

Financial Highlights

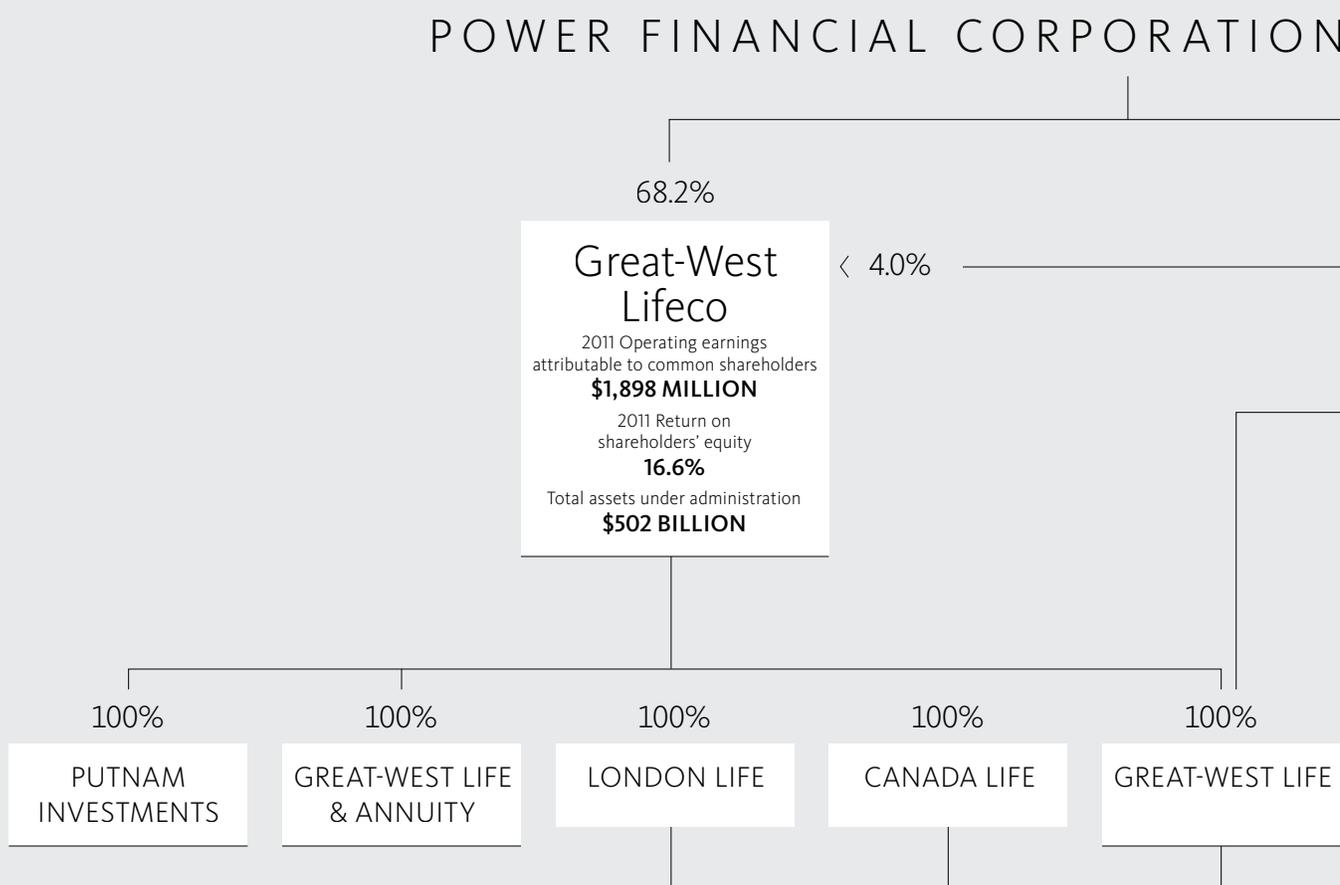
FOR THE YEARS ENDED DECEMBER 31		
[IN MILLIONS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS]		
	2011	2010
Revenues	32,400	32,522
Operating earnings attributable to common shareholders	1,729	1,625
Operating earnings per common share	2.44	2.30
Net earnings attributable to common shareholders	1,722	1,468
Net earnings per common share	2.43	2.08
Dividends declared per common share	1.40	1.40
Total assets	252,678	244,644
Consolidated assets and assets under management	496,781	500,181
Shareholders' equity	13,521	12,811
Total equity	22,815	21,522
Book value per common share	16.26	15.26
Common shares outstanding (in millions)	708.2	708.0

The Corporation uses operating earnings as a performance measure in analyzing its financial performance. For a discussion of the Corporation's use of non-IFRS financial measures, please refer to the Review of Financial Performance section in this Annual Report.

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Group Organization Chart



Power Financial Corporation is a diversified management and holding company that has interests, directly or indirectly, in companies in the financial services sector in Canada, the United States and Europe. It also has substantial holdings in a diversified industrial group based in Europe.

2011 OPERATING EARNINGS ATTRIBUTABLE TO COMMON SHAREHOLDERS

\$1,729 MILLION

2011 RETURN ON SHAREHOLDERS' EQUITY

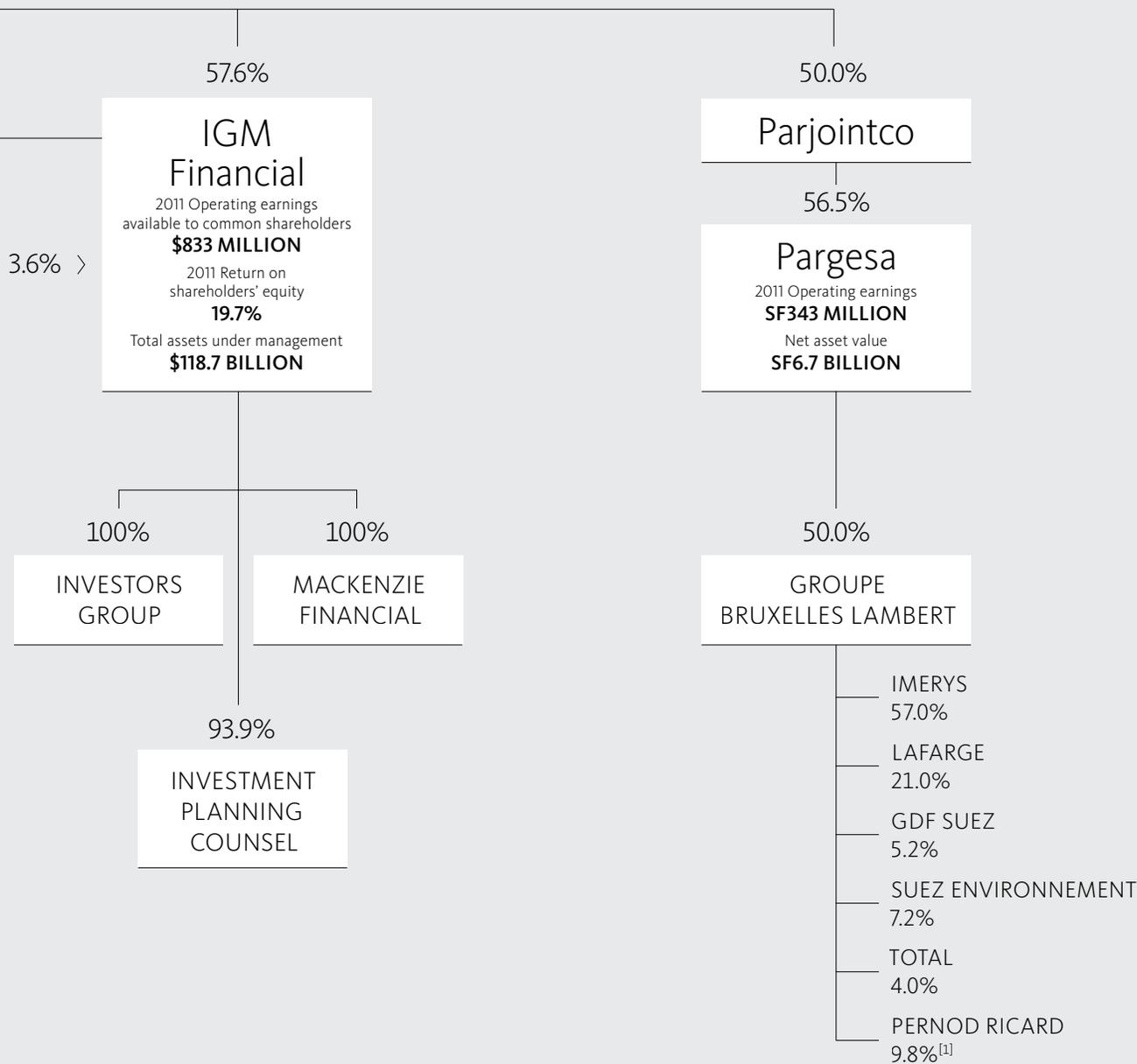
15.5%

CONSOLIDATED ASSETS AND ASSETS UNDER MANAGEMENT

\$496.8 BILLION

TOTAL ASSETS UNDER ADMINISTRATION

\$620.7 BILLION



Percentages denote participating equity interest as at December 31, 2011.

Operating earnings is a non-IFRS financial measure.

Return on shareholders' equity is calculated using operating earnings.

[1] On March 15, 2012, GBL reduced its equity interest in Pernod Ricard to 7.5%.

Business Summary

Products & Services

Great-West Lifeco

Great-West Life

London Life

Freedom 55 Financial™

Canada Life

Great-West Life & Annuity

Putnam Investments

Canada

- > Life, disability and critical illness insurance for individuals, business owners and families
- > Retirement savings and income plans for individuals and groups
- > Fund management, investment and advisory services
- > Comprehensive benefit solutions for small, medium and large employer groups
- > Creditor insurance, including life, disability, job loss and critical illness coverage
- > Life, health, accident and critical illness insurance for members of affinity groups

United
States

- > Employer-sponsored defined contribution plans
- > Administrative and record-keeping services for financial institutions and retirement plans
- > Fund management, investment and advisory services
- > Individual retirement accounts, life insurance, annuities, business-owned life insurance and executive benefits products
- > Global asset management offering mutual funds, institutional portfolios, college savings plans, 401(k)s, IRAs and other retirement plans
- > Investment capabilities include fixed income, equities (both U.S. and global), absolute return and global asset allocation

Europe

- > Protection and wealth management products and related services in the United Kingdom, Isle of Man, Ireland and Germany
- > Reinsurance and retrocession business, primarily in the United States and European markets

[1] As at September 30, 2011

[2] As at December 31, 2011

[3] As at December 31, 2010

[4] As at June 30, 2011; *Benefits Canada* 2011 CAP report data

Products & Services

IGM Financial

Investors Group

Mackenzie Financial

Investment Planning Counsel

- > Financial advice and planning for individual Canadians
- > Family of exclusive mutual funds with multiple sub-brands
- > Institutional asset management mandates
- > Insurance, *Solutions Banking*, mortgage and trust company products and services

Products & Services

Pargesa

- > Core shareholder investing in Europe
- > Concentrated positions in a limited number of large industrial companies based in Europe
- > Seeking to exercise significant influence or control over its investments

Distribution Channels

- > Gold Key financial security advisors associated with Great-West Life
- > Freedom 55 Financial and Wealth & Estate Planning Group financial security advisors associated with London Life
- > Independent advisors associated with managing general agencies
- > National accounts, including Investors Group
- > Great-West Life group insurance and retirement sales and service staff in offices across Canada that support independent advisors, brokers and benefit consultants distributing its group products

- > Brokers, consultants, advisors and third-party administrators
- > Financial institutions
- > Sales and service staff and specialized consultants
- > Services global institutional, domestic retail, defined contribution, and registered investment advisor markets

- > Independent financial advisors and employee benefit consultants in the U.K. and Isle of Man
- > Independent brokers and direct sales force in Ireland
- > Independent brokers and multi-tied agents in Germany
- > Independent reinsurance brokers
- > Direct placements

Market Position

- > Serves the financial security needs of more than 12 million Canadians
- > 26% market share of individual life insurance measured by premium^[1]
- > 25% market share of individual living benefits measured by premium^[1]
- > 27% market share of individual segregated funds^[1]
- > 22% market share of group insurance^[3]
- > 18% market share of group capital accumulation plans, serving 1.2 million member accounts^[4]
- > Leading market share for creditor insurance revenue premium

- > GWL&A and its subsidiaries provide services to nearly 25,000 defined contribution plans
- > Putnam has nearly 5 million shareholders and retirement plan participants and nearly 150 institutional client accounts around the world
- > More than 170,000 advisors distribute Putnam products

- U.K. AND ISLE OF MAN > 30% share of group life market^[3]
- ISLE OF MAN > 20% share of group income protection market^[3]
- > Among the top offshore life companies in the U.K. market with 22% share^[1]
- > Among the top insurers in payout annuities, with 6% market share^[1]
- IRELAND > Among the top seven insurers by new business market share^[4]
- GERMANY > One of the top two insurers in the independent intermediary unit-linked market^[1]
- > Among the top six in the overall unit-linked market^[2]
- REINSURANCE > Among top ten life reinsurers in the U.S. by assumed business

Distribution Channels

- > Investors Group network of 4,608 consultants
- > Mackenzie sales and service for financial advisors across all wealth management channels (over 30,000 financial advisors)
- > Investment Planning Counsel has over 850 independent financial planners
- > Institutional asset management sales force
- > Relationship with Canadian Medical Association

Market Position

- > \$118.7 billion in assets under management
- > Significant market position in mutual fund management, with 13.3% of industry long-term mutual fund assets under management
- > Among Canada's leading providers of financial planning services
- > \$22.5 billion in institutional, sub-advised and other mandates with Mackenzie

Group Holdings

- LAFARGE > One of the world leaders in cement, aggregates and concrete
- IMERYS > A world leader in industrial minerals
- TOTAL > An international integrated oil and gas company
- GDF SUEZ > A leading energy provider in electricity and natural gas
- SUEZ ENVIRONNEMENT > An international water and waste management company
- PERNOD RICARD > The world co-leader in wines and spirits

Performance Record

- > Strong and consistent dividend payout; \$2.7 billion over 15 years
- > Consistent outperformance of relevant equity market indices over the long term
- > Fifteen-year total return to shareholders of 7.7% (SF), compared with 5.2% (SF) for the Swiss SPI index and 4.9% (€) for the French CAC 40 index