



POWER FINANCIAL
CORPORATION

2011 ANNUAL INFORMATION FORM

March 23, 2012

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GENERAL INFORMATION

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

Name in full	Abbreviation
Canada Life Financial Corporation	CLFC
Crown Life Insurance Company	Crown Life
Frère-Bourgeois / Compagnie Nationale à Portefeuille	Frère group
GDF Suez SA	GDF Suez
Great-West Life & Annuity Insurance Company	GWL&A
Great-West Lifeco Inc.	Lifeco
Groupe Bruxelles Lambert	GBL
IGM Financial Inc.	IGM Financial
Imerys S.A.	Imerys
Investment Planning Counsel Inc.	Investment Planning Counsel
Lafarge S.A.	Lafarge
London Life Insurance Company	London Life
Mackenzie Financial Corporation	Mackenzie Financial
Mackenzie Inc.	Mackenzie
Pargesa Holding SA	Pargesa
Parjointco N.V.	Parjointco
Pernod Ricard S.A.	Pernod Ricard
Power Corporation of Canada	Power
Power Financial Corporation	Power Financial or the Corporation
Power Financial Europe B.V.	PFE
Putnam Investments, LLC	Putnam
Suez Environnement Company	Suez Environnement
The Canada Life Assurance Company	Canada Life
The Great-West Life Assurance Company	Great-West Life
Total S.A.	Total

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated herein by reference:

- Certain portions of the Annual Information Form of Lifeco, dated February 9, 2012; and
- Certain portions of the Annual Information Form of IGM Financial, dated March 22, 2012.

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

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

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the foregoing list of factors, 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 its most recent Management's Discussion and Analysis, filed with the securities regulatory authorities in Canada and available at www.sedar.com. The sections entitled "General" of Lifeco's Annual Information Form dated February 9, 2012 and "Forward-Looking Statements" of IGM Financial's Annual Information Form dated March 22, 2012 are incorporated herein by reference.

CORPORATE STRUCTURE

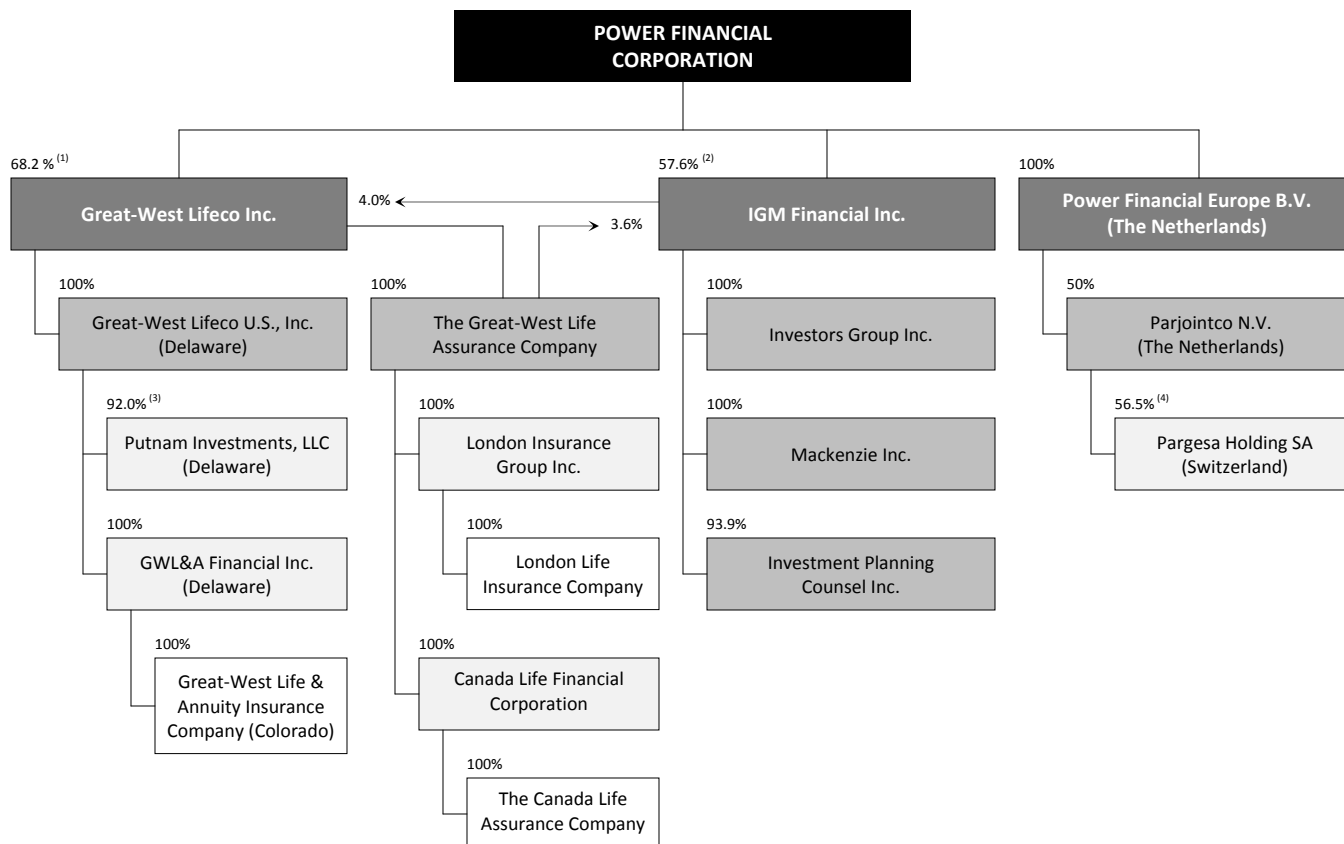
INCORPORATION

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, 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; 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; effective July 10, 2002, to create 6,000,000 5.90 per cent Non-Cumulative First Preferred Shares, Series F; effective December 4, 2002, to create 6,000,000 5.75 per cent Non-Cumulative First Preferred Shares, Series H; effective March 7, 2003, to create 8,000,000 6.00 per cent Non-Cumulative First Preferred Shares, Series I 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; effective July 28, 2006, to create 8,000,000 5.10 per cent Non-Cumulative First Preferred Shares, Series L; effective November 25, 2008, to create an unlimited number of Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series M and an unlimited number of Non-Cumulative Floating Rate First Preferred Shares, Series N; effective October 7, 2009, to create up to 10,000,000 5.80 per cent Non-Cumulative First Preferred Shares, Series O; 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 and an unlimited number of Non-Cumulative Floating Rate First Preferred Shares, Series Q; and, effective February 16, 2012, to create 10,000,000 5.50 per cent Non-Cumulative First Preferred Shares, Series R.

INTERCORPORATE RELATIONSHIPS

The chart on the following page summarizes Power Financial’s corporate structure as at December 31, 2011, 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.



(1) 56.6 per cent of the participating equity securities of Lifeco are owned by the Corporation, 3.0 per cent are owned by 3411893 Canada Inc., a wholly owned subsidiary of the Corporation, 7.7 per cent are owned by 3439453 Canada Inc., a wholly owned subsidiary of the Corporation, and 0.9 per cent are owned by 4400003 Canada Inc., a wholly owned subsidiary of the Corporation. In addition, IGM Financial, 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) 54.6 per cent of the participating equity securities of IGM Financial are owned by the Corporation, 2.2 per cent are owned by 3411893 Canada Inc., a wholly owned subsidiary of the Corporation, and 0.8 per cent are owned by 4400003 Canada Inc., a wholly owned subsidiary of the Corporation. In addition, Great-West Life, a subsidiary of the Corporation, owns 3.6 per cent of the participating equity securities of IGM Financial (excluding 0.1 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 61.3 per cent of the votes attached to all voting securities of IGM Financial.

(3) 100 per cent voting interest

(4) 76.0 per cent voting interest

The sections entitled “Corporate Structure” of Lifeco’s Annual Information Form dated February 9, 2012 and “General” of IGM Financial’s Annual Information Form dated March 22, 2012 are incorporated herein by reference.

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 and, through its indirect investment in Pargesa, has substantial holdings in companies based in Europe, active in the following industries: oil and gas, electricity, energy services, water and waste management services, industrial minerals, cement and building materials, and wines and spirits. These investments are held by Pargesa through its affiliated company, GBL, a Belgian holding company.

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, which in turn holds a 50 per cent interest in Parjointco, Power Financial has a significant interest in the Pargesa group.

As at December 31, 2011, Power Financial employed, directly and through subsidiaries, approximately 29,100 people in North America. As at December 31, 2011, Power Financial controlled, directly and indirectly, approximately 72.2 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. At December 31, 2011, Power Financial also controlled, directly and indirectly, approximately 61.3 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 dated February 9, 2012 and “Development of Business Over the Last Three Years” of IGM Financial’s Annual Information Form dated March 22, 2012 are incorporated herein by reference.

NORTH AMERICA

In the third quarter of 2009, Fidelity Investments Canada ULC (“Fidelity”) transferred to Great-West Life \$1.4 billion of assets under administration pursuant to an agreement reached with Fidelity on October 22, 2008 to transition Fidelity’s Canadian group retirement and savings plan record keeping business to Great-West Life.

On October 9, 2009, Power Financial issued 6,000,000 Non-Cumulative First Preferred Shares, Series O, priced at \$25.00 per share to annually yield 5.80 per cent for gross proceeds of \$150 million. Proceeds from the issue were used to supplement Power Financial’s financial resources and for general corporate purposes.

On June 29, 2010, Power Financial issued 11,200,000 Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P, priced at \$25.00 per share to annually yield 4.40 per cent for gross proceeds of \$280 million. Proceeds from the issue were used to supplement Power Financial’s financial resources and for general corporate purposes.

On September 2, 2011, Mackenzie Financial, a subsidiary of IGM Financial, announced that it had entered into an agreement with B2B Trust, a subsidiary of Laurentian Bank, under which B2B Trust would acquire 100 per cent of M.R.S. Trust Company and M.R.S. Inc., which were wholly owned subsidiaries of Mackenzie Financial. The transaction closed on November 16, 2011 for cash consideration of approximately \$199 million and repayment by B2B Trust of \$20 million of subordinated indebtedness of M.R.S. Trust Company to Mackenzie Financial.

On February 23, 2012, Power Financial issued 10,000,000 Non-Cumulative First Preferred Shares, Series R, priced at \$25.00 per share to annually yield 5.50 per cent for gross proceeds of \$250 million. Proceeds from the issue will be used to supplement Power Financial’s financial resources and for general corporate purposes.

EUROPE

In 2009, GBL and Pargesa subscribed for their proportionate share of the €251 million rights issue launched by Imerys for €79 million and €69 million, respectively. From September 2009 to January 2010, Pargesa sold shares of Imerys, representing a 0.5 per cent aggregate equity interest, for cumulative proceeds of €52.6 million, with the objective of partially refinancing the subscription. The Pargesa shareholding in Imerys was thus reduced to 25.6 per cent of the capital (56.3 per cent together with GBL) at the end of 2010, compared with 26.1 per cent at the end of 2009 and 27.4 per cent at the end of 2008, without affecting the strategic nature of the investment. In April 2011, Pargesa sold its 25.6 per cent equity interest in Imerys to GBL for a total amount of €1,087 million. Following the transaction and additional market purchases of Imerys shares, GBL held a 57.0 per cent equity interest in Imerys as at December 31, 2011.

In 2009, GBL took up its €318 million proportionate share of the €1.5 billion rights issue launched by Lafarge and, as at December 31, 2011, GBL held a 21.0 per cent equity interest in Lafarge.

In 2009, GBL bought back €27 million of its own shares and in the first quarter of 2010, GBL bought back €13.5 million of its own shares to bring its total equity interest to 3.8 per cent of its own shares, as at December 31, 2011.

In June 2010, GBL issued a €350 million bond bearing interest at 4.0 per cent, due in 2017. In addition, in 2010 and 2011, GBL repurchased a total of €251 million (€159 million in 2010 and €92 million in 2011) of exchangeable bonds issued in 2005 and due in 2012. The 2005 issue totalled €435 million and, after GBL's repurchases, an amount of €184 million is still outstanding on the market.

In November 2010, Pargesa issued, on the Swiss market, a SF150 million bond due in 2016, bearing interest at 2.5 per cent. Also, in 2010 and 2011, Pargesa bought back, respectively, SF206 million and SF346 million of issued convertible bonds due in 2013 and 2014.

In 2010, GBL invested €122 million to purchase shares of Pernod Ricard to bring GBL's shareholding in Pernod Ricard from 9.1 per cent as at December 31, 2009 to 9.9 per cent as at December 31, 2010. As at December 31, 2011, GBL's shareholding in Pernod Ricard was 9.8 per cent. On March 15, 2012, GBL announced that it sold approximately 2.3 per cent of the shares of Pernod Ricard through a private placement, for net proceeds of €499 million, bringing GBL's position in Pernod Ricard to 7.5 per cent.

In 2010, GBL invested €27 million in Arkema to bring its shareholding to 5.0 per cent. During 2011, additional shares were purchased bringing GBL's position in Arkema to 10.0 per cent as at December 31, 2011. Arkema, a global chemical producer based in France, was created from the reorganization of Total's Chemicals branch. Its three business segments, Vinyl Products, Industrial Chemicals and Performance Products, combine coherent and integrated industrial activities, with internationally recognized brands and products. On March 14, 2012, GBL announced the sale of its interest in Arkema for proceeds of €432 million and a gain of €220 million.

On January 26, 2011, the Board of International Power plc announced that anti-trust clearance for a combination with the international energy activities of GDF Suez outside Europe into an entity to be known as New International Power, had been received from the European Commission. Closing occurred on February 3, 2011.

On May 16, 2011, Pargesa announced that BNP Paribas had sold all of its registered shares in Pargesa to Parjointco, but had maintained its position in bearer shares. The purchase price of SF135 million bears an annual interest of 2.55 per cent and is payable by Parjointco to BNP Paribas at the latest on May 9, 2014. Following this transaction, Parjointco's equity stake in Pargesa increased from 54.1 per cent to 56.5 per cent, and its interest in voting rights increased from 62.9 per cent to 76.0 per cent as at December 31, 2011.

On August 1, 2011, Imerys announced the completion of the acquisition of the Luzenac Group, the world leader in talc, for an enterprise value of US\$340 million.

In 2011, GBL announced that it had extended its €1.8 billion bank credit facilities, including €950 million that was used as of December 31, 2011 primarily to purchase 25.6 per cent of Imerys from Pargesa as described above, of which €500 million is due in 2014, €200 million is due in 2016 and €250 million is due in 2017. The remaining unused credit facilities expire in 2016 and 2017.

As described above, the Pargesa portfolio currently consists primarily of investments in Lafarge, Imerys, Total, GDF Suez, Suez Environnement and Pernod Ricard, which are held through Pargesa's affiliated holding company, GBL. The interests of Power Financial in these companies as at December 31, 2011, through the Pargesa group, are more fully described herein at the section entitled "Narrative Description of the Business – The Pargesa Group".

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 substantial holdings in companies based in Europe, active in the following industries: oil and gas, electricity, energy services, water and waste management services, industrial minerals, cement and building materials, and wines and spirits.

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, Europe and Asia through Great-West Life, London Life, Canada Life, GWL&A and Putnam. As at December 31, 2011, Lifeco and its subsidiaries had approximately \$502 billion in assets under administration and approximately 17,350 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, 2011, approximately 9.2 million common shares (representing 3.6 per cent) of IGM Financial (excluding approximately 0.17 million common shares of IGM Financial held by Great-West Life in its segregated funds or for similar purposes).

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

In Europe, Canada Life is broadly organized along geographically defined market segments and offers protection and wealth management products, including payout annuity products, and reinsurance. The Europe segment is composed of two distinct business units: Insurance & Annuities, which consists of operations in the United Kingdom, Isle of Man, Ireland and Germany; and Reinsurance, which operates primarily in the United States, Barbados and Ireland. Reinsurance products are provided through Canada Life, London Reinsurance Group Inc. and their subsidiaries.

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

Putnam provides investment management, certain administrative functions, distribution, and related services through a broad range of investment products to individual and institutional investors. Individual retail investors are served through a broad network of distribution relationships with unaffiliated broker-dealers, financial planners, registered investment advisors and other financial institutions that distribute the Putnam funds to their customers, which, in total, includes more than 158,000 advisors. Institutional investors are supported by Putnam's dedicated account management, product management, and client service professionals and through strategic relationships with certain investment management firms outside of the United States. As at December 31, 2011, Putnam had approximately \$119 billion in total assets under management.

The section entitled "Description of the Business" of Lifeco's Annual Information Form dated February 9, 2012 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 and Investment Planning Counsel. As at December 31, 2011, IGM Financial had over \$118 billion in total assets under management.

As at December 31, 2011, IGM Financial owned all of the outstanding common shares of Investors Group, all of the outstanding common shares of Mackenzie, 93.9 per cent of the outstanding common shares of Investment Planning Counsel, and 37.8 million common shares (representing 4.0 per cent) of Lifeco.

Investors Group, founded in 1926, delivers personalized financial solutions to Canadians through a network of approximately 4,600 consultants located throughout Canada, with approximately \$58 billion in mutual fund assets under management. In addition to an exclusive family of mutual funds and other investment vehicles, Investors Group offers a wide range of insurance, securities, mortgage products and services, and, through National Bank of Canada, also offers banking products and services.

Mackenzie was founded in 1967, and is an investment management firm providing investment advisory and related services. With approximately \$62 billion in assets under management, Mackenzie distributes its products and services primarily through a diversified distribution network of third party financial advisors.

Investment Planning Counsel was founded in 1996, and is an independent distributor of financial products, services and advice in Canada. Investment Planning Counsel is a financial planning organization in Canada, with over 860 financial advisors and \$16.5 billion in client assets under administration, which includes over \$2.8 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 dated March 22, 2012 is incorporated herein by reference.

THE PARGESA GROUP

The annual financial 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 carrying value of the Corporation's interest in Parjointco was \$2.2 billion as at December 31, 2011. 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 holds 50.0 per cent of the voting shares of Parjointco, incorporated under the laws of The Netherlands. Parjointco, at December 31, 2011, in turn held a 76.0 per cent voting interest and a 56.5 per cent equity interest in Pargesa, while Pargesa held at that same date a 52.0 per cent voting 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 interests 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, 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. It requires the maintenance of the shareholding chain, up to and including the ultimate shareholder group, over the jointly owned holding company. On September 24, 1996, the term of the agreement was extended to December 31, 2014.

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.

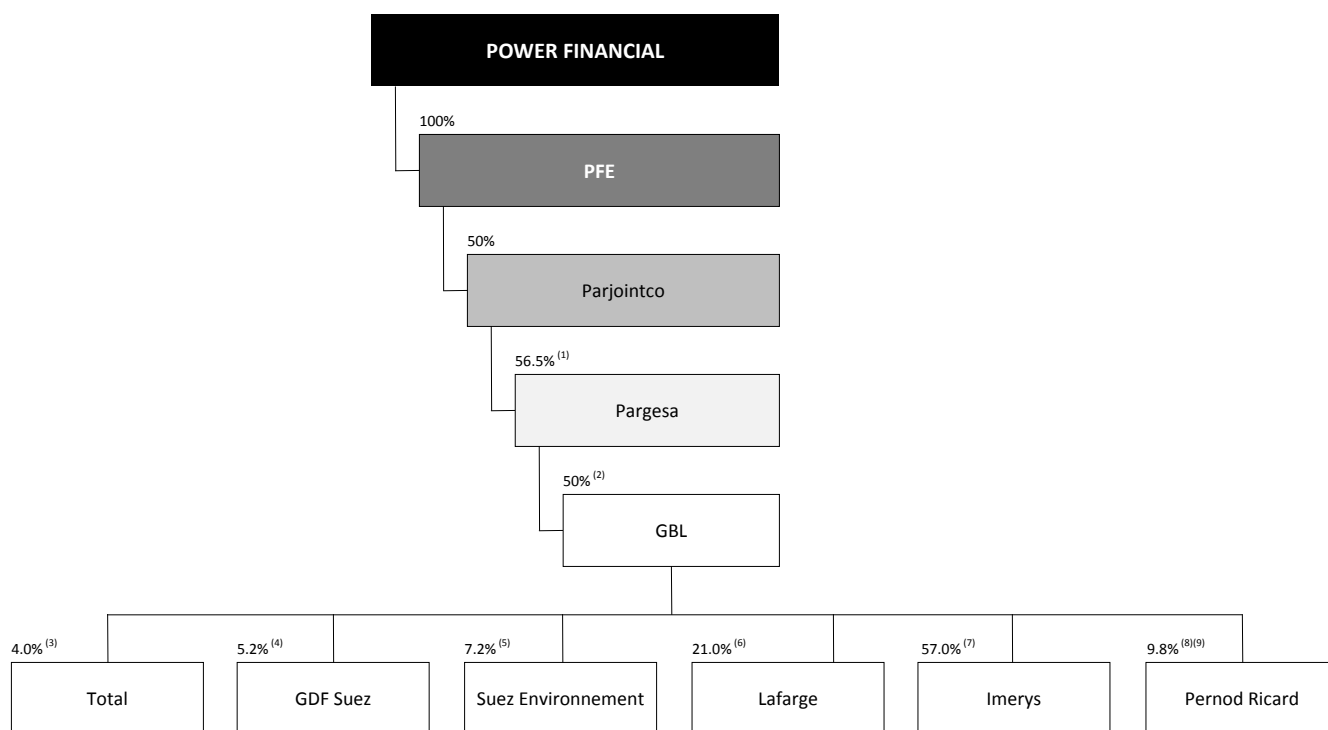
The Pargesa group currently holds significant interests in a limited number of large European companies. These interests are held by Pargesa's affiliated Belgian holding company, GBL, as shown on the chart on page 15. At December 31, 2011, the shareholders' equity of Pargesa was \$8.1 billion (SF7.5 billion)⁽¹⁾. The financial information reported herein in respect of Pargesa has been extracted from Pargesa's financial statements.

The investment in Pargesa is accounted for by Power Financial under the equity method. As described above, the Pargesa portfolio currently consists primarily of investments in Imerys, Lafarge, Total, GDF Suez, Suez Environnement and Pernod Ricard, which are held through GBL. GBL's financial statements are consolidated into the financial statements of Pargesa. GBL consolidates its investment in Imerys and it accounts for its investment in Lafarge under the equity method. The contribution from GDF Suez, Suez Environnement, Total and Pernod Ricard to GBL's earnings, consists of the dividends received from these companies.

The contribution to Power Financial's earnings is based on the economic (flow-through) presentation of results used by Pargesa. Pursuant to this presentation, "operating income" and "non-operating income" are presented separately by Pargesa. Power Financial's share of non-operating income of Pargesa, after adjustments or reclassifications if necessary, is included as part of "other income (charges), net" in the Corporation's consolidated financial statements.

¹ Information in this section uses currency conversion rates in effect for the years ended December 31, 2011 and 2010.

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, 2011.



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

(1) 76.0 per cent voting interest

(2) 52.0 per cent voting interest

(3) 3.7 per cent voting interest

(4) 5.2 per cent voting interest

(5) 7.2 per cent voting interest

(6) 27.4 per cent voting interest

(7) 66.8 per cent voting interest

(8) 9.0 per cent voting interest.

(9) GBL sold 2.3 per cent of the shares of Pernod Ricard on March 15, 2012, bringing its position in the company to 7.5 per cent.

Table of interests of the Pargesa group as at December 31, 2011:

Corporation	Jurisdiction of Incorporation	Effective Interest Held by Pargesa Holding SA (%)	Cumulative Equity Interest Held by Pargesa Group Companies (%)	Cumulative Voting Rights Held by Pargesa Group Companies (%)
GBL	Belgium	50.0	50.0	52.0
Total	France	2.0	4.0	3.7
GDF Suez	France	2.6	5.2	5.2
Suez Environnement	France	3.6	7.2	7.2
Lafarge	France	10.5	21.0	27.4
Imerys	France	28.5	57.0	66.8
Pernod Ricard ⁽¹⁾	France	4.9	9.8	9.0

(1) GBL sold 2.3 per cent of the shares of Pernod Ricard on March 15, 2012, bringing its position in the company to 7.5 per cent.

FINANCIAL HIGHLIGHTS OF THE PARGESA GROUP ^{(1) (2)}

As at and for the years ended December 31 (in millions, except per share amounts)	2011		2010 ⁽³⁾	
	SF	\$	SF	\$
Contribution from principal holdings				
Full consolidation (Imerys) and equity accounted (Lafarge)				
Imerys	122	136	139	138
Lafarge	56	62	101	100
Non-consolidated (net dividends)				
Total	164	184	149	147
GDF Suez	114	128	128	127
Suez Environnement	15	17	17	17
Pernod Ricard	24	27	26	25
	495	554	560	554
Contribution from other holdings	(2)	(2)	18	18
Operating earnings (losses) from holding companies ⁽⁴⁾	(151)	(169)	(112)	(111)
Operating earnings ⁽⁴⁾	342	383	466	461
Operating earnings per bearer share ⁽⁴⁾	4.05	4.53	5.50	5.44
Non-operating income (losses) ⁽⁴⁾	(407)	(456)	-	-
Net earnings (losses)	(65)	(73)	466	461
Earnings (losses) per bearer share	(0.77)	(0.86)	5.50	5.44

(1) Using SF/CDN\$ currency conversion rates in effect for each year as follows:

	Average	Closing
2011	1.1187	1.0846
2010	0.9896	1.0645

(2) Economic analysis of the net earnings as published by Pargesa (reported under International Financial Reporting Standards ("IFRS")) and converted into Canadian dollars based upon average exchange rates. Power Financial's share of operating and non-operating earnings as reported by Pargesa may be subject to adjustments and reclassifications, when necessary.

(3) The 2010 results have been restated following the change in the method of accounting for employee benefits applied as at January 1, 2011.

(4) Operating earnings, non-operating income and operating earnings per share are non-IFRS financial measures that do not have standard meaning and may not be comparable to similar measures used by other entities. For a discussion of the Corporation's use of non-IFRS financial measures, please refer to the section entitled "Basis of Presentation and Summary of Accounting Policies" in the Management's Discussion and Analysis of Power Financial, dated March 14, 2012.

FINANCIAL HIGHLIGHTS OF PARGESA — TWO-YEAR SUMMARY

(in millions of dollars, except per share amounts)	2011	2010
Income from holdings ⁽¹⁾	552	572
Operating earnings (losses), from holding companies ⁽²⁾	(169)	(111)
Non-operating income (losses) ⁽²⁾⁽³⁾	(456)	-
Net earnings (losses)	(73)	461
Declared dividends ⁽⁴⁾	236	245
Earnings (losses) per bearer share	(0.86)	5.44
Total assets ⁽⁵⁾	25,145	25,817
Long-term debt ⁽⁶⁾	1,334	1,635
Consolidated shareholder's equity (excluding minority interests)	8,115	9,230

(1) Includes contribution from other holdings — see “Financial Highlights of the Pargesa Group” above.

(2) Operating earnings, non-operating income and operating earnings per share are non-IFRS financial measures that do not have standard meaning and may not be comparable to similar measures used by other entities. For a discussion of the Corporation's use of non-IFRS financial measures, please refer to the section entitled “Basis of Presentation and Summary of Accounting Policies” in the Management's Discussion and Analysis of Power Financial, dated March 14, 2012.

(3) Including non-operating income from operating companies accounted for under the equity method, amounting to \$18 million in 2011 (\$24 million in 2010).

(4) Declared dividends for 2011 are to be approved at the 2012 Annual General Meeting of Pargesa to be held on May 9, 2012. If approved, declared dividends would amount to SF217.5 million, compared to SF230 million in the previous year. These amounts are converted into CDN\$ using year-end currency conversion rates.

(5) Including a positive cash position of \$988 million held by Pargesa as at December 31, 2011 (40.2 million as at December 31, 2010).

(6) Represents indebtedness of Pargesa and wholly owned subsidiaries only. Represents, in 2011, the book value of outstanding convertible bonds issued by Pargesa in March 2006 and June 2007, in addition to the \$158 million bonds issued in 2010, as shown in the balance sheet of Pargesa. In addition, at December 31, 2011, Pargesa and its wholly owned subsidiaries had lines of credit with banks in the amount of \$269 million (all the facilities were not used as at December 31, 2011). Most of these lines of credit will expire in 2015.

The foregoing financial information is prepared using SF/CDN\$ currency conversion rates in effect for each year as follows:

	Average	Closing
2011	1.1187	1.0846
2010	0.9896	1.0645

PARGESA – DESCRIPTION OF GROUP COMPANIES

GBL is a holding company with its headquarters in Brussels, Belgium. Its main holdings are an interest in Lafarge (cement and building materials), Imerys (industrial minerals), Total (oil and gas), GDF Suez (energy and energy services), Suez Environnement (water and waste management services) and Pernod Ricard (wines and spirits). For more information, please refer to Part D of Power Financial's Management's Discussion and Analysis (dated March 14, 2012) related to Pargesa.

LAFARGE

With a presence in more than 64 countries, Lafarge holds leading positions in both of its business units: Cement and Aggregates & Concrete.

In 2011, Lafarge faced high cost inflation and negative foreign exchange effects, which negatively impacted its overall results. However, the group achieved its €2 billion debt reduction target and also completed the divestment of certain assets of its Gypsum business unit. Following this divestment and a change in the company's management structure, Lafarge refocused its core businesses on Cement and Aggregates & Concrete.

Lafarge reported a 3 per cent increase in sales in 2011, driven by an increase in volumes in emerging markets and by favourable weather conditions in the last quarter.

In the Cement business unit, the company recorded higher revenues as a result of growth in volume in emerging markets and favourable weather in the last quarter of 2011, partly offset by negative foreign exchange effects. The developed markets experienced contrasting trends: the company registered volume growth in Canada, the United Kingdom and France and stable volumes in the United States; on the other hand, Spain and Greece continued to be negatively impacted by difficult economic conditions. Despite the cost reduction measures implemented by the company, higher cost inflation and foreign exchange had a negative impact on results and margins.

In the Aggregates & Concrete business unit, the company reported higher revenues and higher current operating income, due to an increase in volumes and in pricing, which fully offset the higher cost inflation and the negative foreign exchange effects.

IMERYS

A world leader in minerals processing, Imerys holds leading positions in each of its four business groups, namely: Performance & Filtration Minerals; Materials & Monolithics; Pigments for Paper; and Minerals for Ceramics, Refractories, Abrasives & Foundries. Imerys extracts and processes minerals from high-quality reserves on all continents of the globe. It develops solutions that improve the products or the production processes of its industrial clients. The group's products have numerous applications in everyday life, including construction, personal care products, paper, paint, plastic, ceramics, telecommunications and beverage filtration.

In 2011, Imerys' end markets performed well overall compared with 2010, which was a year of strong recovery and of inventory rebuilding. The signs of economic slowdown in the second part of 2011 created a more diverging environment in the fourth quarter, but only the paper business was materially affected. Demand remained strong in most emerging markets.

Demand for capital goods (i.e. machine tools, aerospace, etc.) and consumer durables (i.e. automotive, household appliances, etc.) remained high in 2011, leading in particular to a rise in global steel production. In North America, steel production was robust, but it slowed down slightly in the European Union and Asia towards the end of the year.

In fast moving consumer goods (i.e. food, health, electronics, etc.) and packaging, demand evolved in line with global growth. Global production of printing and writing paper continued to grow in emerging markets but declined in North America and, to a lesser extent, Europe, towards the end of the year.

Activity improved in the construction sector in France, while remaining slow in other European countries. Indicators (building permits and housing starts) increased very slightly in the United States, but remained weak overall. In China, measures were taken to contain price inflation and overheating in the sector.

Currencies were highly volatile in 2011, while some raw materials rose in price.

TOTAL

Created from the successive mergers of Total, PetroFina and Elf Aquitaine, Total is one of the world's leading oil and gas groups and a major operator in chemicals. With operations in more than 130 countries, its activities span all aspects of the oil industry chain, from upstream – oil and gas exploration, development and production – to downstream – refining and distributing refined products as well as international trading in both crude and refined products. Total produces base and specialty chemicals and is also involved in the development of renewable energy.

In 2011, in a period of economic slowdown, ongoing pressures on global oil supply kept the Brent price above \$110 per barrel. This environment was favourable to the company's upstream businesses (i.e. oil and natural gas exploration and production), but it had a negative impact on its downstream businesses (i.e. refining, marketing, trading and shipping), notably in Europe. All the businesses made significant progress, including a bolder exploration program that yielded three important discoveries in 2011, the implementation of a new, more competitive structure for the company's downstream activities, and the further strengthening of its leading positions in liquefied natural gas (LNG) and deep-offshore. The increased asset sale and acquisition activity in 2011 contributed to the rebalancing of the company's portfolio in favour of upstream assets with strong growth potential.

GDF SUEZ

GDF Suez focuses on the generation of electricity and heat, the trading, the transmission and distribution of electricity and natural and liquefied gas, and the supply of energy and industrial services. GDF Suez's strategy in energy is centered on strengthening its positions in Europe from its domestic home base (France and Benelux) in conjunction with the selective international development of existing positions.

In 2011, GDF Suez reported higher revenues, despite a challenging economic environment, highly unfavourable weather conditions and a gas tariff freeze in France. Earnings before interest, taxes, depreciation and amortization also increased. This performance was achieved due to the contribution of International Power (from February 2011 onwards), to the company's performance plan and to the commissioning of new assets in all business units. The company's international activities, as well as its LNG, exploration and production activities also contributed to this performance.

SUEZ ENVIRONNEMENT

Suez Environnement operates water and waste services businesses. In the water sector, the group ensures the design and management of systems to produce and distribute drinking water and treating waste water, and it also carries out engineering activities and supplies a wide range of services to industry. In the waste services sector, Suez Environnement is active in managing (collecting, sorting, recycling, treating, deploying and storing) industrial and household waste.

In 2011, Suez Environnement reported increased revenues, benefiting from the acquisition of Sociedad General de Aguas de Barcelona, completed in 2010 in its Water Europe business unit, and from the acquisition of WSN Environmental Solutions in Australia, completed in 2011 in the Waste business unit.

In the Waste Europe and Water Europe business units, revenues and results were positively impacted by the group's productivity plan and by numerous contracts awarded or renewed, such as Hyères (12 years) in France, Léon (25 years) and Eliana (25 years) in Spain. Prices also improved in 2011, while water volume sold increased in Spain, but declined in France. With strong organic growth of approximately 25 per cent in 2011, the Sorting and recycling activities also contributed positively to the results of the Waste Europe business unit.

The performance of the International business unit was negatively impacted by difficulties encountered at the Melbourne desalination plant construction project.

PERNOD RICARD

Since the creation of Pernod Ricard in 1975, significant organic growth and numerous acquisitions, notably those of Seagram in 2001, Allied Domecq in 2005 and Vin & Sprit in 2008, have enabled the company to become the world's co-leader in wines and spirits. Firmly established on every continent, with good positioning in emerging countries in Asia, Eastern Europe and South America, the group produces and distributes a range of wines and spirits under 15 strategic brands, local market-leading brands and a large number of regional brands.

Pernod Ricard reported positive organic growth of 11 per cent in the second half of 2011, with continued dynamic growth in emerging markets (up 18 per cent) and solid growth in mature markets (up 6 per cent). These results were enhanced by stock building ahead of an increase in the excise tax on spirits in France (effective as of January 1, 2012).

The top fourteen brands, which represent 61 per cent of the total group's sales, grew 9 per cent in volume and 14 per cent in value, with seven brands, namely Royale Salute, Ricard, Martell, Jameson, Perrier Jouët, The Glenlivet and Chivas Regal reporting double digit growth.

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 others disclosed 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 holding company that holds substantial interests in the financial services sector through its controlling interest in each of Lifeco and IGM Financial. As a result, investors in Power Financial are subject to the risks attributable to its subsidiaries, including those that Power Financial has as the principal shareholder of each of Lifeco and IGM Financial. The risks of being an investor in Lifeco are described and referenced in the section entitled “Risk Factors” of Lifeco’s Annual Information Form dated February 9, 2012 and the risks of being an investor in IGM Financial are referenced in the last paragraph of the section entitled “Development of the Business Over the Last Three Years” of IGM Financial’s Annual Information Form dated March 22, 2012, which section and further references, in the case of Lifeco, and paragraph, in the case of IGM Financial, are incorporated herein by reference.

As a holding company, Power Financial’s ability to pay interest and other operating expenses and dividends, to meet its obligations and to complete current or desirable future enhancement opportunities or acquisitions generally depends upon receipt of sufficient dividends from its principal subsidiaries and other investments and its ability to raise additional capital. The likelihood that shareholders of Power Financial will receive dividends will be dependent upon the operating performance, profitability, financial position and creditworthiness of the principal subsidiaries of Power Financial and on their ability to pay dividends to Power Financial. The payment of interest and dividends by certain of these principal subsidiaries to Power Financial is also subject to restrictions set forth in insurance, securities and corporate laws and regulations which require that solvency and capital standards be maintained by such companies. If required, the ability of Power Financial to arrange additional financing in the future will depend in part upon prevailing market conditions as well as business performance of Power Financial and its subsidiaries. In recent years, global financial conditions and market events have experienced increased volatility and resulted in the tightening of credit that has reduced available liquidity and overall economic activity. There can be no assurance that debt or equity financing will be available or, together with internally generated funds, will be sufficient to meet or satisfy Power Financial’s objectives or requirements or, if the foregoing are available to Power Financial, that they will be on terms acceptable to Power Financial. 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.

The market price for Power Financial’s securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Power Financial’s control. Economic conditions may adversely affect Power Financial, 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 and Europe. In recent years, 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. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be significant or prolonged, which may result in impairment losses. 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.

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 February 29, 2012, there were issued and outstanding 4,000,000 First Preferred Shares designated as Series A Cumulative Redeemable First Preferred Shares, (the “Series A First Preferred Shares”), 6,000,000 First Preferred Shares designated as 5.50 per cent Non-Cumulative First Preferred Shares, Series D (the “Series D First Preferred Shares”), 8,000,000 First Preferred Shares designated as 5.25 per cent Non-Cumulative First Preferred Shares, Series E (the “Series E First Preferred Shares”), 6,000,000 First Preferred Shares designated as 5.90 per cent Non-Cumulative First Preferred Shares, Series F (the “Series F First Preferred Shares”), 6,000,000 First Preferred Shares designated as 5.75 per cent Non-Cumulative First Preferred Shares, Series H (the “Series H First Preferred Shares”), 8,000,000 First Preferred Shares designated as 6.00 per cent Non-Cumulative First Preferred Shares, Series I (the “Series I First Preferred Shares”), 10,000,000 First Preferred Shares designated as 4.95 per cent Non-Cumulative First Preferred Shares, Series K (the “Series K First Preferred Shares”), 8,000,000 First Preferred Shares designated as 5.10 per cent Non-Cumulative First Preferred Shares, Series L (the “Series L First Preferred Shares”), 7,000,000 First Preferred Shares designated as 6.00 per cent Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series M (the “Series M First Preferred Shares”), 6,000,000 First Preferred Shares designated as 5.80 per cent Non-Cumulative First Preferred Shares, Series O (the “Series O First Preferred Shares”), 11,200,000 First Preferred Shares designated as 4.40 per cent Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P (the “Series P First Preferred Shares”), 10,000,000 First Preferred Shares designated as 5.50 per cent Non-Cumulative First Preferred Shares, Series R (the “Series R First Preferred Shares”) and 708,173,680 Common Shares. There are no Non-Cumulative Floating Rate First Preferred Shares, Series N (the “Series N First Preferred Shares”), Non-Cumulative Floating Rate Preferred Shares, Series Q (the “Series Q 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), and subject to the rights of holders of the First Preferred Shares and the Second Preferred Shares, to receive any dividend on such share and to participate equally with all other holders of Common Shares in the remaining property of Power Financial on 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.

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 the right to redeem the Series D First Preferred Shares on or after 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 since November 30, 2006, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing November 30, 2006, \$25.75 per share if redeemed during the 12 months commencing November 30, 2007, \$25.50 if redeemed during the 12 months commencing November 30, 2008, \$25.25 if redeemed during the 12 months commencing November 30, 2009, and \$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 since July 17, 2007, in whole or in part, for \$26.00 per share if redeemed during the 12 months commencing July 17, 2007, \$25.75 if redeemed during the 12 months commencing July 17, 2008, \$25.50 if redeemed during the 12 months commencing July 17, 2009, \$25.25 if redeemed during the 12 months commencing July 17, 2010, and \$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 since December 10, 2007, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing December 10, 2007, \$25.75 per share if redeemed during the 12 months commencing December 10, 2008, \$25.50 if redeemed during the 12 months commencing December 10, 2009, \$25.25 if redeemed during the 12 months commencing December 10, 2010, and \$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 since April 30, 2008, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing April 30, 2008, \$25.75 per share if redeemed during the 12 months commencing April 30, 2009, \$25.50 if redeemed during the 12 months commencing April 30, 2010, \$25.25 if redeemed during the 12 months commencing April 30, 2011, and \$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 since October 31, 2010, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing October 31, 2010, \$25.75 per share if redeemed during the 12 months commencing October 31, 2011, \$25.50 if redeemed during the 12 months commencing October 31, 2012, \$25.25 if redeemed during the 12 months commencing October 31, 2013, and \$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 since October 31, 2011, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing October 31, 2011, \$25.75 per share if redeemed during the 12 months commencing October 31, 2012, \$25.50 if redeemed during the 12 months commencing October 31, 2013, \$25.25 if redeemed during the 12 months commencing October 31, 2014, and \$25.00 per share if redeemed on or after October 31, 2015, in each case plus declared and unpaid dividends.

SERIES M FIRST PREFERRED SHARES

The Series M 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 during the period from November 28, 2008 to but excluding January 31, 2014. Thereafter, during the "Subsequent Fixed Rate Periods" (that is, for the initial Subsequent Fixed Rate Period, the period from and including January 31, 2014 up to but excluding January 31, 2019 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 M 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 3.20 per cent, payable quarterly. Power Financial has the right to redeem the Series M First Preferred Shares on January 31, 2014 and on January 31 every five years thereafter, in whole or in part, for \$25.00 per share plus declared and unpaid dividends to the date fixed for redemption. Subject to the Corporation's right to redeem all the Series M First Preferred Shares, the holders of Series M First Preferred Shares will have the right, at their option, to convert their Series M First Preferred Shares into Series N First Preferred Shares, subject to certain conditions, on January 31, 2014 and on January 31 every five years thereafter.

SERIES N FIRST PREFERRED SHARES

The Series N 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, 2014 to but excluding April 30, 2014, 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 3.20 per cent. Power Financial has the right to redeem the Series N First Preferred Shares, in whole or in part, commencing January 31, 2014: (i) for \$25.00 per share plus declared and unpaid dividends to the date fixed for redemption for redemptions on January 31, 2019 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, 2014 that is not a date on which Series N First Preferred Shares can be converted. Subject to the Corporation's right to redeem all the Series N First Preferred Shares, the holders of Series N First Preferred Shares will have the right, at their option, to convert their Series N First Preferred Shares into Series M First Preferred Shares, subject to certain conditions, on January 31, 2019 and on January 31 every five years thereafter.

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 the right to redeem the Series O First Preferred Shares on or after October 31, 2014, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing October 31, 2014, \$25.75 per share if redeemed during the 12 months commencing October 31, 2015, \$25.50 if redeemed during the 12 months commencing October 31, 2016, \$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 have a fixed non-cumulative dividend of 4.40 per cent per annum, payable quarterly during the period from June 29, 2010 up to but excluding January 31, 2016. Thereafter, during the "Subsequent Fixed Rate Periods" (that is, for the initial Subsequent Fixed Rate Period, the period from and including January 31, 2016 up to but excluding January 31, 2021 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding January 31 in the fifth year thereafter), 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 has the right to redeem the Series P First Preferred Shares, in whole or in part, commencing January 31, 2016 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 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, 2016 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 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, 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 the right to redeem the Series Q First Preferred Shares, in whole or in part, commencing 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 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.

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.

RATINGS

The table below provides the ratings assigned to the Corporation's outstanding securities as at March 23, 2012.

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

The ratings of the Corporation's 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' Web sites.

(a) DBRS Limited

In general terms, DBRS ratings are opinions that reflect the creditworthiness of an issuer, a security or an obligation. They are opinions based on forward-looking measurements and quantitative and qualitative analysis of information 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. DBRS applies additional considerations when assessing the credit quality of holding companies.

The DBRS preferred share and long-term debt rating scales are used in the Canadian securities market and are 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 or interest, as the case may be, and principal commitments. 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.

The Corporation's preferred shares rating of Pfd-1 (low) is the third highest of sixteen ratings used by DBRS for preferred shares in Canada. Preferred shares with a Pfd-1 (low) rating are of superior credit quality, and are supported by entities with strong earnings and balance sheet characteristics. A Pfd-1 rating generally corresponds with companies whose senior bonds are rated in the AAA or AA categories.

The Corporation's debentures rating of AA (low) is the fourth highest of twenty-six ratings used by DBRS for long-term debt. Long-term debt rated AA by DBRS is of superior credit quality, and the capacity for the payment of financial obligations is considered high. In many cases they differ from long-term debt rated AAA only to a small degree and are unlikely to be significantly vulnerable to future events.

(b) Standard & Poor's Ratings Services

S&P issue credit ratings are forward-looking opinions about credit risk and express the agency's opinion about the ability and willingness of an issuer to meet its financial obligations in full and on time with respect to an individual security 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.

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. A 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 commitment on the obligation is still strong, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher rated categories.

An S&P long-term issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program. It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects S&P's view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

The Corporation's debentures' rating of A+ is the fifth highest of twenty-six 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.

DIVIDENDS

The cash dividends declared per share for each class of the Corporation's shares outstanding as at December 31, 2011 were as follows:

	2011	2010 (in dollars)	2009
Common Shares (PWF)	1.4000	1.4000	1.4000
Series A First Preferred Shares (PWF.PR.A)	0.5250	0.452376	0.427439
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 M First Preferred Shares (PWF.PR.M) ⁽¹⁾	1.5000	1.5000	1.75377
Series O First Preferred Shares (PWF.PR.O) ⁽²⁾	1.4500	1.4500	0.45288
Series P First Preferred Shares (PWF.PR.P) ⁽³⁾	1.1000	0.6487	N/A

(1) An initial dividend of \$0.62877 per share was declared on March 11, 2009. Thereafter, quarterly dividends of \$0.3750 per share were declared in May, August and November of 2009 and March, May, August and November 2010 and 2011, respectively.

(2) An initial dividend of \$0.45288 per share was declared on November 12, 2009. Thereafter, quarterly dividends of \$0.3625 per share were declared in March, May, August and November of 2010 and 2011, respectively.

(3) An initial dividend of \$0.3737 was declared on August 6, 2010. Thereafter, quarterly dividends of \$0.2750 per share were declared in November of 2010 and March, May, August and November of 2011, respectively.

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, 2011. Currently there are no outstanding Series N and Series Q First Preferred Shares.

	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)
January 2011						
Intraday High (\$)	30.99	23.75	24.94	24.25	25.29	25.39
Intraday Low (\$)	29.70	21.91	24.24	23.30	24.88	24.87
Volume	6,236,882	73,426	75,165	231,314	96,923	249,641
February 2011						
Intraday High (\$)	31.87	23.90	24.85	23.99	25.31	25.33
Intraday Low (\$)	29.79	23.20	24.47	23.51	25.02	24.70
Volume	7,782,425	52,078	63,888	123,681	170,780	112,057
March 2011						
Intraday High (\$)	31.98	23.35	25.16	24.25	25.38	25.23
Intraday Low (\$)	29.37	22.01	24.70	23.62	25.01	24.91
Volume	10,876,571	43,749	75,490	104,288	152,986	74,459
April 2011						
Intraday High (\$)	31.55	23.25	25.05	24.26	25.44	25.24
Intraday Low (\$)	30.28	22.90	24.30	23.22	25.00	24.76
Volume	6,922,570	31,268	112,489	150,079	68,999	91,011
May 2011						
Intraday High (\$)	31.77	24.80	25.15	24.56	25.50	25.20
Intraday Low (\$)	30.48	23.40	24.55	23.61	25.00	24.86
Volume	5,574,473	62,822	74,494	237,124	90,914	117,455
June 2011						
Intraday High (\$)	30.96	23.79	25.14	24.75	25.47	25.44
Intraday Low (\$)	28.91	23.40	24.75	24.07	25.21	25.00
Volume	6,971,978	83,971	75,145	83,825	75,816	122,092
July 2011						
Intraday High (\$)	29.96	23.60	25.19	24.55	25.38	25.20
Intraday Low (\$)	27.87	22.02	24.42	23.59	25.00	24.78
Volume	6,016,199	27,476	91,785	145,690	77,308	84,363
August 2011						
Intraday High (\$)	28.50	22.40	25.25	25.15	25.29	25.31
Intraday Low (\$)	25.50	19.46	24.31	23.86	24.65	24.65
Volume	11,917,219	19,289	72,881	108,627	62,555	178,405
September 2011						
Intraday High (\$)	26.95	22.20	25.76	25.00	25.45	25.50
Intraday Low (\$)	24.05	19.50	24.85	24.54	25.12	25.10
Volume	11,095,157	12,207	94,562	83,482	91,340	46,522
October 2011						
Intraday High (\$)	27.79	20.50	25.28	25.14	25.30	25.62
Intraday Low (\$)	23.75	17.61	24.53	24.20	24.51	24.82
Volume	14,612,772	30,046	82,539	77,491	112,180	98,999
November 2011						
Intraday High (\$)	26.94	20.75	25.50	25.05	25.49	25.48
Intraday Low (\$)	23.62	17.02	24.90	24.59	25.06	25.01
Volume	7,072,429	165,809	54,958	98,612	67,097	129,781
December 2011						
Intraday High (\$)	26.00	20.00	25.50	25.47	25.65	25.60
Intraday Low (\$)	24.43	18.99	25.01	24.71	25.22	25.17
Volume	8,348,905	65,539	24,331	76,099	86,950	32,635

	First Preferred Shares, Series I (PWF.PR.I)	First Preferred Shares, Series K (PWF.PR.K)	First Preferred Shares, Series L (PWF.PR.L)	First Preferred Shares, Series M (PWF.PR.M)	First Preferred Shares, Series O (PWF.PR.O)	First Preferred Shares, Series P (PWF.PR.P)
January 2011						
Intraday High (\$)	25.88	23.00	23.60	27.23	25.42	25.95
Intraday Low (\$)	25.15	22.42	22.95	26.54	25.00	24.44
Volume	64,174	448,775	93,806	271,920	252,806	134,846
February 2011						
Intraday High (\$)	25.97	23.24	23.81	27.00	25.59	25.89
Intraday Low (\$)	25.13	22.75	23.00	26.52	25.00	25.35
Volume	74,141	238,840	109,042	77,801	237,833	158,341
March 2011						
Intraday High (\$)	25.57	24.29	24.16	27.10	25.65	25.93
Intraday Low (\$)	25.25	22.95	23.45	26.80	25.18	25.15
Volume	248,893	204,597	194,405	249,298	118,566	235,491
April 2011						
Intraday High (\$)	25.55	24.00	24.12	27.14	25.73	25.84
Intraday Low (\$)	25.13	22.51	22.75	26.81	24.90	25.08
Volume	104,309	169,989	174,012	54,742	118,117	103,407
May 2011						
Intraday High (\$)	25.63	23.88	24.15	27.10	25.60	26.11
Intraday Low (\$)	25.17	23.05	22.91	26.80	25.14	25.41
Volume	116,635	155,624	112,011	243,788	148,085	136,325
June 2011						
Intraday High (\$)	25.77	23.87	24.22	27.30	25.88	25.95
Intraday Low (\$)	25.30	23.50	23.81	26.70	25.34	25.50
Volume	184,666	202,703	89,401	93,504	113,989	242,381
July 2011						
Intraday High (\$)	25.53	23.88	24.08	27.20	25.88	26.20
Intraday Low (\$)	25.11	22.76	23.34	26.75	25.40	25.75
Volume	144,117	211,621	70,849	37,374	125,468	118,030
August 2011						
Intraday High (\$)	25.55	24.56	24.72	27.04	26.15	26.48
Intraday Low (\$)	24.26	22.73	23.25	26.30	24.85	25.26
Volume	144,826	243,756	123,411	208,181	155,154	137,281
September 2011						
Intraday High (\$)	25.78	24.56	24.65	27.45	26.25	26.00
Intraday Low (\$)	25.20	23.30	24.07	26.72	25.60	25.51
Volume	56,429	171,945	100,665	192,560	80,533	92,299
October 2011						
Intraday High (\$)	25.50	24.36	24.81	26.90	26.08	25.73
Intraday Low (\$)	25.00	23.68	23.97	25.76	25.15	25.02
Volume	135,780	141,828	93,080	108,632	60,219	144,831
November 2011						
Intraday High (\$)	25.74	24.84	25.15	26.90	26.64	25.40
Intraday Low (\$)	25.27	24.02	24.50	26.30	25.74	25.11
Volume	84,574	146,180	68,204	83,982	83,738	145,302
December 2011						
Intraday High (\$)	26.00	24.83	25.43	27.21	26.80	25.50
Intraday Low (\$)	25.35	24.36	24.67	26.07	26.02	25.16
Volume	66,059	123,413	82,513	216,147	63,593	199,152

DIRECTORS AND OFFICERS

DIRECTORS

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

Name and Province/State and Country of Residence	Director since	Principal Occupation
J. Brian Aune British Columbia, Canada	May 2006	President of Alderinvest Inc., a private investment company
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	Co-Chairman of the Corporation and a Deputy Chairman, President and Co-Chief Executive Officer of Power
The Honourable Paul Desmarais Québec, Canada	February 1966	Chairman of the Executive Committee of Power
Paul Desmarais, Jr. Québec, Canada	April 1983	Co-Chairman of the Corporation and Chairman and Co-Chief Executive Officer of Power
Gérald Frère Hainaut, Belgium	May 1990	Managing Director of Frère-Bourgeois S.A., a financial group
Anthony R. Graham Ontario, Canada	May 2001	President and a Director of Wittington Investments, Limited, an investment management company
Robert Gratton Québec, Canada	December 1986	A Deputy Chairman of Power since May 2008; previously, Chairman of the Corporation from May 2005 to May 2008
V. Peter Harder ⁽¹⁾ Ontario, Canada	May 2009	Senior Policy Adviser to Fraser Milner Casgrain LLP, a law firm
The Right Honourable Donald F. Mazankowski Alberta, Canada	May 1996	Company Director
Raymond L. McFeetors Manitoba, Canada	May 2008	A Vice-Chairman of the Corporation and Chairman of the Board of Lifeco since May 2008; previously, President and Chief Executive Officer of Lifeco from May 2005 to May 2008
Jerry E.A. Nickerson Nova Scotia, Canada	May 1999	Chairman of the Board of H.B. Nickerson & Sons Limited, a management and holding company
R. Jeffrey Orr Québec, Canada	May 2005	President and Chief Executive Officer of the Corporation
Michel Plessis-Bélair Québec, Canada	May 1988	A Vice-Chairman of Power since January 2008; previously, Executive Vice-President and Chief Financial Officer of the Corporation and Vice-Chairman and Chief Financial Officer of Power until January 2008
Henri-Paul Rousseau Québec, Canada	May 2009	A Vice-Chairman of the Corporation and of Power since January 2009; previously, President and Chief Executive Officer of the Caisse de dépôt et placement du Québec from May 2005 to May 2008
Louise Roy Québec, Canada	May 2010	Invited Fellow at CIRANO, the <i>Centre interuniversitaire de recherche en analyse des organisations</i> , President of the <i>Conseil des arts de Montréal</i> and Chancellor and Chair of the Board of Université de Montréal

¹ Mr. Harder was a Director of ARISE Technologies Corporation until June 24, 2011, which was approximately six months prior to the date such issuer filed a Notice of Intention to make a proposal under the Bankruptcy and Insolvency Act (Canada).

Name and Province/State and Country of Residence	Director since	Principal Occupation
Raymond Royer Québec, Canada	December 1986	Company Director; previously, President and Chief Executive Officer of Domtar Corporation, a pulp and paper company, from 1996 until December 31, 2008
T. Timothy Ryan, Jr. New York, United States	May 2011	President and Chief Executive Officer of the Securities Industry and Financial Markets Association, a leading trade association representing global financial market participants
Amaury de Seze Paris, France	May 2010	A Vice-Chairman of the Corporation since May 2010; previously, a Director and a Vice-Chairman of Power until May 2010 and Chairman of PAI partners, a management company of private equity funds, from 1998 until 2007
Emőke J.E. Szathmáry Manitoba, Canada	May 1999	President Emeritus, University of Manitoba since July 2008; previously, President and Vice-Chancellor of the University of Manitoba from 1996 to 2008

All Directors were elected as Directors at the Annual and Special Meeting of Shareholders held on May 12, 2011, to hold office until the close of the next annual meeting of shareholders.

OFFICERS OTHER THAN THOSE REFERRED TO ABOVE

Name and Province/State and Country of Residence	Principal Occupation
Philip K. Ryan Québec, Canada	Executive Vice-President and Chief Financial Officer since January 2008; previously, Chairman of Credit Suisse's Financial Institutions Group (UK) from 2005 to 2008
Edward Johnson Québec, Canada	Senior Vice-President, General Counsel and Secretary
Arnaud Vial Québec, Canada	Senior Vice-President
Denis Le Vasseur Québec, Canada	Vice-President and Controller
Stéphane Lemay Québec, Canada	Vice-President, Assistant General Counsel and Associate Secretary
Richard Pan Québec, Canada	Vice-President since 2008; previously, an Executive Director at Goldman Sachs International (UK) in the Global Natural Resources Group from 2006 to 2008
Luc Reny Québec, Canada	Vice-President
Isabelle Morin Québec, Canada	Treasurer

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 officers of Power as a group⁽¹⁾, as at December 31, 2011 was:

Name	Number of shares	Percentage
Power Financial		
Common Shares	478,269,107	67.54
Lifeco		
Common Shares	3,649,943	0.38
IGM Financial		
Common Shares	212,400	0.08

(1) The Honourable Paul Desmarais and associates own or control 61.1 per cent of the votes attached to the voting securities of Power. Power in turn controls 66.1 per cent of the voting shares of Power Financial, which in turn controls directly or indirectly 65.0 per cent and 61.3 per cent of the voting shares of Lifeco and IGM Financial, respectively. In accordance with applicable Canadian securities laws, securities of subsidiaries of Power Financial that are beneficially owned, or controlled or directed, directly or indirectly, by Directors or executive officers through ownership, or control or direction, directly or indirectly, over securities of Power Financial, have not been included in the table. Therefore, the table does not include securities of subsidiaries of Power Financial (i.e. Lifeco and IGM Financial) that are beneficially owned, or controlled or directed, directly or indirectly, by the Honourable Paul Desmarais through ownership, control or direction over securities of Power Financial.

COMMITTEES

The CBCA and securities legislation require the Corporation to have an Audit Committee. The Corporation also appoints an Executive Committee, 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 Executive Committee are André Desmarais, The Honourable Paul Desmarais, Paul Desmarais, Jr., The Right Honourable Donald F. Mazankowski, R. Jeffrey Orr and Raymond Royer. The current members of the Compensation Committee are Gérald Frère, V. Peter Harder and Raymond Royer. The current members of the Related Party and Conduct Review Committee are Gérald Frère, V. Peter Harder and Raymond Royer. The current members of the Governance and Nominating Committee are André Desmarais, The Honourable Paul Desmarais, Paul Desmarais, Jr., Anthony R. Graham 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 Mr. Marc A. Bibeau, Mr. Jerry E.A. Nickerson, Mr. Raymond Royer and Dr. 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. 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 Inc. and Mackenzie since May 2009. He was previously a Director of Lifeco, Great-West Life, London Life, CLFC, Canada Life and Crown 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 Inc.

Mr. Nickerson is Chairman of the Board of H.B. Nickerson & Sons Limited, a management and holding company based in North Sydney, Nova Scotia. He is a Director of Power and of several Power Financial group companies in North America, including Lifeco, Great-West Life, GWL&A, London Life, CLFC, Canada Life, Crown Life and Putnam. He has also served on the boards of various organizations, federal and provincial Crown corporations, and other public and private companies. He holds a Bachelor of Commerce degree from Dalhousie University. He has been a member of the Corporation’s Audit Committee since May 2009. He is also a member of the Audit Committee of several Power Financial group companies, including Lifeco, Great-West Life, GWL&A, London Life, CLFC, Canada Life, Crown Life and Putnam. He was the Chairman of the Lifeco Audit Committee from 1994 to 2009 and is also a former Chairman of the Audit Committees of Great-West Life, GWL&A, London Life, Canada Life and Putnam.

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 Québec Order of Chartered Accountants, a member of the Barreau du Québec and a member of the Canadian Bar Association. He is a Director and the Chairman of the Audit Committee of several Power Financial group companies, including Lifeco, Great-West Life, London Life, CLFC, Canada Life, Crown Life, GWL&A and Putnam. Mr. Royer is also a Director of Power's newspaper subsidiary Gesca ltée. 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 a member of the International Advisory Board of École des hautes études commerciales of Montréal. He has been a member of the Power Financial Audit Committee since May 1989 and its Chairman since July 1991.

Dr. Szathmáry is President Emeritus of the University of Manitoba since July 2008, and a Professor in the Departments of Anthropology and of Biochemistry and Medical Genetics. 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 2002. She is a Director of several other Power group companies including Lifeco, Great-West Life, London Life, CLFC, Canada Life and Crown Life. She also serves on the Board of Directors of the International Institute for Sustainable Development and of several national and provincial educational, research and philanthropic not-for-profit organizations. She has received the Lieutenant Governor's Medal for Excellence in Public Administration in Manitoba as well as five 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.

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

Deloitte & Touche LLP has served as Power Financial's auditing firm since Power Financial's inception. Fees payable by Power Financial⁽¹⁾ for the years ended December 31, 2011 and December 31, 2010 to Deloitte & Touche LLP and its affiliates were \$1,335,000 and \$1,143,000, respectively, as follows:

	Years ended December 31	
	2011	2010
Audit Fees ⁽²⁾	\$857,000	\$766,000
Audit-Related Fees	\$154,000	\$123,000
Tax Fees	\$324,000	\$254,000
Other Fees	Nil	Nil
TOTAL	\$1,335,000	\$1,143,000

(1) Fees payable by Lifeco are described in the section entitled "Audit Committee Information" of Lifeco's Annual Information Form dated February 9, 2012 and fees payable by IGM Financial are described in the section entitled "Audit Committee" of IGM Financial's Annual Information Form dated March 22, 2012.

(2) During the financial year ended December 31, 2011, Deloitte & Touche LLP provided audit services to subsidiary entities of the Corporation, other than Lifeco and IGM Financial, for additional fees in the amount of \$16,000 (2010 - \$13,000).

The nature of each category of fees is described below.

AUDIT FEES

Audit fees were paid for professional services rendered by the auditors for the audit of the annual financial statements of Power Financial and its wholly owned subsidiaries and services provided in connection with statutory and regulatory filings or 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 of:

- Special attest services not required by statute or regulation;
- International Financial Reporting Standards transition support services; and
- Other accounting consultations.

TAX FEES

Tax fees were paid for tax compliance services 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 Senior 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 & Touche LLP. Deloitte & Touche LLP has advised that it is independent with respect to the Corporation within the meaning of the Code of Professional Conduct of the *Ordre des comptables 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.

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, 2011 and the accompanying Management's Discussion and Analysis dated March 14, 2012, 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 two Committee members.
- (4) **Secretary.** The Chairman, or any person appointed by the Chairman, shall act as secretary of meetings of the Committee.
- (5) **Calling of Meetings.** A meeting of the Committee may be called by the Chairman of the Committee, by the Chairman of the Board, by the external auditor of the Corporation, or by any member of the Committee. When a meeting of the Committee is called by anyone other than the Chairman of the Board, the Chairman of the Committee shall so inform the Chairman of the Board forthwith.

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;

- (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 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;
- (14) in the event of a change of auditor, review and approve the Corporation’s disclosure relating thereto.

3.3 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.

3.4 In-Camera Sessions. The Committee shall periodically meet in-camera alone, and meet separately with each of the external auditor and management, as the Committee deems appropriate.

3.5 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 Chairman 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 Chairman 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 Chairman of the Board copies of any written reports or letters provided by the external auditor to the Committee.