Cumulative First Preferred Shares, Series I (the “Series I First Preferred Shares”) and 6,000,000 4.70 per cent Non-Cumulative First Preferred Shares, Series J (redeemed on July 30, 2010);
- > effective July 23, 2004, to subdivide the Common Shares on a two-for-one basis;
- > effective September 30, 2005, to create 10,000,000 4.95 per cent Non-Cumulative First Preferred Shares, Series K (the “Series K First Preferred Shares”);
- > effective July 28, 2006, to create 8,000,000 5.10 per cent Non-Cumulative First Preferred Shares, Series L (the “Series L First Preferred Shares”);
- > effective November 25, 2008, to create an unlimited number of Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series M (the “Series M First Preferred Shares”) (redeemed on January 31, 2014) and an unlimited number of Non-Cumulative Floating Rate First Preferred Shares, Series N (none of which are outstanding);
- > effective October 7, 2009, to create up to 10,000,000 5.80 per cent Non-Cumulative First Preferred Shares, Series O (the “Series O First Preferred Shares”);
- > effective May 14, 2010, to increase the maximum number of directors from 18 to 20;
- > effective June 22, 2010, to create an unlimited number of Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P (the “Series P First Preferred Shares”) and an unlimited number of Non-Cumulative Floating Rate First Preferred Shares, Series Q (the “Series Q First Preferred Shares”);
- > effective February 16, 2012, to create up to 10,000,000 5.50 per cent Non-Cumulative First Preferred Shares, Series R (the “Series R First Preferred Shares”);

- > effective February 25, 2013, to create up to 12,000,000 4.80 per cent Non-Cumulative First Preferred Shares, Series S (the “Series S First Preferred Shares”);
- > effective December 6, 2013, to create an unlimited number of Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series T (the “Series T First Preferred Shares”) and an unlimited number of Non-Cumulative Floating Rate First Preferred Shares, Series U (the “Series U First Preferred Shares”) (none of which are outstanding); and
- > effective May 23, 2017, to create up to 10,000,000 5.15 per cent Non-Cumulative First Preferred Shares, Series V (the “Series V First Preferred Shares”).

Intercorporate relationships

The chart on the following page summarizes Power Financial’s corporate structure as at December 31, 2017, including interests in its material and certain other subsidiaries and investee companies. The chart sets forth the jurisdiction of incorporation (unless otherwise indicated, all companies were incorporated in Canada) and the approximate percentages of participating equity securities beneficially owned, or over which control or direction is exercised, directly or indirectly, by Power Financial (unless otherwise indicated, such percentages also represent the approximate percentages of votes attached to voting securities beneficially owned, or over which control or direction is exercised, directly or indirectly, by Power Financial) as at that date.

The sections entitled “Corporate Structure” of Lifeco’s Annual Information Form and “General” of IGM Financial’s Annual Information Form are incorporated herein by reference.



- [1] 54.4 per cent of the participating equity securities of Lifeco are owned by the Corporation, 2.9 per cent are owned by 3411893 Canada Inc., a wholly owned subsidiary of the Corporation, 7.4 per cent are owned by 3439453 Canada Inc., a wholly owned subsidiary of the Corporation, and 3.0 per cent are owned by 4400003 Canada Inc., a wholly owned subsidiary of the Corporation. In addition, IGM Financial, 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] 58.3 per cent of the participating equity securities of IGM Financial are owned by the Corporation, 2.3 per cent are owned by 3411893 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, Great-West Life, a subsidiary of the Corporation, owns 3.8 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 65.3 per cent of the votes attached to all voting securities of IGM Financial.
- [3] Owned through wholly owned subsidiaries of Lifeco.
- [4] 100 per cent voting interest.
- [5] Owned through a wholly owned subsidiary of IGM Financial.
- [6] 75.4 per cent voting interest.
- [7] Certain companies in the Pargesa group are more fully described in the section entitled "Narrative Description of the Business - The Pargesa Group" of this Annual Information Form.
- [8] On January 19, 2018, IGM Financial increased its ownership interest in Investment Planning Counsel to 100 per cent.
- [9] Owned through interests in a limited partnership that is wholly owned by the Corporation, Portag3 and IGM Financial. As at December 31, 2017, the aggregate voting interest of the limited partnership in Wealthsimple was 78.9 per cent. In the first quarter of 2018, Power Financial and IGM Financial made further investments in Wealthsimple of \$20 million and \$45 million, respectively, increasing the aggregate voting interest in Wealthsimple to 83.2 per cent.

GENERAL DEVELOPMENT OF THE BUSINESS

Business of Power Financial

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. Power Financial owns a controlling interest in each of Lifeco and 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, PFE, the Corporation holds a 50 per cent interest in Parjointco, which held, as of December 31, 2017, a 55.5 per cent equity interest, representing 75.4 per cent of the voting rights, in the Pargesa group.

Through its indirect investment in Pargesa, Power Financial has significant holdings in companies based in Europe, active in the following industries: mineral-based specialty solutions for industry; testing, inspection and certification; cement, aggregates and concrete; wines and spirits; design and distribution of sportswear; materials technology and recycling of precious metals; oil, gas and chemical industries; design, manufacturing and distribution of luxury clothing; disposable hygiene products; supply of equipment and project management for a wide range of processing industries; and operation of regional leisure parks. These European investments are held by Pargesa through its subsidiary, GBL, a Belgian holding company.

As at December 31, 2017, Power Financial and its subsidiaries had, in aggregate, approximately 26,808 employees worldwide. As at December 31, 2017, Power Financial controlled, directly and indirectly, approximately 71.7 per cent of the outstanding common shares of Lifeco, representing approximately 65.0 per cent of the voting rights attached to all the outstanding Lifeco voting shares. As at December 31, 2017, Power Financial also controlled, directly and indirectly, approximately 65.3 per cent of the outstanding common shares of IGM Financial.

Development of the business over the last three years

The sections entitled “General Development of the Business” of Lifeco’s Annual Information Form and “Development of Business Over the Last Three Years” of IGM Financial’s Annual Information Form are incorporated herein by reference.

NORTH AMERICA

Effective January 1, 2015, following the acquisition of J.P. Morgan Retirement Plan Services (RPS) large-market recordkeeping business by Great-West Financial, the retirement services businesses of Great-West Financial, RPS and Putnam merged, creating the second largest recordkeeping provider in the United States under a new combined brand – “Empower Retirement”.

In 2015, 2016 and 2017, Power Financial, through a wholly owned subsidiary, invested in Wealthsimple, a technology-driven investment manager. In the fourth quarter of 2016 and the first half of 2017, IGM Financial also invested in Wealthsimple.

In October 2016, Power Financial, together with Lifeco and IGM Financial, announced the formation of a new investment fund, Portag3, dedicated to backing innovative financial services companies. In the second quarter of 2017, Power Financial transferred the equity interest in Wealthsimple it had acquired prior to 2017 to Portag3.

As at December 31, 2017, Power Financial, Lifeco and IGM Financial held, respectively, 63.0 per cent, 18.5 per cent and 18.5 per cent equity interests in Portag3 and Portag3 held a 29.4 per cent equity interest in Wealthsimple. In addition to the interest held indirectly through Portag3, as at December 31, 2017, Power Financial and IGM Financial also held, respectively, 10.8 per cent and 37.1 per cent equity interests in Wealthsimple, representing, together with Portag3, an aggregate voting interest in Wealthsimple of 78.9 per cent. In the first quarter of 2018, Power Financial and IGM Financial made further investments in Wealthsimple of \$20 million and \$45 million, respectively, increasing the aggregate voting interest in Wealthsimple to 83.2 per cent.

On February 1, 2016, 2,234,515 of Power Financial’s Series P First Preferred Shares were converted, on a one-for-one basis, into Series Q First Preferred Shares, in accordance with the terms of such shares.

In May 2016, IGM Financial completed a US\$50 million investment in Personal Capital Corporation, a market-leading digital wealth advisor which operates in the United States. A subsequent US\$25 million investment was made in December 2016.

On December 7, 2016, Lifeco completed its offering of €500 million principal amount senior bonds with an annual coupon rate of 1.75 per cent maturing on December 7, 2026.

On January 26, 2017, IGM Financial completed its offering of \$400 million principal amount of 3.44 per cent debentures due January 26, 2027 and \$200 million principal amount of 4.56 per cent debentures due January 25, 2047. The net proceeds were used by IGM Financial to assist its subsidiary, Mackenzie Investments, in financing a substantial portion of its acquisition of a 13.9 per cent equity interest in China AMC and for general corporate purposes. See "Development of the Business Over the Last Three Years – Asia".

On May 18, 2017, Lifeco issued 8,000,000 Non-Cumulative First Preferred Shares, Series T, priced at \$25.00 per share, to annually yield 5.15 per cent, for gross proceeds of \$200 million.

On May 26, 2017, Power Financial issued 10,000,000 Series V First Preferred Shares, priced at \$25.00 per share, to annually yield 5.15 per cent, for gross proceeds of \$250 million.

In October 2017, IGM Financial combined the investment management functions of Investors Group and Mackenzie Investments together to form a single global investment management organization to support both companies under Mackenzie Investments.

On December 7, 2017, IGM Financial completed its offering of \$250 million principal amount of 4.115 per cent debentures due December 9, 2047. The net proceeds were used by IGM Financial to repay long-term debt maturities and for general corporate purposes.

On February 28, 2018, Lifeco completed its offering of \$500 million principal amount of 3.337 per cent debentures due February 28, 2028. The net proceeds will be used by Lifeco to repay long-term debt maturities and for general corporate purposes.

EUROPE

In 2015 and 2016, GBL sold, respectively, 0.5 per cent and 1.8 per cent of the share capital of Total, for proceeds of approximately €556 million and €1.7 billion, respectively, generating gains of €282 million and €732 million, respectively. As at December 31, 2017, GBL's position in Total was 0.6 per cent.

GBL received requests for the conversion of its 2012-2015 bonds exchangeable into Suez shares in 2014 and 2015. Following these notifications, GBL delivered a total of 35 million Suez shares. As a result of these conversions, GBL no longer held any shares of Suez as at December 31, 2015.

On February 26, 2015, Imerys completed the acquisition of S&B group, an industrial minerals company, which acquisition was funded, in part, through the issuance of Imerys shares to the vendors. As a result of the transaction, GBL's interest in the share capital of Imerys was reduced to approximately 53.9 per cent as at December 31, 2015 (compared to 56.5 per cent as at December 31, 2014).

On March 24, 2015, Pargesa completed the issuance of nine-year, 0.875 per cent SF150 million bonds due April 24, 2024.

On April 24, 2015, GDF Suez changed its name to ENGIE. In 2016, GBL bought back €691 million in principal amount of its bonds exchangeable for ENGIE shares, representing 69 per cent of the nominal value of the bonds issued in 2013. The balance of the exchangeable bonds was redeemed for cash at maturity in February 2017. Also in 2016, GBL sold approximately 1.8 per cent of the share capital of ENGIE for proceeds of €572 million, bringing GBL's position in ENGIE down to 0.6 per cent as at December 31, 2016. Furthermore, during the first quarter of 2017, GBL also sold ENGIE shares representing 0.5 per cent of the share capital of ENGIE for proceeds of €145 million. After this transaction, GBL's remaining interest in ENGIE was 0.1 per cent, most of which was sold later in 2017.

On July 10, 2015, the merger between Lafarge SA, in which GBL held at the time a 21.0 per cent interest, and Holcim Ltd., a cement and aggregates company, was completed. As at December 31, 2017, GBL held 9.4 per cent of the new entity, LafargeHolcim.

In 2015 and 2016, GBL increased its ownership in Umicore and started to invest progressively in adidas. GBL held, respectively, 17 per cent and 7.5 per cent of the share capital of Umicore and adidas as at December 31, 2017.

Since 2015, as part of its strategy to include a limited selection of investments of lower size as incubator investments in its diversified portfolio, GBL invested progressively in Burberry, Ontex, GEA and Parques. As at December 31, 2017, GBL held, respectively, 6.5 per cent, 19.9 per cent, 4.3 per cent and 21.2 per cent of the share capital of these companies.¹

In 2016, GBL increased its participation in SGS. GBL held 16.6 per cent of the capital of SGS as at December 31, 2017 (compared to 16.2 per cent and 15.0 per cent as at December 31, 2016 and December 31, 2015, respectively).

As described below, the Pargesa portfolio currently consists primarily of investments in Imerys, SGS, LafargeHolcim, Pernod Ricard, adidas, Umicore, Total, Burberry, Ontex, GEA and Parques, which are held through Pargesa's subsidiary, GBL. The ownership interest of Power Financial in these companies as at December 31, 2017, through the Pargesa group, is more fully described herein at the section entitled "Narrative Description of the Business – The Pargesa Group".

ASIA

On August 31, 2017, IGM Financial announced that its subsidiary, Mackenzie Investments, completed its acquisition, in two separate transactions, of a 13.9 per cent interest in China AMC for an aggregate consideration of \$638 million.

⁰¹ In previous years GBL made a distinction between "strategic shareholdings" (investments usually greater than €1 billion, being Imerys, SGS, LafargeHolcim, Pernod Ricard, adidas, Umicore and Total) and "incubator" investments (investments ranging from €250 million to €1 billion with the potential of becoming strategic shareholdings such as Burberry, Ontex, GEA and Parques). In 2017, GBL decided to eliminate the distinction between strategic shareholdings and incubator investments when presenting the portfolio.

NARRATIVE DESCRIPTION OF THE BUSINESS

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, has significant holdings in companies based in Europe, active in the following industries: mineral-based specialty solutions for industry; testing, inspection and certification; cement, aggregates and concrete; wines and spirits; design and distribution of sportswear; materials technology and recycling of precious metals; oil, gas and chemical industries; design, manufacturing and distribution of luxury clothing; disposable hygiene products; supply of equipment and project management for a wide range of processing industries; and operation of regional leisure parks. These European investments are held by Pargesa through its subsidiary, GBL, a Belgian holding company.

Great-West Lifeco Inc.

Lifeco is an international financial services holding company with interests in the life insurance, health insurance, asset management, investment and retirement savings and reinsurance businesses. Lifeco has operations in Canada, the United States and Europe through Great-West Life, London Life, Canada Life, Great-West Financial, Putnam, Canada Life Limited and Irish Life. As at December 31, 2017, Lifeco and its subsidiaries had over \$1.3 trillion in assets under administration and approximately 23,300 employees worldwide. 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, as at December 31, 2017, approximately 9.2 million common shares (representing 3.8 per cent) of IGM Financial (excluding approximately 0.09 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. Through the Individual Customer business unit, Great-West Life, London Life and Canada Life provide life, disability and critical illness insurance products as well as wealth accumulation and annuity products to individual clients. Through the Group Customer business unit, Great-West Life, London Life and Canada Life provide life, accidental death and dismemberment, critical illness, health and dental protection, creditor and direct marketing insurance as well as accumulation and annuity products and other specialty products to group clients.

The European segment is comprised of two distinct business units: Insurance & Annuities, which offers protection and wealth management products, including payout annuity products, through subsidiaries of Canada Life in the United Kingdom, the Isle of Man, Ireland and Germany and through Irish Life in Ireland; and Reinsurance, which operates primarily in the United States, Barbados and Ireland. Reinsurance products are provided through Canada Life, London Life and their subsidiaries.

In the United States, Great-West Financial provides life insurance, annuities and executive benefits products. Its Great-West Investments unit offers fund management, investment and advisory services. The company's Empower Retirement division serves all segments of the employer-sponsored retirement plan market – small, mid-size and large corporate clients, government plans, non-profit entities and private-label recordkeeping clients. Empower also offers individual retirement accounts. Putnam provides investment management, certain administrative functions, and distribution services. Putnam offers a broad range of investment products, including equity, fixed income, absolute return and alternative strategies. 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, include nearly 168,000 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 December 31, 2017, Putnam had approximately US\$171.5 billion in total assets under management.

The section entitled "Description of the Business" of Lifeco's Annual Information Form is incorporated herein by reference.

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, Mackenzie Investments and Investment Planning Counsel. As at December 31, 2017, IGM Financial had \$156.5 billion in total assets under management.

As at December 31, 2017, IGM Financial owned all of the outstanding common shares of Investors Group, all of the outstanding common shares of Mackenzie Investments and approximately 39.7 million common shares (representing 4.0 per cent) of Lifeco. As at January 19, 2018, IGM Financial owned all of the outstanding common shares of Investment Planning Counsel.

Investors Group, founded in 1926, delivers personalized financial solutions to Canadians through a network of 4,146 consultants located throughout Canada, with \$88.0 billion in mutual fund assets under management. In addition to an exclusive family of mutual funds and other investment vehicles, Investors Group offers a wide range of insurance, securities, mortgage products and other financial services.

Mackenzie Investments was founded in 1967, and is an investment management firm providing investment advisory and related services. With \$64.6 billion in total assets under management, Mackenzie Investments distributes its products and services primarily through a diversified distribution network of third party financial advisors.

In October 2017, IGM Financial combined the investment management functions of Investors Group and Mackenzie Investments together to form a single global investment management organization to support both companies under Mackenzie Investments.

Investment Planning Counsel was founded in 1996, and is an independent distributor of financial products, services and advice in Canada, with 790 financial advisors and \$27.6 billion in client assets under administration, which includes over \$4.9 billion in mutual fund assets under management in Counsel Portfolio Services Inc.

The section entitled "Description of Business" of IGM Financial's Annual Information Form is incorporated herein by reference.

The Pargesa Group

The information contained herein concerning Pargesa and the companies in which it has an investment has been publicly reported by Pargesa. Although Power Financial has no knowledge that would indicate that any statements contained in such information are materially incorrect, Power Financial takes no responsibility for the accuracy or completeness of such information, or for any omission by such companies to disclose facts or events which may have occurred or may affect the significance or accuracy of any such information but which are not known to Power Financial.

BACKGROUND OF THE PARGESA GROUP

The Corporation's interest in Pargesa is held through Parjointco, a holding company, as further described below. The carrying value of the Corporation's interest in Parjointco was \$3.4 billion as at December 31, 2017.

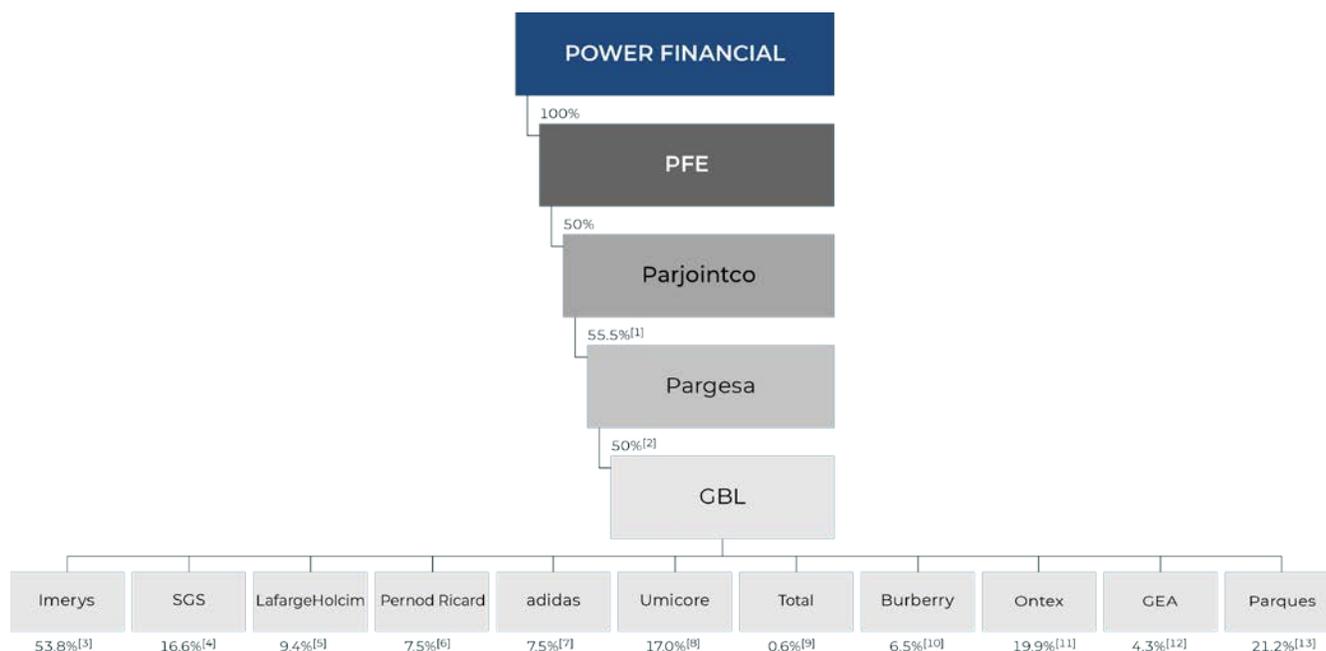
Pargesa is organized under the laws of Switzerland. In 1981, Power participated with European partners in reorganizing the company to acquire Paribas (Suisse) S.A. of Geneva. Power, and subsequently Power Financial, participated with others in the development of Pargesa throughout the ensuing decade. The extent of this participation increased steadily and, under an agreement concluded in 1990 (the "agreement"), Power Financial now holds substantial interests in the Pargesa group with the Frère group of Charleroi, Belgium, another of the original partners in Pargesa. Pursuant to the agreement, Power Financial, through its wholly owned subsidiary PFE, and the Frère group established a new holding company structure bringing together their respective interests in Pargesa and GBL. Each of the Power Financial group and the Frère group controls on an equal basis Parjointco, incorporated under the laws of The Netherlands. Parjointco, at December 31, 2017, in turn held a 75.4 per cent voting interest and a 55.5 per cent equity interest in Pargesa, while Pargesa held at that same date a 51.8 per cent voting interest and a 50.0 per cent equity interest in GBL. The agreement was intended to achieve and maintain parity between the Power group and the Frère group with respect to their control in each of Pargesa, GBL (and at that time, Parfinance S.A.) and their respective designated subsidiaries. Each group agreed not to acquire, hold or dispose of interests in any of those corporations (other than through Parjointco), either directly or indirectly, and has granted the other group a prior right, subject to certain restrictions, to acquire its interests in Pargesa and GBL upon any disposition thereof for a period of five years beginning at the termination of the agreement. The initial agreement, signed in 1990, had a term of 11 years subject to possible extensions. It requires the maintenance of the shareholding control chain. On September 24, 1996, the term of the agreement was extended to December 31, 2014 and on December 17, 2012, the term of the agreement was extended to December 31, 2029 with provision for possible further extension of the agreement.

Upon the occurrence of an event of default, the groups must submit to pre-arbitration with a view of resolving the default and, if that is unsuccessful, shall proceed to arbitration. Subject to the results of such arbitration, the non-defaulting group is entitled to elect either the first or both of the following remedies: (a) the liquidation of the jointly owned holding company established to hold their respective interests in Pargesa and GBL, and termination of the agreement; and (b) the acquisition of interests in Pargesa held by the defaulting group or acquired by it on the liquidation of the jointly owned holding company, at the market price of the Pargesa voting shares at the time of the arbitrators' decision and at the issued price of any other Pargesa securities.

The Pargesa group currently holds significant interests in a limited number of large European companies. These interests are held by Pargesa's affiliated Belgian holding company, GBL, as shown on the chart on page 15. At December 31, 2017, the group share of equity of Pargesa was \$12.3 billion (SF9.6 billion)⁽¹⁾. The financial information reported herein in respect of Pargesa has been extracted from Pargesa's financial statements.

⁽¹⁾ Information in this section uses currency conversion rates in effect for the year ended December 31, 2017.

The following is a simplified chart of the corporate structure of the Pargesa group and includes direct and indirect principal holdings as at December 31, 2017.



Percentages denote interests in participating equity held by subsidiaries and affiliates of Pargesa. Further details of interests are shown on page 16.

[1] 75.4 per cent voting interest.

[2] 51.8 per cent voting interest.

[3] 67.5 per cent voting interest.

[4] 16.6 per cent voting interest.

[5] 9.4 per cent voting interest.

[6] 10.9 per cent voting interest.

[7] 7.5 per cent voting interest.

[8] 17.0 per cent voting interest.

[9] 1.2 per cent voting interest.

[10] 6.5 per cent voting interest.

[11] 19.9 per cent voting interest.

[12] 4.3 per cent voting interest.

[13] 21.2 per cent voting interest.

Table of interests of the Pargesa group and Pargesa's net asset value:

As at December 31, 2017 (in millions of SF)	Jurisdiction of Incorporation	Net Assets (Pargesa's share)	% of Pargesa's net asset value
Imerys	France	1,969	18%
SGS	Switzerland	1,610	15%
LafargeHolcim	Switzerland	1,575	15%
Pernod Ricard	France	1,536	14%
adidas	Germany	1,535	14%
Umicore	Belgium	880	8%
Total	France	436	4%
Burberry	United Kingdom	326	3%
Ontex	Belgium	265	2%
GEA	Germany	192	2%
Parques	Spain	149	2%
Other Investments		579	5%
GBL treasury shares		296	3%
Net cash and short-term assets, net of debt		(497)	(5%)
Net asset value		10,851	100%

PARGESA – DESCRIPTION OF GROUP COMPANIES

GBL, which is controlled by Pargesa, is a holding company with its headquarters in Brussels, Belgium. Its main holdings are an interest in Imerys (mineral-based specialty solutions for industry), SGS (testing, inspection and certification), LafargeHolcim (cement, aggregates and concrete), Pernod Ricard (wines and spirits), adidas (design and distribution of sportswear), Umicore (materials technology and recycling of precious metals), Total (oil, gas and chemical industries), Burberry (a global luxury brand), Ontex (disposable hygiene products), GEA (supply of equipment and project management for a wide range of processing industries) and Parques (operation of regional leisure parks). For more information, please refer to Part D of Power Financial's MD&A related to Pargesa or to the websites of the companies listed above in the Pargesa portfolio, which are not incorporated herein by reference.

Portag3 and Wealthsimple

Power Financial (together with Lifeco and IGM Financial) controls Portag3, an investment fund dedicated to backing innovative financial services companies. Portag3 holds a 29.4 per cent equity interest in Wealthsimple, a technology-driven investment manager with assets under administration of \$1.7 billion at December 31, 2017. In addition to the interest held indirectly through Portag3, as at December 31, 2017, Power Financial and IGM Financial also held, respectively, 10.8 per cent and 37.1 per cent equity interests in Wealthsimple, representing, together with Portag3, an aggregate voting interest in Wealthsimple of 78.9 per cent. In the first quarter of 2018, Power Financial and IGM Financial made further investments in Wealthsimple of \$20 million and \$45 million, respectively, increasing the aggregate voting interest in Wealthsimple to 83.2 per cent.

RISK FACTORS

There are certain risks inherent in an investment in the securities of the Corporation and in the activities of the Corporation, including the following and other risks discussed elsewhere in this Annual Information Form, which investors should carefully consider before investing in securities of the Corporation. This description of risks does not include all possible risks, and there may be other risks of which the Corporation is not currently aware.

Power Financial is a diversified international holding company with interests in the financial services, asset management and other business sectors. Its principal holdings are a controlling interest in each of Lifeco and IGM Financial and a joint controlling interest in Parjointco, which itself holds a controlling interest in GBL through Pargesa. As a result, the Corporation bears the risks associated with being a significant shareholder of these operating companies. The risks of being an investor in Lifeco are described and referenced in the subsection entitled "Risk Factors" of Lifeco's Annual Information Form, which subsection and further references are incorporated herein by reference, and the risks of being an investor in IGM Financial are referenced in the subsection entitled "Risk Factors" of IGM Financial's Annual Information Form, which subsection and further references are incorporated herein by reference. The risks of being an investor in Pargesa are described in Pargesa's consolidated financial statements for the year ended December 31, 2017, which are not incorporated herein by reference.

The share price of Power Financial and its subsidiaries may be volatile and subject to fluctuations in response to numerous factors beyond Power Financial's and such subsidiaries' control. Economic conditions may adversely affect Power Financial and its subsidiaries, including fluctuations in foreign exchange, inflation and interest rates, as well as monetary policies, business investment and the health of capital markets in Canada, the United States, Europe and Asia. At times, financial markets have experienced significant price and volume fluctuations that have affected the market prices of equity securities held by the Corporation and its subsidiaries and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. These factors may cause decreases in asset values that are deemed to be significant or prolonged, which may result in impairment charges. In periods of increased levels of volatility and related market turmoil, Power Financial's subsidiaries' operations could be adversely impacted and the trading price of Power Financial's securities may be adversely affected.

As a holding company, Power Financial's ability to meet its obligations, including payment of interest, other operating expenses and dividends, and to complete current or desirable future enhancement opportunities or acquisitions generally depends upon dividends from its principal subsidiaries and other investments, and its ability to raise additional capital. Dividends to shareholders of Power Financial are dependent on the operating performance, profitability, financial position and creditworthiness of its subsidiaries, jointly controlled corporations and associates, as well as on their ability to pay dividends. The payment of interest and dividends by Power Financial's principal subsidiaries is subject to restrictions set out in relevant corporate and insurance laws and regulations, which require that solvency and capital ratios be maintained.

The ability of Power Financial to arrange additional financing in the future will depend in part upon prevailing market conditions as well as the business performance of Power Financial and its subsidiaries. Although the Corporation has been able to access capital on financial markets in the past, there can be no assurance this will be possible in the future. The inability of Power Financial to access sufficient capital on acceptable terms could have a material adverse effect on Power Financial's business, prospects, dividend paying capability and financial condition, and further enhancement opportunities or acquisitions.

Additional information about the risks and uncertainties of the Corporation's business is provided in the section entitled "Risk Management" in Power Financial's MD&A, which section is incorporated herein by reference.

DESCRIPTION OF THE SHARE CAPITAL

General

The authorized capital of Power Financial consists of an unlimited number of First Preferred Shares (the “First Preferred Shares”), an unlimited number of Second Preferred Shares (the “Second Preferred Shares”), and an unlimited number of common shares (the “Common Shares”). As at March 23, 2018, there were issued and outstanding:

Share Class	Number of Shares Issued and Outstanding
First Preferred Shares	
Series A	4,000,000
Series D	6,000,000
Series E	8,000,000
Series F	6,000,000
Series H	6,000,000
Series I	8,000,000
Series K	10,000,000
Series L	8,000,000
Series O	6,000,000
Series P	8,965,485
Series Q	2,234,515
Series R	10,000,000
Series S	12,000,000
Series T	8,000,000
Series V	10,000,000
Common Shares	713,871,479

There are no Series U First Preferred Shares or Second Preferred Shares issued and outstanding.

Dividends on the Common Shares, First Preferred Shares and Second Preferred Shares are payable only as and when declared by the Board of Directors.

Common Shares

Each Common Share entitles the holder to one vote at all meetings of shareholders (other than meetings exclusively of another class or series of shares) provided that holders of Common Shares are not entitled to vote separately as a class in the case of an amendment to the Articles of the Corporation referred to in paragraphs (a), (b) and (e) of subsection 176(1) of the CBCA. Subject to the rights of holders of the First Preferred Shares and the Second Preferred Shares, each Common Share entitles the holder 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 dissolution or winding-up. There are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights attaching to the Common Shares.

First Preferred Shares

The First Preferred Shares may be issued in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors designates. 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, the Common Shares and any other shares ranking junior to the First Preferred Shares. 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 its shareholders except as may be required by law or as specifically provided in the provisions attaching to the First Preferred Shares of such series. Holders of First Preferred Shares are not entitled to vote separately as a class in the case of an amendment to the Articles of the Corporation referred to in paragraphs (a), (b) and (e) of subsection 176(l) of the CBCA.

In the event of the liquidation, dissolution or winding-up of Power Financial or other distribution of the assets of Power Financial 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 Power Financial and of holders of shares of Power Financial ranking prior to the First Preferred Shares, the holders of the First Preferred Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per First Preferred Share plus declared and unpaid dividends before any amount shall be paid or any assets of Power Financial shall be distributed to the holders of Common Shares or of shares of any other class of Power Financial ranking junior to the First Preferred Shares.

SERIES A FIRST PREFERRED SHARES

The Series A First Preferred Shares rank equally with all other First Preferred Shares and have a cumulative floating dividend, payable quarterly, equal to one quarter of 70 per cent of Prime. Power Financial has had the right to redeem the Series A First Preferred Shares since November 15, 1991 at \$25.00 per share plus declared and unpaid dividends. "Prime" means, for any quarterly dividend period, the arithmetic average of the Prime Rates quoted by two reference banks in effect during each day during the three-month period which ends on the last day of the calendar month immediately preceding the applicable dividend payment date in respect of which the determination is being made, and "Prime Rate" is the reference rate as quoted by those two banks for determining interest rates on Canadian dollar commercial loans made to prime commercial borrowers in Canada.

SERIES D FIRST PREFERRED SHARES

The Series D First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.50 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series D First Preferred Shares since January 31, 2013, in whole or in part, for \$25.00 cash per share plus declared and unpaid dividends.

SERIES E FIRST PREFERRED SHARES

The Series E First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.25 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series E First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after November 30, 2006, and at a declining premium to a price of \$25.00 per share if redeemed on or after November 30, 2010, in each case plus declared and unpaid dividends.

SERIES F FIRST PREFERRED SHARES

The Series F First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.90 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series F First Preferred Shares, in whole or in part, for \$26.00 per share if redeemed on or after July 17, 2007, and at a declining premium to a price of \$25.00 if redeemed on or after July 17, 2011, in each case plus declared and unpaid dividends.

SERIES H FIRST PREFERRED SHARES

The Series H First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.75 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series H First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after December 10, 2007, and at a declining premium to a price of \$25.00 per share if redeemed on or after December 10, 2011, in each case plus declared and unpaid dividends.

SERIES I FIRST PREFERRED SHARES

The Series I First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 6.00 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series I First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after April 30, 2008, and at a declining premium to a price of \$25.00 per share if redeemed on or after April 30, 2012, in each case plus declared and unpaid dividends.

SERIES K FIRST PREFERRED SHARES

The Series K First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 4.95 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series K First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after October 31, 2010, and at a declining premium to a price of \$25.00 per share if redeemed on or after October 31, 2014, in each case plus declared and unpaid dividends.

SERIES L FIRST PREFERRED SHARES

The Series L First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.10 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series L First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after October 31, 2011, and at a declining premium to a price of \$25.00 per share if redeemed on or after October 31, 2015, in each case plus declared and unpaid dividends.

SERIES O FIRST PREFERRED SHARES

The Series O First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.80 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series O First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing October 31, 2014, and at a declining premium to a price of \$25.25 if redeemed during the 12 months commencing October 31, 2017, and \$25.00 per share if redeemed on or after October 31, 2018, in each case plus declared and unpaid dividends.

SERIES P FIRST PREFERRED SHARES

The Series P First Preferred Shares rank equally with all other First Preferred Shares and currently have a fixed non-cumulative dividend of 2.306 per cent per annum, payable quarterly during the period from February 1, 2016 up to but excluding January 31, 2021. Thereafter, during the “Subsequent Fixed Rate Periods” (that is, for the period from and including January 31, 2021 up to but excluding January 31, 2026 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), the Series P First Preferred Shares have fixed non-cumulative preferential dividends equal to a product of \$25.00 and the rate of interest equal to the sum of the Government of Canada Yield on the applicable “Fixed Rate Calculation Date” (that is, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of the applicable Subsequent Fixed Rate Period) plus 1.60 per cent, payable quarterly. Power Financial will next have the right to redeem the Series P First Preferred Shares, in whole or in part, on January 31, 2021 and on January 31 every five years thereafter for \$25.00 cash per share plus declared and unpaid dividends to the date fixed for redemptions. Subject to the Corporation’s right to redeem all the Series P First Preferred Shares, the holders of Series P First Preferred Shares will next have the right, at their option, to convert their Series P First Preferred Shares into Series Q First Preferred Shares, subject to certain conditions, on January 31, 2021 and on January 31 every five years thereafter.

SERIES Q FIRST PREFERRED SHARES

The Series Q First Preferred Shares rank equally with all other First Preferred Shares and have a floating rate non-cumulative dividend per annum, payable quarterly, in the amount per share equal to the product of \$25.00 and the “Floating Quarterly Dividend Rate”. The Floating Quarterly Dividend Rate means, for any “Quarterly Floating Rate Period” (that is, the period from and including January 31, 2016 to but excluding April 30, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding “Quarterly Commencement Date” (that is, the last day of January, April, July and October in each year)), the rate of interest equal to the sum of the T-Bill Rate on the applicable “Floating Rate Calculation Date” (that is, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period) plus 1.60 per cent. Power Financial has had the right to redeem the Series Q First Preferred Shares, in whole or in part, since January 31, 2016: (i) for \$25.00 per share plus declared and unpaid dividends to the date fixed for redemption for redemptions on January 31, 2021 and on January 31 every five years thereafter or (ii) for \$25.50 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on any other date after January 31, 2016 that is not a date on which Series Q First Preferred Shares can be converted. Subject to the Corporation’s right to redeem all the Series Q First Preferred Shares, the holders of Series Q First Preferred Shares will have the right, at their option, to convert their Series Q First Preferred Shares into Series P First Preferred Shares, subject to certain conditions, on January 31, 2021 and on January 31 every five years thereafter.

SERIES R FIRST PREFERRED SHARES

The Series R First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.50 per cent per annum, payable quarterly. Power Financial has had the right to redeem the Series R First Preferred Shares on or after April 30, 2017, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing April 30, 2017, \$25.75 per share if redeemed during the 12 months commencing April 30, 2018, \$25.50 if redeemed during the 12 months commencing April 30, 2019, \$25.25 if redeemed during the 12 months commencing April 30, 2020, and \$25.00 per share if redeemed on or after April 30, 2021, in each case plus declared and unpaid dividends.

SERIES S FIRST PREFERRED SHARES

The Series S First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 4.80 per cent per annum, payable quarterly. Power Financial has the right to redeem the Series S First Preferred Shares on or after April 30, 2018, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing April 30, 2018, \$25.75 per share if redeemed during the 12 months commencing April 30, 2019, \$25.50 if redeemed during the 12 months commencing April 30, 2020, \$25.25 if redeemed during the 12 months commencing April 30, 2021 and \$25.00 per share if redeemed on or after April 30, 2022, in each case plus declared and unpaid dividends.

SERIES T FIRST PREFERRED SHARES

The Series T First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 4.20 per cent per annum, payable quarterly during the period from December 11, 2013 up to but excluding January 31, 2019. Thereafter, during the "Subsequent Fixed Rate Periods" (that is, for the initial Subsequent Fixed Rate Period, the period from and including January 31, 2019 up 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), the Series T First Preferred Shares have fixed non-cumulative preferential dividends equal to a product of \$25.00 and the rate of interest equal to the sum of the Government of Canada Yield on the applicable "Fixed Rate Calculation Date" (that is, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of the applicable Subsequent Fixed Rate Period) plus 2.37 per cent, payable quarterly. Power Financial has the right to redeem the Series T First Preferred Shares, in whole or in part, commencing January 31, 2019 and on January 31 every five years thereafter for \$25.00 cash per share plus declared and unpaid dividends to the date fixed for redemptions. 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 Series U First Preferred Shares, subject to certain conditions, on January 31, 2019 and on January 31 every five years thereafter.

SERIES U FIRST PREFERRED SHARES

The Series U First Preferred Shares rank equally with all other First Preferred Shares and will have a floating rate non-cumulative dividend per annum, payable quarterly, in the amount per share equal to the product of \$25.00 and the "Floating Quarterly Dividend Rate". The Floating Quarterly Dividend Rate means, for any "Quarterly Floating Rate Period" (that is, 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" (that is, the last day of January, April, July and October in each year)), the rate of interest equal to the sum of the T-Bill Rate on the applicable "Floating Rate Calculation Date" (that is, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period) plus 2.37 per cent. Power Financial has the right to redeem the Series U First Preferred Shares, in whole or in part, commencing January 31, 2019: (i) for \$25.00 per share plus declared and unpaid dividends to the date fixed for redemption for redemptions on January 31, 2024 and on January 31 every five years thereafter or (ii) for \$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 date on which Series U First Preferred Shares can be converted. Subject to the Corporation's right to redeem all the Series U First Preferred Shares, the holders of Series U First Preferred Shares will have the right, at their option, to convert their Series U First Preferred Shares into Series T First Preferred Shares, subject to certain conditions, on January 31, 2024 and on January 31 every five years thereafter. There are no Series U First Preferred Shares issued and outstanding.

SERIES V FIRST PREFERRED SHARES

The Series V First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.15 per cent per annum, payable quarterly. Power Financial has the right to redeem the Series V First Preferred Shares on or after July 31, 2022, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing July 31, 2022, \$25.75 per share if redeemed during the 12 months commencing July 31, 2023, \$25.50 if redeemed during the 12 months commencing July 31, 2024, \$25.25 if redeemed during the 12 months commencing July 31, 2025 and \$25.00 per share if redeemed on or after July 31, 2026, in each case plus declared and unpaid dividends.

Second Preferred Shares

The Second Preferred Shares may be issued in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors designates. 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 Second Preferred Shares of each series rank on a parity with the Second Preferred Shares of every other series and in priority to the Common Shares and any other shares ranking junior to the Second Preferred Shares. The holders of Second Preferred Shares of any series are not entitled to notice of or to attend or to vote at any meeting of Power Financial or of its shareholders except as may be required by law or as specifically provided in the provisions attaching to the Second Preferred Shares of such series. There are no Second Preferred Shares issued and outstanding.

RATINGS

The table below provides the ratings assigned to the Corporation and its outstanding securities as at March 28, 2018.

	DBRS Limited ("DBRS")	Standard & Poor's Ratings Services ("S&P")
Issuer rating	A (high)	A+
6.9% debentures due March 11, 2033	A (high)	A+
Preferred shares:		
Cumulative	Pfd-2 (high)	Canadian scale P-1 (Low) Global scale A-
Non-cumulative	Pfd-2 (high)	Canadian scale P-1 (Low) Global scale A-

The ratings of the Corporation and its outstanding securities have been assigned a stable trend by DBRS and a stable outlook by S&P.

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. The definitions of the categories of each rating set forth below have been obtained from the respective rating agencies' websites.

The Corporation has paid customary rating fees to S&P and DBRS in connection with the above-mentioned ratings. In addition, the Corporation has, in the ordinary course of business, made payments in respect of other services provided to the Corporation by S&P and DBRS during the last two years.

(A) DBRS LIMITED

In general terms, DBRS ratings are opinions that reflect the creditworthiness of an issuer, a security or an obligation.

DBRS corporate rating analysis begins with an evaluation of the fundamental creditworthiness of the issuer, which is reflected in an issuer rating. Issuer ratings address the overall credit strength of the issuer and, unlike ratings on individual securities or classes of securities, are based on the entity itself, without consideration for security or ranking. Ratings that apply to actual securities may be higher, lower or equal to the issuer rating for a given entity.

DBRS' securities ratings are opinions based on forward-looking measurements that assess an issuer's ability and willingness to make timely payments on outstanding obligations (whether principal, interest, dividend, or distributions) with respect to the terms of an obligation.

The DBRS long-term obligation rating scale provides an opinion on the risk of default, which is the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims.

The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both dividend and principal commitments. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity.

Most rating categories are denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. Rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories - "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, the DBRS view is based primarily on an evaluation of the issuing entity itself, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates.

DBRS typically assigns issuer ratings on a long-term basis using its long-term obligation rating scale. The Corporation's DBRS issuer rating is A (high). The Corporation's debentures rating of A (high) is the fifth highest of twenty-six ratings used by DBRS for long-term debt. Long-term debt rated "A" by DBRS is of good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than that of "AA" rated entities. Entities in this category may be vulnerable to future events, but qualifying negative factors are considered manageable.

The Corporation's preferred shares rating of Pfd-2 (high) is the fourth highest of sixteen ratings used by DBRS for preferred shares in Canada. Preferred shares with a Pfd-2 (high) rating are of satisfactory credit quality and protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as Pfd-1 rated companies. Generally, a Pfd-2 rating corresponds with companies whose senior bonds are rated in the "A" category.

(B) STANDARD & POOR'S RATINGS SERVICES

An S&P issuer credit rating is a current opinion of an obligor's overall financial capacity (creditworthiness) to pay its financial obligations and focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation.

In contrast, an issue rating relates to a specific financial obligation, a specific class of financial obligations, or a specific financial program. The rating on a specific issue may reflect positive or negative adjustments relative to the issuer's rating for (i) the presence of collateral, (ii) explicit subordination, or (iii) any other factors that affect the payment priority, expected recovery, or credit stability of the specific issue.

Since there are future events and developments that cannot be foreseen, the assignment of credit ratings is not an exact science and, for this reason, S&P ratings opinions are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular security issue will default. Instead, ratings express relative opinions about the creditworthiness of an issuer or credit quality of an individual issue, from strongest to weakest, within a universe of credit risk.

Most ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major letter rating categories. An S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future credit watch action.

An S&P issuer rating usually refers to the issuer's ability and willingness to meet senior, unsecured obligations. The Corporation's S&P issuer rating is A+. The Corporation's debentures' rating of A+ is the fifth highest of twenty-two ratings used by S&P in its long-term issue credit rating scale. A long-term debenture rated "A+" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories; however, the obligor's capacity to meet its financial commitment on the obligation is still strong.

The S&P Canadian preferred share rating scale serves issuers, investors and intermediaries in the Canadian financial markets by expressing preferred share ratings (determined in accordance with global rating criteria) in terms of rating symbols that have been actively used in the Canadian market over a number of years. An S&P preferred share rating on the Canadian scale is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific preferred share obligation issued in the Canadian market, relative to preferred shares issued by other issuers in the Canadian market. There is a direct correspondence between the specific ratings assigned on the Canadian preferred share scale and the various rating levels on the global debt rating scale of S&P. The Canadian scale rating is fully determined by the applicable global scale rating, and there are no additional analytical criteria associated with the determination of ratings on the Canadian scale. It is the practice of S&P to present an issuer's preferred share ratings on both the global rating scale and on the Canadian national scale when listing the ratings for a particular issuer.

The Corporation's preferred shares' rating of P-1 (Low) on S&P's Canadian national preferred share rating scale corresponds to A- on S&P's Global preferred share rating scale. 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 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 commitments 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.

DIVIDENDS

The cash dividends declared per share for each class of the Corporation's shares outstanding as at December 31, 2017 were as follows:

(in dollars)	2017	2016	2015
Common Shares (PWF)	1.6500	1.5700	1.4900
Series A First Preferred Shares (PWF.PR.A)	0.506739	0.4725	0.4887
Series D First Preferred Shares (PWF.PR.E)	1.3750	1.3750	1.3750
Series E First Preferred Shares (PWF.PR.F)	1.3125	1.3125	1.3125
Series F First Preferred Shares (PWF.PR.G)	1.4750	1.4750	1.4750
Series H First Preferred Shares (PWF.PR.H)	1.4375	1.4375	1.4375
Series I First Preferred Shares (PWF.PR.I)	1.5000	1.5000	1.5000
Series K First Preferred Shares (PWF.PR.K)	1.2375	1.2375	1.2375
Series L First Preferred Shares (PWF.PR.L)	1.2750	1.2750	1.2750
Series O First Preferred Shares (PWF.PR.O)	1.4500	1.4500	1.4500
Series P First Preferred Shares (PWF.PR.P)	0.5765	0.5765	1.1000
Series Q First Preferred Shares (PWF.PR.Q)	0.567281	0.525178	-
Series R First Preferred Shares (PWF.PR.R)	1.3750	1.3750	1.3750
Series S First Preferred Shares (PWF.PR.S)	1.2000	1.2000	1.2000
Series T First Preferred Shares (PWF.PR.T)	1.0500	1.0500	1.0500
Series V First Preferred Shares (PWF.PR.Z) ^[1]	0.879205	-	-

[1] An initial dividend of \$0.55733 per share was declared on August 4, 2017. Thereafter, a quarterly dividend of \$0.321875 per share was declared in November 2017.

The current practice of the Corporation is to pay dividends to the holders of Common Shares on a quarterly basis. All future dividend amounts and dates are subject to approval by the Board of Directors.

MARKET FOR SECURITIES

The following table provides information regarding the price range and volume traded for each of these classes of securities of Power Financial on the Toronto Stock Exchange (the "TSX") on a monthly basis for each month of the year ended December 31, 2017. Currently there are no outstanding Series U First Preferred Shares. The Series V First Preferred Shares commenced trading on the TSX on May 26, 2017.

	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)	First Preferred Shares, Series K (PWF.PR.K)
January 2017								
Intraday High (\$)	35.12	13.50	25.48	24.75	25.79	25.62	25.92	23.44
Intraday Low (\$)	33.14	12.24	25.02	24.22	25.39	25.31	25.50	22.95
Volume	9,213,953	116,534	78,598	66,638	49,185	70,262	123,379	94,591
February 2017								
Intraday High (\$)	35.91	15.18	25.78	25.37	26.00	25.77	26.37	24.14
Intraday Low (\$)	33.37	13.40	25.21	24.71	25.58	25.46	25.63	23.32
Volume	8,633,208	51,990	43,530	58,565	44,996	48,197	99,064	146,794
March 2017								
Intraday High (\$)	36.46	15.30	25.75	25.50	26.14	26.09	26.20	24.59
Intraday Low (\$)	34.72	14.25	25.29	24.80	25.74	25.71	25.90	23.86
Volume	11,219,897	23,461	80,847	156,681	59,117	89,238	56,444	205,896
April 2017								
Intraday High (\$)	35.40	14.97	25.86	25.66	26.18	26.09	26.21	24.72
Intraday Low (\$)	33.64	14.45	25.31	24.99	25.67	25.73	25.74	24.08
Volume	15,073,952	102,669	51,912	47,002	88,054	96,497	129,726	151,620
May 2017								
Intraday High (\$)	35.35	15.32	25.69	25.28	26.10	25.94	26.17	24.71
Intraday Low (\$)	31.75	14.60	25.25	24.92	25.80	25.64	25.78	23.98
Volume	16,597,855	51,090	33,130	41,387	29,389	42,988	98,632	209,120
June 2017								
Intraday High (\$)	33.74	15.23	25.65	25.40	25.98	25.90	25.99	24.58
Intraday Low (\$)	32.17	14.51	25.35	24.99	25.79	25.61	25.76	23.74
Volume	14,048,088	16,973	42,273	73,254	39,007	59,753	251,283	195,681
July 2017								
Intraday High (\$)	34.32	17.50	25.63	25.22	25.92	25.90	25.94	24.18
Intraday Low (\$)	33.01	15.21	25.00	24.32	25.36	25.24	25.49	23.11
Volume	5,368,448	60,184	219,225	50,760	34,982	84,998	123,208	146,768
August 2017								
Intraday High (\$)	34.63	17.01	25.23	24.90	25.62	25.57	25.73	23.55
Intraday Low (\$)	33.42	16.25	24.98	24.62	25.38	25.33	25.46	23.09
Volume	6,666,584	32,769	41,901	42,623	31,972	38,698	79,822	161,383
September 2017								
Intraday High (\$)	35.02	16.60	25.19	24.86	25.67	25.60	25.72	23.38
Intraday Low (\$)	33.22	16.00	24.90	24.29	25.39	25.38	25.38	22.72
Volume	9,626,608	130,841	45,121	90,073	31,191	143,280	127,195	102,530

	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)	First Preferred Shares, Series K (PWF.PR.K)
October 2017								
Intraday High (\$)	36.24	16.63	25.48	25.10	25.79	25.87	25.82	23.93
Intraday Low (\$)	34.63	16.25	25.16	24.68	25.45	25.42	25.48	23.05
Volume	6,723,467	68,421	50,625	50,592	39,262	92,170	238,267	112,343
November 2017								
Intraday High (\$)	37.00	17.14	25.53	25.04	25.82	25.82	25.98	24.00
Intraday Low (\$)	35.08	16.39	25.13	24.77	25.60	25.62	25.55	23.61
Volume	8,802,782	60,257	29,690	54,969	32,819	55,375	90,613	96,507
December 2017								
Intraday High (\$)	35.73	18.02	25.56	25.04	25.89	25.90	26.06	23.96
Intraday Low (\$)	34.15	16.74	25.03	24.60	25.61	25.60	25.74	23.30
Volume	7,254,902	55,555	50,358	55,584	34,308	50,935	39,807	73,314
January 2017								
Intraday High (\$)	23.99	25.75	16.49	15.07	25.57	23.35	22.14	-
Intraday Low (\$)	23.29	25.40	14.41	13.94	25.00	22.27	20.97	-
Volume	52,670	68,056	428,236	20,721	134,740	144,068	82,145	-
February 2017								
Intraday High (\$)	24.71	26.20	15.84	15.37	25.84	23.78	22.92	-
Intraday Low (\$)	23.83	25.70	15.28	14.90	25.33	22.80	21.74	-
Volume	71,638	48,903	213,716	20,223	91,825	185,475	100,231	-
March 2017								
Intraday High (\$)	25.19	26.38	16.31	15.75	26.01	24.00	23.41	-
Intraday Low (\$)	24.43	25.92	15.23	14.80	25.40	23.44	21.89	-
Volume	183,519	117,109	314,570	14,772	215,643	183,546	127,449	-
April 2017								
Intraday High (\$)	25.41	26.37	16.70	15.96	26.12	24.40	23.75	-
Intraday Low (\$)	24.56	25.96	16.08	15.30	25.55	23.48	22.83	-
Volume	178,637	78,426	282,204	24,830	117,896	160,235	75,675	-
May 2017								
Intraday High (\$)	25.25	26.32	16.30	15.59	25.90	24.35	23.59	25.10
Intraday Low (\$)	24.78	25.90	15.65	15.00	25.51	23.80	22.81	24.96
Volume	77,802	110,303	296,178	7,754	66,286	174,564	111,642	987,618
June 2017								
Intraday High (\$)	25.38	26.19	16.75	16.34	25.95	24.43	23.46	25.12
Intraday Low (\$)	24.87	25.90	15.41	14.63	25.52	23.82	22.25	24.71
Volume	76,939	40,554	132,540	20,649	85,847	117,019	180,335	1,057,929

	First Preferred Shares, Series L (PWF.PR.L)	First Preferred Shares, Series O (PWF.PR.O)	First Preferred Shares, Series P (PWF.PR.P)	First Preferred Shares, Series Q (PWF.PR.Q)	First Preferred Shares, Series R (PWF.PR.R)	First Preferred Shares, Series S (PWF.PR.S)	First Preferred Shares, Series T (PWF.PR.T)	First Preferred Shares, Series V (PWF.PR.Z)
July 2017								
Intraday High (\$)	25.20	26.10	17.26	17.61	25.72	24.05	23.74	25.07
Intraday Low (\$)	24.02	25.40	16.54	16.26	25.02	22.57	22.82	24.65
Volume	90,654	45,532	238,086	11,945	76,389	132,984	39,907	196,852
August 2017								
Intraday High (\$)	24.43	25.90	17.47	17.51	25.34	23.29	23.95	24.96
Intraday Low (\$)	24.08	25.46	16.55	16.40	25.10	22.69	23.03	24.40
Volume	37,334	29,581	65,968	12,177	50,920	75,861	83,276	71,531
September 2017								
Intraday High (\$)	24.36	25.88	17.48	17.56	25.42	23.04	23.47	24.81
Intraday Low (\$)	23.38	25.66	16.60	16.70	25.00	22.36	22.90	24.18
Volume	64,781	58,300	68,045	13,040	58,359	94,297	59,895	133,302
October 2017								
Intraday High (\$)	24.51	26.07	17.93	17.80	25.70	23.34	24.40	24.75
Intraday Low (\$)	23.71	25.69	17.14	17.09	25.17	22.76	23.40	24.18
Volume	49,031	26,897	183,392	9,875	129,429	92,199	66,056	433,055
November 2017								
Intraday High (\$)	24.57	26.09	18.98	17.71	25.68	23.75	24.45	24.95
Intraday Low (\$)	24.18	25.93	17.45	17.09	25.36	23.10	23.66	24.60
Volume	49,070	28,674	180,508	50,300	109,058	87,746	586,293	311,231
December 2017								
Intraday High (\$)	24.61	26.11	18.26	17.76	25.70	23.82	24.72	24.89
Intraday Low (\$)	24.17	25.82	17.22	17.07	25.19	22.85	23.77	24.41
Volume	31,852	28,514	113,620	67,584	48,675	130,778	123,044	124,419

DIRECTORS AND OFFICERS

Directors

The following table sets forth the full name, province or state and country of residence and principal occupation for each current Director of the Corporation.

Name and Province/State and Country of Residence	Director since	Principal Occupation
Marc A. Bibeau Québec, Canada	May 2009	President and Chief Executive Officer of Beauward Shopping Centres Ltd., a privately owned company which develops, leases and operates real estate properties
André Desmarais Québec, Canada	May 1988	Executive Co-Chairman of the Corporation and Deputy Chairman, President and Co-Chief Executive Officer of Power
Paul Desmarais, Jr. Québec, Canada	April 1983	Executive Co-Chairman of the Corporation and Chairman and Co-Chief Executive Officer of Power
Gary A. Doer Manitoba, Canada	May 2016	Senior Business Advisor to Dentons Canada LLP, a law firm, since August 2016; previously, Canada's Ambassador to the United States
Gérald Frère Hainaut, Belgium	May 1990	Director of Frère-Bourgeois S.A., a financial group, Executive Director of Pargesa since May 2015 and Vice-Chairman of Pargesa; previously, Executive Director of Frère-Bourgeois S.A.
Anthony R. Graham Ontario, Canada	May 2001	Vice-Chairman and a Director of Wittington Investments, Limited, an investment management company and the principal holding company of the Weston-Loblaw Group, since May 2014; previously, President and a Director of Wittington Investments, Limited
J. David A. Jackson Ontario, Canada	May 2013	Senior Counsel to Blake, Cassels & Graydon LLP, a law firm
R. Jeffrey Orr Québec, Canada	May 2005	President and Chief Executive Officer of the Corporation
Louise Roy Québec, Canada	May 2010	Invited Fellow and Chair of the Board of CIRANO, the <i>Centre interuniversitaire de recherche en analyse des organisations</i> , Chancellor and Chair of the Board of Université de Montréal
Raymond Royer Québec, Canada	December 1986	Company Director
T. Timothy Ryan, Jr. Florida, United States of America	May 2014 ^[1]	Company Director since October 2014; previously, Managing Director, Global Head of Regulatory Strategy and Policy of JPMorgan Chase & Co., a global financial services firm, since 2013; previously, President and Chief Executive Officer of the Securities Industry and Financial Markets Association (SIFMA), a trade association representing global financial market participants
Emőke J.E. Szathmáry Manitoba, Canada	May 1999	President Emeritus of the University of Manitoba

[1] Mr. Ryan also served as a Director of the Corporation from May 2011 to May 2013.

All Directors listed above were elected as Directors at the Annual Meeting of Shareholders held on May 11, 2017, to hold office until the close of the next annual meeting of shareholders.

Executive and other Officers not referred to above

Name and Province/State and Country of Residence	Principal Occupation
Michel Plessis-Bélair Québec, Canada	Vice-Chairman of the Corporation and Power
Henri-Paul Rousseau ^[1] Québec, Canada	Vice-Chairman of the Corporation and Power
Amaury de Seze Brussels, Belgium	Vice-Chairman of the Corporation
Gregory D. Tretiak Québec, Canada	Executive Vice-President and Chief Financial Officer of the Corporation and Power
Claude Généreux Québec, Canada	Executive Vice-President of the Corporation and Power since March 2015; previously, senior Director of McKinsey & Company, a global management consulting firm
Olivier Desmarais Québec, Canada	Senior Vice-President of the Corporation and Power since January 2017; previously, Vice-President of the Corporation and Power since May 2014; previously, Director of Business Development at Square Victoria Digital Properties Inc. and Associate at Putnam
Paul Desmarais, III Québec, Canada	Senior Vice-President of the Corporation and Power since January 2017; previously, Vice-President of the Corporation and Power since May 2014; previously, Assistant Vice-President in the Risk Management Group of Lifeco
Paul C. Genest Ontario, Canada	Senior Vice-President of the Corporation and Power since September 2016; previously, Fellow at the Brookfield Institute for Innovation and Entrepreneurship since October 2015; previously, Deputy Minister in the Ontario Government
Arnaud Vial Québec, Canada	Senior Vice-President of the Corporation and Power and Managing Director of Pargesa
Stéphane Lemay Québec, Canada	Vice-President, General Counsel and Secretary of the Corporation and Power
Denis Le Vasseur Québec, Canada	Vice-President and Controller of the Corporation and Power
Fabrice Morin Québec, Canada	Vice-President of the Corporation and Power since May 2016; previously, partner at McKinsey & Company
Eoin Ó hÓgáin Québec, Canada	Vice-President of the Corporation and Power since September 2016; previously, Vice-President, Fundamental Equities Investing at State Street Global Advisors, an investment advisory firm, since 2013; previously, Associate Principal, Strategy and Corporate Finance at McKinsey & Company
Richard Pan Québec, Canada	Vice-President of the Corporation and Power
Pierre Piché Québec, Canada	Vice-President of the Corporation and Power since May 2017; previously, Senior Advisor to the Corporation and Power
Luc Reny Québec, Canada	Vice-President of the Corporation and Power
Johanne Blanchard Québec, Canada	Assistant General Counsel of the Corporation and Power since March 2017; previously, Vice-President and Legal Counsel of Investors Group since July 2016; previously Assistant Vice-President and Legal Counsel of Investors Group
Delia Cristea Québec, Canada	Assistant Secretary of the Corporation and Power since March 2017 and Senior Legal Counsel of the Corporation and Power since March 2016; previously, Legal Counsel of the Corporation and Power

[1] Mr. Rousseau retired as Vice-Chairman of the Corporation and Power as of January 1, 2018.

VOTING SECURITIES

The aggregate number and percentage of securities of each class of voting securities of Power Financial and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all Directors and executive officers of Power Financial as a group⁽¹⁾, as at December 31, 2017, was:

Name	Number of shares	Percentage
Power Financial		
Common Shares	686,575	0.10
Lifeco		
Common Shares	532,399	0.05
IGM Financial		
Common Shares	241,224	0.10

[1] Securities directly or indirectly controlled or beneficially owned by Power, Power Financial, Lifeco and IGM Financial have not been included in the table. As at December 31, 2017, Power Financial controlled directly or indirectly 65.0 per cent and 65.3 per cent of the voting shares of Lifeco and IGM Financial, respectively, while Power (through a wholly-owned subsidiary) exercised control over 65.5 per cent of the voting shares of Power Financial, and the Desmarais Family Residuary Trust exercises control over Pansolo Holding Inc. ("Pansolo") which directly and indirectly owns voting shares of Power carrying 59.2 per cent of the votes attached to the voting securities of Power. The Desmarais Family Residuary Trust is for the benefit of members of the family of The Honourable Paul G. Desmarais. The trustees of the Desmarais Family Residuary Trust are Paul Desmarais, Jr., André Desmarais, Sophie Desmarais, Michel Plessis-Bélair and Guy Fortin. The trustees also act as voting administrators. Decisions with respect to voting and disposition of Pansolo's shares of Power are determined (subject to the rights of Paul Desmarais, Jr. and André Desmarais to direct the sale or pledge of up to 15,000,000 and 14,000,000 Subordinate Voting Shares of Power, respectively) by a majority of the trustees of the Desmarais Family Residuary Trust, excluding Sophie Desmarais. Paul Desmarais, Jr., André Desmarais and Michel Plessis-Bélair are each a Director and/or officer of Power Financial.

COMMITTEES

The CBCA and securities legislation require the Corporation to have an Audit Committee. The Corporation also appoints a Compensation Committee, a Related Party and Conduct Review Committee and a Governance and Nominating Committee.

The current membership of the Audit Committee is set forth below at “Audit Committee – Composition of Audit Committee”. The current members of the Compensation Committee are Raymond Royer, Gary A. Doer and Gérald Frère. The current members of the Related Party and Conduct Review Committee are Gary A. Doer, T. Timothy Ryan, Jr. and Raymond Royer. The current members of the Governance and Nominating Committee are Paul Desmarais, Jr., André Desmarais, Anthony R. Graham, David Jackson and Raymond Royer.

Audit Committee

AUDIT COMMITTEE’S CHARTER

The charter of the Audit Committee is attached as Appendix A to this Annual Information Form.

COMPOSITION OF AUDIT COMMITTEE

The members of the Audit Committee are Raymond Royer, Marc A. Bibeau, Gary A. Doer, T. Timothy Ryan, Jr. and Emőke J.E. Szathmáry. Each member of the Audit Committee is independent (as defined under National Instrument 52-110 – *Audit Committees*) and none receives, directly or indirectly, any compensation from Power Financial other than for service as a member of the Board of Directors and its committees. All members of the Audit Committee are financially literate (as defined under National Instrument 52-110 – *Audit Committees*).

RELEVANT EDUCATION AND EXPERIENCE OF AUDIT COMMITTEE MEMBERS

In addition to each member’s general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

Mr. Royer is a Company Director. He was, from 1996 to 2008, the President and Chief Executive Officer of Domtar Corporation, a pulp and paper company based in Montréal. He was previously President and Chief Operating Officer of Bombardier Inc. He holds a Bachelor in Civil Law, Master of Commerce, and a Master of Accountancy Degrees from the University of Sherbrooke. He is a Fellow of the *Ordre des comptables professionnels agréés du Québec* and a member of the Barreau du Québec. He has been a member of the Corporation’s Audit Committee since May 1989 and its Chairman since July 1991. He is a Director of certain Power Financial group companies, including Great-West Financial and Putnam. He served on the boards of Lifeco, Great-West Life, London Life, CLFC and Canada Life until May 2017. He was a Director of Domtar Corporation until 2009, of Shell Canada Limited until 2007, of Ballard Power Systems Inc. until 2002 and of National Bank of Canada until 2000. He is Chairman of the Board of The Research Institute of the McGill University Health Centre. He is an officer of the Order of Canada and of the National Order of Québec.

Mr. Bibeau is President and Chief Executive Officer, since 1996, of Beauward Shopping Centres Ltd., a privately owned company which develops, leases and operates real estate properties. He previously held a number of other positions with that company. Mr. Bibeau is a Director of IGM Financial, Investors Group and Mackenzie since May 2009. He was previously a Director of Lifeco, Great-West Life, London Life, CLFC and Canada Life until May 2009. He graduated from Bishop’s University with a Bachelor of Business Administration. He has been a member of the Corporation’s Audit Committee since May 2009 and is also a member of the Audit Committee of other Power Financial group companies, including IGM Financial and Investors Group.

Mr. Doer is a Senior Business Advisor to the law firm Dentons Canada LLP since August 2016. Previously, he served as Canada's Ambassador to the United States from October 2009 to January 2016. He served as the 20th Premier of Manitoba from 1999 until 2009. He was elected a member of the Legislative Assembly of Manitoba in 1986 and during his tenure also served as Minister of Urban Affairs and as Minister of Crown Investments. From 1979 to 1986, Mr. Doer was the President of the Manitoba Government Employees' Association. Mr. Doer is also a Director of several Power group companies, including Power, Lifeco, Great-West Life, Great-West Financial, London Life, CLFC, Canada Life, Putnam, IGM Financial, Investors Group and Mackenzie. He is also a Director of Barrick Gold Corporation since April 2016. Mr. Doer serves as volunteer Co-Chair of the Wilson Centre's Canada Institute, a non-partisan public policy forum which focuses on Canada-United States relations. In 2010, Mr. Doer was named a Member of the Order of Manitoba and, in 2011, he received a diplomatic service award from the World Affairs Council.

Mr. Ryan is a Company Director. Until October 2014, he was Managing Director, Global Head of Regulatory Strategy and Policy for JPMorgan Chase & Co. ("J.P. Morgan"), a global financial services firm. Previously, Mr. Ryan was President and Chief Executive Officer of the Securities Industry and Financial Markets Association (SIFMA), a trade association representing 680 global financial markets participants, and Chief Executive Officer of the Global Financial Markets Association (GFMA), SIFMA's global affiliate, until February 2013. Prior to joining SIFMA, Mr. Ryan held a number of senior positions with J.P. Morgan from 1993 to 2008, including Vice-Chairman, Financial Institutions and Governments, and Managing Director. He was a private sector member of the Global Markets Advisory Committee for the U.S. National Intelligence Council from 2007 to 2011. From 2002 to 2004, Mr. Ryan was a member of the U.S.-Japan Private Sector/Government Commission with responsibility for Corporate Restructuring and the Non-Performing Loans workout, and from 2000 to 2004, he served as a board member and Chairman of the Audit Committee at KorAm Bank of Seoul, Korea. Before joining J.P. Morgan, Mr. Ryan was the Director of the Office of Thrift Supervision, U.S. Department of the Treasury, where he served as the principal manager of the savings and loan cleanup that involved closing approximately 700 insolvent institutions, improving capital bases, and selling over \$300 billion of assets. He is also a Director of several Power group companies, including Power, Lifeco, Great-West Life, Great-West Financial, London Life, CLFC, Canada Life and Putnam. In addition, Mr. Ryan is Chairman of the Boards of Santander Holdings USA, Inc., Santander Bank, N.A. and Banco Santander International. He served as a Director of Markit Group Limited from April 2013 to October 2014, Lloyds Banking Group from March 2009 to April 2013, Power and Power Financial from May 2011 to May 2013, and Lifeco from May 2010 to May 2013. He has been a member of the Corporation's Audit Committee since May 2015 and previously served as a member and the Chairman of the Audit Committee of Power from May 2012 to May 2013. Mr. Ryan is a graduate of Villanova University and the American University Law School. He served as an officer in the U.S. Army from 1967 to 1970.

Dr. Szathmáry was named President Emeritus of the University of Manitoba in 2008. She received the title of Professor Emeritus in the Department of Anthropology in 2014. From 1996 to 2008, she was President and Vice-Chancellor of the University of Manitoba, a member of its Board of Governors and a member of the Board's Audit Committee and a member of the Finance, Administration and Human Resources Committee. In the course of her administrative duties at the University, she was accountable for monitoring and communicating financial information with respect to the University's annual budget, including its trust and endowment funds. She was also a member of the committee that is responsible for the University's endowments, which oversees the professional investment managers of these funds. Dr. Szathmáry was previously Provost and Vice-President (Academic) at McMaster University in Hamilton and, prior thereto, Dean of the Faculty of Social Science at the University of Western Ontario (now Western University) in London. She has been a member of the Corporation's Audit Committee since May 1999. She is also a Director of Power and has been a member of its Audit Committee since May 2002. Until May 2017, she served as a Director of several other Power group companies including Lifeco, Great-West Life, London Life, CLFC and Canada Life. She also serves on the Board of Directors of several national and provincial educational, research and philanthropic not-for-profit organizations. She has received the Lieutenant Governor's Medal for Excellence in Public Administration in Manitoba as well as seven Honorary Doctorates. Dr. Szathmáry is a Fellow of the Royal Society of Canada and is a member of the Order of Canada and of the Order of Manitoba. In 2015, she was appointed Honorary Colonel of the Royal Winnipeg Rifles.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has adopted a Policy Regarding Pre-approval of Services Provided by the External Auditor (the "Policy"). The Policy sets out audit services that are pre-approved by the Committee, outlines prohibited non-audit services and sets out a pre-approved list of permitted non-audit services. The pre-approved list of permitted non-audit services is to be reviewed and pre-approved periodically and certain other non-audit services must be approved on a case-by-case basis by the Audit Committee. The Policy further requires that the external independent auditor (referred to as "the auditor" hereafter) implement its own policies and procedures to provide that prohibited services are not provided and that permitted services are pre-approved before an engagement is accepted.

AUDITOR'S FEES

Fees payable by Power Financial^[1] for the years ended December 31, 2017 and December 31, 2016 to Deloitte LLP and its affiliates were \$1,368,000 and \$1,209,000, respectively, as follows:

	Years ended December 31	
	2017	2016
Audit Fees ^[2]	\$1,222,000	\$992,000
Audit-Related Fees ^[2]	\$91,000	\$133,000
Tax Fees ^[2]	\$55,000	\$84,000
TOTAL	\$1,368,000	\$1,209,000

[1] Fees payable by Lifeco are described in the section entitled "Audit Committee Information" of Lifeco's Annual Information Form and fees payable by IGM Financial are described in the section entitled "Audit Committee" of IGM Financial's Annual Information Form.

[2] During the financial year ended December 31, 2017, Deloitte LLP provided audit, audit-related and tax services to subsidiary entities of the Corporation, other than Lifeco and IGM Financial, for additional fees in the amount of \$399,000 (2016 - \$74,000), \$114,000 (2016 - nil) and \$19,000 (2016 - \$6,000).

The nature of each category of fees is described below.

AUDIT FEES

Audit fees were paid for professional services rendered by the auditor for the audit of the annual financial statements of Power Financial and its wholly owned subsidiaries, for the review of Power Financial's quarterly financial statements and for services provided in connection with statutory, regulatory, prospectus and other offering document filings or similar engagements. In addition, audit fees included the cost of translation of various continuous disclosure documents of the Corporation.

AUDIT-RELATED FEES

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and that are not reported under the audit fees item above. These services consisted primarily of other attest services not required by statute or regulation.

TAX FEES

Tax fees were paid for tax compliance services, assistance with tax audits and assistance with various other tax related questions.

PROCEDURES FOR COMPLAINTS

In accordance with National Instrument 52-110 – *Audit Committees*, the Corporation has established procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters. Persons wishing to utilize such procedures may contact the Vice-President, General Counsel and Secretary of the Corporation at 751 Victoria Square, Montréal, Québec H2Y 2J3.

TRANSFER AGENT AND REGISTRAR

Power Financial's securities are transferable at the principal offices of its transfer agent and registrar, Computershare Investor Services Inc., in Toronto and Montréal.

EXPERTS

Power Financial's auditor is Deloitte LLP. Deloitte LLP has advised the Corporation that it is independent with respect to the Corporation within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

SOCIAL RESPONSIBILITY

On March 14, 2012, the Board of Directors of the Corporation adopted a Corporate Social Responsibility Statement with respect to the making and overseeing of its investments. The Board adopted a revised Statement on November 14, 2013. An Environmental Policy was also adopted by the Corporation in November 2013. On February 1, 2016, the Corporation adopted a Third Party Code of Conduct which sets forth its expectations of all third parties in their dealings with, or on behalf of, the Corporation. Power Financial's Corporate Social Responsibility Statement, Environmental Policy and Third Party Code of Conduct are available on its dedicated Corporate Social Responsibility website at www.powerfinancialcsr.com.

ADDITIONAL INFORMATION

Additional information relating to Power Financial may be found on SEDAR at www.sedar.com. Information including Directors' and officers' remuneration and indebtedness, principal holders of Power Financial's securities, stock options and interests of insiders in material transactions is, where applicable, contained in its latest Management Proxy Circular. Additional financial information is provided in the financial statements for the year ended December 31, 2017 and Power Financial's MD&A, which have been filed on SEDAR.

Lifeco and IGM Financial, the major direct and indirect subsidiaries of Power Financial, are reporting issuers under Canadian securities legislation. Lifeco and IGM Financial are subject to the same continuous disclosure obligations as Power Financial. These obligations include the requirement to file annual and interim financial statements, material change reports and copies of material contracts. Investors who wish to do so may view such documents under the respective company profiles at www.sedar.com.

APPENDIX A

Power Financial Corporation Audit Committee Charter

1.0 PURPOSE AND COMPOSITION

The purpose of the Audit Committee (the “*Committee*”) of Power Financial Corporation (the “*Corporation*”) is to assist the Board of Directors in reviewing:

- (1) the Corporation’s financial disclosure;
- (2) the qualifications and independence of the Corporation’s external auditor; and
- (3) the performance of the external auditor.

The Committee of the Corporation shall be composed of not less than three directors of the Corporation, all of whom shall be *independent* and *financially literate* within the meaning of the Canadian Securities Administrators National Instrument 52-110.

2.0 PROCEDURAL MATTERS

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

- (1) **Meetings.** The Committee shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder.
- (2) **Advisors.** The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay, at the Corporation’s expense, the compensation of such advisors.
- (3) **Quorum.** A quorum at any meeting of the Committee shall be a majority of the Committee members.
- (4) **Secretary.** The Chair, or any person appointed by the Chair, shall act as secretary of meetings of the Committee.
- (5) **Calling of Meetings.** A meeting of the Committee may be called by the Chair of the Committee, by an Executive Co-Chair of the Board, by the external auditor of the Corporation, or by any member of the Committee, on not less than 48 hours’ notice to the members of the Committee specifying the place, date and time of the meeting. Meetings may be held at any time without notice if all members of the Committee waive notice. If a meeting of the Committee is called by anyone other than an Executive Co-Chair of the Board, the person(s) calling such meeting shall so inform the Executive Co-Chairs of the Board and the Chair of the Committee.

3.0 DUTIES AND RESPONSIBILITIES

3.1 Financial Disclosure. The Committee shall:

- (1) unless otherwise determined by the Board, approve the Corporation’s:
 - (a) interim management’s discussions and analyses (pursuant to delegation of authority by the Board);
- (2) review the Corporation’s:
 - (a) interim and annual financial statements;
 - (b) annual management’s discussions and analyses;
 - (c) interim and annual earnings press releases; and
 - (d) other documents containing audited or unaudited financial information, at its discretion;

and report thereon to the Board of Directors (the “*Board*”) before such documents are approved by the Board and disclosed to the public; and

- (3) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure provided by the financial statements, management's discussions and analyses and earnings press releases, and shall periodically assess the adequacy of those procedures.

3.2 Chief Executive Officer's Expense Reports. The Chair of the Committee shall review, at least annually, the expense reports of the Chief Executive Officer. Following this review, the Chair shall report to the Committee.

3.3 External Audit. The Committee shall:

- (1) recommend to the Board the external auditor to be appointed for purposes of preparing or issuing an auditor's report or performing other audit, review or attest services;
- (2) review the terms of the external auditor's engagement, the appropriateness and reasonableness of proposed audit fees, and any issues relating to the payment of audit fees, and make a recommendation to the Board with respect to the compensation of the external auditor;
- (3) review the independence of the external auditor, including an annual report prepared by the external auditor regarding its independence;
- (4) meet with the external auditor and with management to review the audit plan, audit findings, and any restrictions on the scope of the external auditor's work;
- (5) review with the external auditor and management any changes in Generally Accepted Accounting Principles that may be material to the Corporation's financial reporting;
- (6) have the authority to communicate directly with the external auditor;
- (7) require the external auditor to report directly to the Committee;
- (8) directly oversee the work of the external auditor that is related to the preparation or issue of an auditor's report or other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (9) meet with the external auditor to discuss the annual financial statements (including the report of the external auditor thereon) and the interim financial statements (including the review engagement report of the external auditor thereon);
- (10) review any management letter containing the recommendations of the external auditor, and the response and follow up by management in relation to any such recommendations;
- (11) review any evaluation of the Corporation's internal control over financial reporting conducted by the external auditor, together with management's response;
- (12) pre-approve (or delegate such pre-approval to one or more of its independent members) in accordance with a pre-approval policy, all engagements for non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor, together with all non-audit services fees, and consider the impact of such engagements and fees on the independence of the external auditor;
- (13) review and approve the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor; and
- (14) in the event of a change of auditor, review and approve the Corporation's disclosure relating thereto.

3.4 Risk Oversight. In performing its duties and exercising its powers, the Committee shall consider and address:

- (1) the risks related to the establishment, maintenance and implementation of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR) in relation to disclosure by the Corporation in accordance with applicable law; and

- (2) the risks related to cybersecurity that would reasonably be expected to have a material effect on the Corporation's ongoing business, affairs and/or reputation.

3.5 Financial Complaints Handling Procedures. The Committee shall establish procedures for:

- (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (2) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

3.6 Global Anti-Bribery Policy. The Committee shall be responsible for monitoring the implementation of, and compliance with, the Corporation's Global Anti-Bribery Policy.

3.7 In-Camera Sessions. At least four times a year, the members of the Committee shall meet without members of management present. The Committee shall also periodically meet separately with each of the external auditor and management, as the Committee deems appropriate.

3.8 Subsidiaries.

- (1) With respect to any Material Operating Subsidiary in the corporate ownership chain between the Corporation and any Direct Subsidiary, the Committee shall review the financial statements of that Material Operating Subsidiary.
- (2) With respect to any Direct Subsidiary:
 - (a) the Committee shall rely on the review and approval of the financial statements of the Direct Subsidiary by the audit committee and the board of directors of the Direct Subsidiary, and on reports or opinions of the external auditor on those financial statements;
 - (b) the Committee shall receive a copy of the charter of the Direct Subsidiary's audit committee, together with a memorandum summarizing its meeting processes and structure ("*Process Memorandum*"); and
 - (c) at each meeting of the Committee, the secretary of the Committee shall table a report from the secretary of the Direct Subsidiary's audit committee confirming that the processes mandated by its charter and Process Memorandum have been followed.
- (3) For these purposes:
 - (a) "*Material Operating Subsidiary*" means an operating subsidiary whose net income represents 10% or more of the net income of the Corporation; and
 - (b) "*Direct Subsidiary*" means the first Material Operating Subsidiary entity below the Corporation in a corporate ownership chain that has an audit committee which is comprised of a majority of independent directors.

4.0 AUDITOR'S ATTENDANCE AT MEETINGS

The external auditor shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard at any meeting of the Committee. If so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor.

5.0 ACCESS TO INFORMATION

The Committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities under this Charter.

6.0 REVIEW OF CHARTER

The Committee shall periodically review this Charter and recommend any changes to the Board as it may deem appropriate.

7.0 REPORTING

The Chair of the Committee shall report to the Board, at such times and in such manner, as the Board may from time to time require and shall promptly inform the Executive Co-Chairs of the Board of any significant issues raised during the performance of the functions as set out herein, by the external auditor or any Committee member, and shall provide the Executive Co-Chairs of the Board copies of any written reports or letters provided by the external auditor to the Committee.