

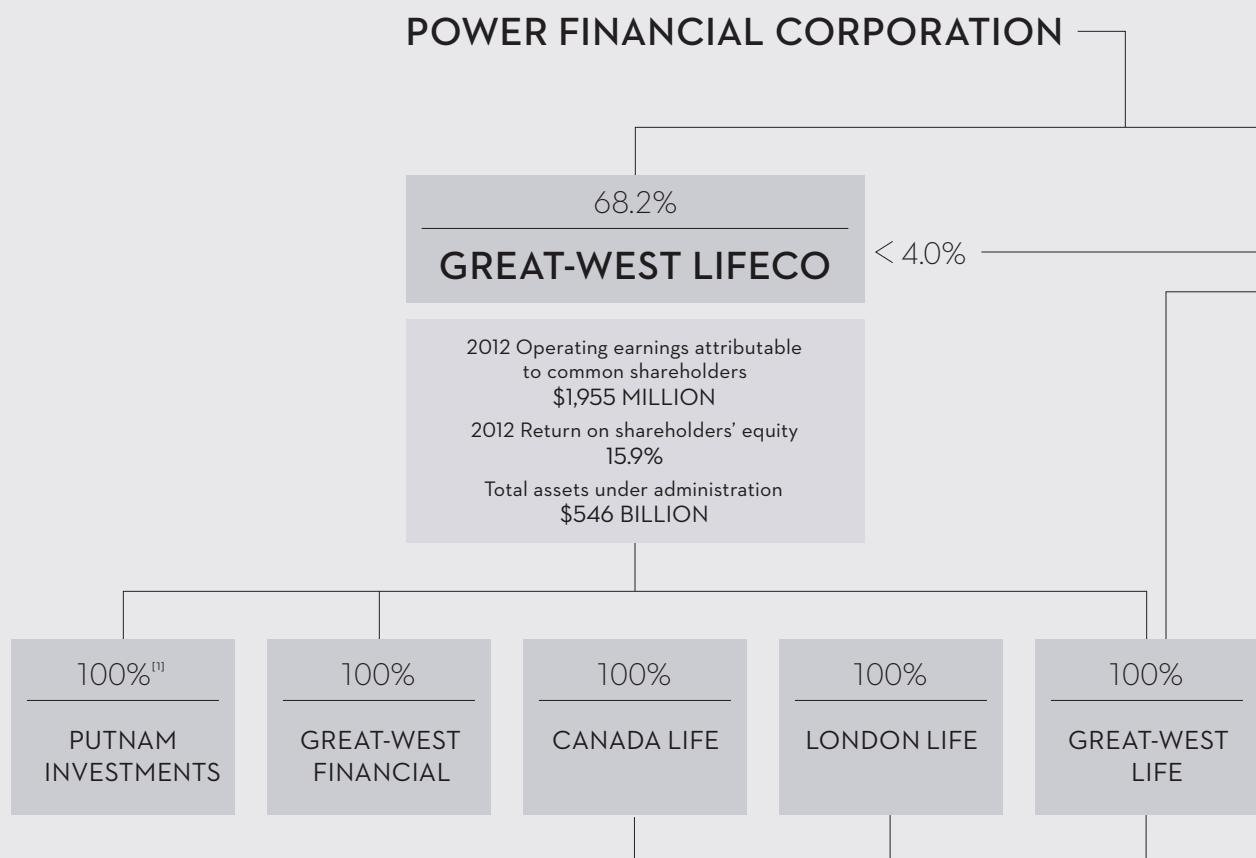
FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED DECEMBER 31 [IN MILLIONS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS]	2012	2011
Revenues	32,412	32,400
Operating earnings attributable to common shareholders	1,686	1,729
Operating earnings per common share	2.38	2.44
Net earnings attributable to common shareholders	1,626	1,722
Net earnings per common share	2.30	2.43
Dividends declared per common share	1.40	1.40
Total assets	268,593	252,678
Consolidated assets and assets under management	523,885	496,781
Shareholders' equity	14,029	13,521
Total equity	24,372	22,815
Book value per common share	16.60	16.26
Common shares outstanding (in millions)	709.1	708.2

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.

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.



Percentages denote participating equity interest as at December 31, 2012.

Operating earnings is a non-IFRS financial measure.

Return on shareholders' equity is calculated using operating earnings.

[1] Denotes voting interest.

2012 OPERATING
EARNINGS ATTRIBUTABLE
TO COMMON
SHAREHOLDERS

\$1,686
MILLION

2012 RETURN ON
SHAREHOLDERS'
EQUITY

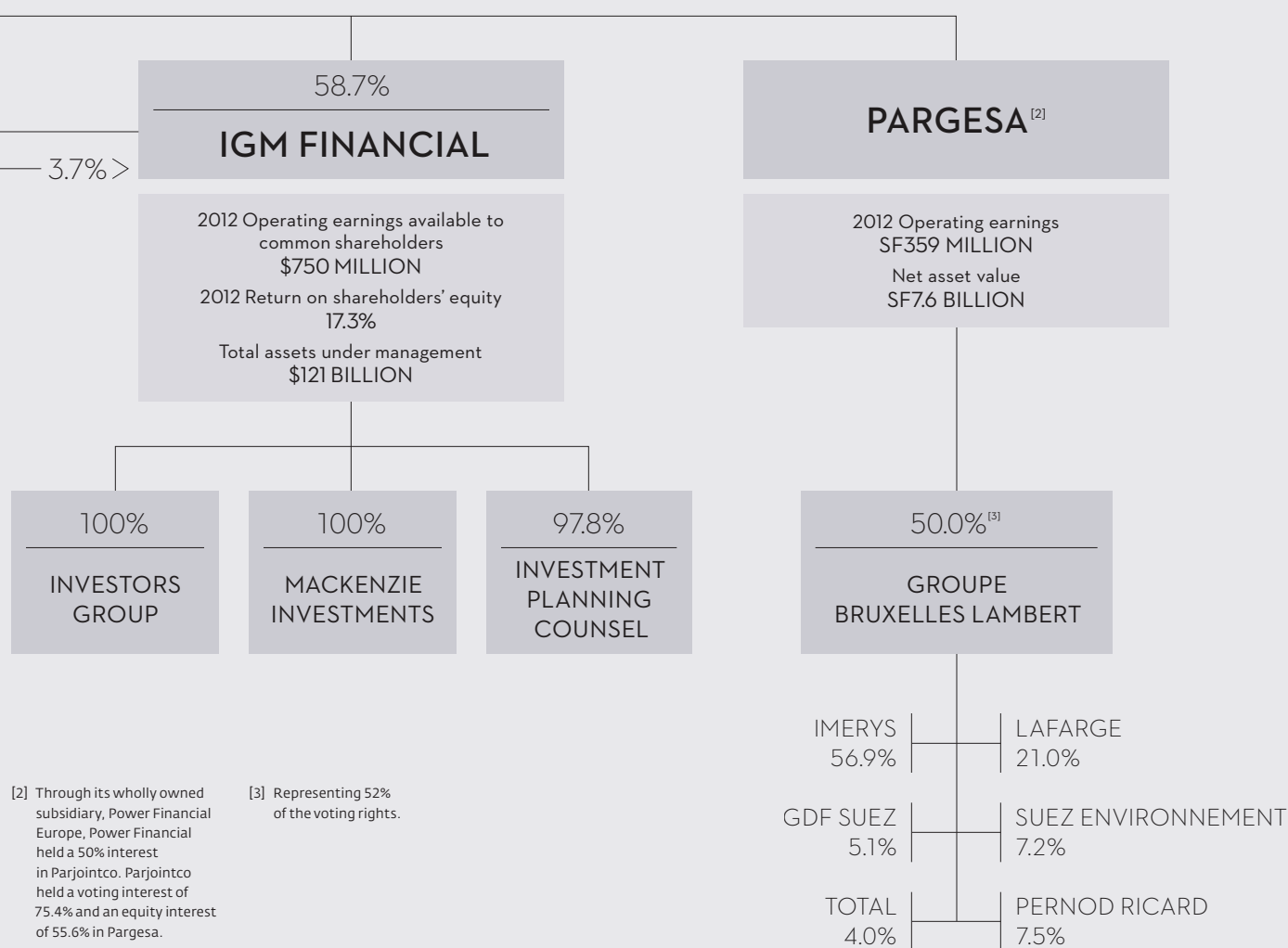
14.4%

CONSOLIDATED ASSETS
AND ASSETS UNDER
MANAGEMENT

\$524
BILLION

TOTAL
ASSETS UNDER
ADMINISTRATION

\$667
BILLION



BUSINESS SUMMARY

PRODUCTS & SERVICES

<p>GREAT-WEST LIFECO GREAT-WEST LIFE LONDON LIFE FREEDOM 55 FINANCIAL™ CANADA LIFE</p>	<p>CANADA</p>	<ul style="list-style-type: none"> > 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
<p>GREAT-WEST FINANCIAL® PUTNAM INVESTMENTS</p>	<p>UNITED STATES</p>	<ul style="list-style-type: none"> > 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), global asset allocation and alternatives, including absolute return, risk parity and hedge funds.
<p>CANADA LIFE</p> <p>[1] As at September 30, 2012 [2] As at December 31, 2012 [3] As at December 31, 2011 [4] As at June 30, 2012</p>	<p>EUROPE</p>	<ul style="list-style-type: none"> > 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

PRODUCTS & SERVICES

<p>IGM FINANCIAL INVESTORS GROUP MACKENZIE INVESTMENTS INVESTMENT PLANNING COUNSEL</p>	<ul style="list-style-type: none"> > Financial advice and planning for individual Canadians > Family of exclusive mutual funds with multiple sub-brands > Institutional asset management mandates > Insurance, <i>Solutions Banking</i>, mortgage and trust company products and services
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PRODUCTS & SERVICES

<p>PARGESA</p>	<ul style="list-style-type: none"> > 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
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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

MARKET POSITION

- > Serves the financial security needs of more than 12 million Canadians
- > 33% market share of individual life insurance measured by premium^[1]
- > 22% market share of individual living benefits measured by sales premium^[1]
- > 26% market share of individual segregated fund assets^[2]
- > 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^[2]

- > 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

- > Great-West Financial serves 5.2 million customers
- > More than 27,000 defined contribution plans
- > 25% market share of state and local government deferred compensation plans
- > 36% market share of individual life insurance sold through the retail bank channel^[1]
- > 10% market share of business-owned life insurance purchased by financial institutions^[1]
- > Putnam has nearly 4.5 million shareholders and retirement plan participants and 140 institutional client accounts around the world
- > More than 160,000 advisors distribute Putnam products
- > Putnam provides services to approximately 288 defined contribution plans

- > 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

- | | |
|----------------------|---|
| U.K. AND ISLE OF MAN | > 29% share of group life market ^[3] |
| | > 21% share of group income protection market ^[3] |
| | > Among the top offshore life companies in the U.K. market with 14% 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 ^[4] |
| | > Among the top six in the overall unit-linked market ^[1] |
| REINSURANCE | > Among top ten life reinsurers in the U.S. by assumed business ^[3] |

DISTRIBUTION CHANNELS

- > Investors Group network of 4,518 consultants
- > Mackenzie sales and service for financial advisors across multiple distribution channels (over 30,000 financial advisors)
- > Investment Planning Counsel has close to 800 independent financial advisors
- > Institutional asset management sales force
- > Relationship with Canadian Medical Association

MARKET POSITION

- > \$120.7 billion in assets under management
- > Significant market position in mutual fund management, with 12.5% of industry long-term mutual fund assets under management
- > Among Canada's leading providers of financial planning services
- > \$21.1 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; \$2.8 billion over 15 years
- > Consistent outperformance of relevant equity market indices over the long term
- > Fifteen-year total return to shareholders of 6.6% (SF), compared with 3.2% (SF) for the Swiss SPI index and 4.1% (€) for the French CAC 40 index