POWER FINANCIAL CORPORATION

NOTICE OF 2010 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To the holders of common shares:

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders of POWER FINANCIAL CORPORATION will be held at the InterContinental Hotel, 360 St. Antoine Street West, Montréal, Québec, Canada on Wednesday, May 12, 2010 at 11:00 a.m., local time, for the following purposes:

[1] to consider and, if deemed advisable, to pass a special resolution to amend the Articles of the Corporation to increase the maximum number of directors from 18 to 20;

[2] to elect directors;

[3] to appoint auditors;

[4] to receive the consolidated financial statements for the year ended December 31, 2009 and the auditors' report thereon;

[5] to consider the shareholder proposal attached as Schedule A to the Management Proxy Circular; and

[6] to transact such other business as may properly come before the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Edward Johnson
Senior Vice-President, General Counsel and Secretary
Montréal, Québec
March 11, 2010

IF YOU DO NOT EXPECT TO BE PRESENT AT THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ACCOMPANYING FORM OF PROXY AND RETURN IT IN THE ENVELOPE ENCLOSED.

Si vous préférez recevoir un exemplaire en français,
veuillez vous adresser au secrétaire,
Corporation Financière Power
751, square Victoria
Montréal (Québec)
Canada H2Y 2J3

MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is sent in connection with the solicitation by the management of Power Financial Corporation ("Power Financial", "PFC" or the "Corporation") of proxies for use at the Annual and Special Meeting of Shareholders of the Corporation to be held on Wednesday, May 12, 2010 (the "Meeting"), or any adjournment thereof. The method of solicitation will be primarily by mail. However, proxies may also be solicited by employees of the Corporation in writing or by telephone at nominal cost. The Corporation may also engage a third party to provide proxy solicitation services on behalf of management in connection with solicitation of proxies for the Meeting. The cost of solicitation will be borne by the Corporation.

The following abbreviations have been used throughout this Management Proxy Circular:

NAME IN FULL	ABBREVIATION
Power Corporation of Canada	Power
Great-West Lifeco Inc.	Lifeco
IGM Financial Inc.	IGM
Pargesa Holding SA	Pargesa
Toronto Stock Exchange	TSX
Canadian Securities Administrators	CSA

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On March 11, 2010, there were outstanding 706,065,480 common shares (the "Common Shares") of the Corporation. Each holder of Common Shares is entitled to one vote at the Meeting, or any adjournment thereof, for each share registered in the holder's name as at the close of business on March 19, 2010 (the "Record Date").

To the knowledge of the Directors and officers of the Corporation, as of March 11, 2010, the Honourable Paul Desmarais, a Director of the Corporation, exercised, directly and through holding corporations, control over 467,839,296 Common Shares in the aggregate, representing 66.26 per cent of the outstanding shares of such class. To the knowledge of the Directors and officers of the Corporation, no other person or company beneficially owns, or controls or directs, directly or indirectly, more than 10 per cent of the shares of any class of voting shares of the Corporation.

PROXIES — REGISTERED SHAREHOLDERS

A shareholder is a registered shareholder if the shareholder is shown as a shareholder on the Record Date on the shareholder list kept by Computershare Investor Services Inc. ("Computershare"), as registrar and transfer agent of the Corporation for the Common Shares, in which case a share certificate will have been issued to the shareholder which indicates the shareholder's name and the number of Common Shares owned by the shareholder. Registered holders of Common Shares will receive with this Management Proxy Circular a form of proxy from Computershare representing the Common Shares held by the registered shareholder.

APPOINTMENT OF PROXY

To be effective, proxies from registered shareholders must be received by Computershare, 9th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1 (or be deposited with Computershare, 9th Floor, 100 University Avenue, Toronto, Ontario, Canada) not later than 5:00 p.m. on the last business day preceding the day of the Meeting.

REVOCATION OF PROXY

A registered shareholder giving a proxy may revoke the proxy by instrument in writing executed by the registered shareholder or his or her attorney authorized in writing or, if the registered shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Corporation, located at 751 Victoria Square, Montréal, Québec, Canada, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law, but prior to the exercise of such proxy in respect of any particular matter.

PROXIES — NON-REGISTERED SHAREHOLDERS

A shareholder is a non-registered (or beneficial) shareholder if [i] an intermediary (such as a bank, trust company, securities dealer or broker, trustee or administrator of RRSPs, RRIFs, RESPs and similar plans); or [ii] a clearing agency (such as CDS Clearing and Depository Services Inc.), of which the intermediary is a participant, holds the shareholder's Common Shares on behalf of the shareholder (in each case, an "Intermediary").

APPOINTMENT OF PROXY

In accordance with *CSA National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation is distributing copies of materials related to the Meeting to Intermediaries for distribution to non-registered shareholders. Such Intermediaries must forward the materials related to the Meeting to each non-registered shareholder (unless the non-registered shareholder has waived the right to receive such materials), and often use a service company (such as Broadridge Investor Communication Solutions in Canada), to permit the non-registered shareholder to direct the voting of the Common Shares held by the Intermediary on behalf of the non-registered shareholder. Non-registered shareholders should carefully follow the instructions on the request for voting instructions or form of proxy that they receive from their Intermediary in order to vote the Common Shares that are held through that Intermediary. Non-registered shareholders of the Corporation should submit voting instructions to Intermediaries in sufficient time to ensure that their votes are received from the Intermediaries by the Corporation.

Since Power Financial generally does not have access to the names of its non-registered shareholders, non-registered shareholders who wish to attend the Meeting and vote in person should insert their own name in the blank space provided in the request for voting instructions or form of proxy to appoint themselves as proxy holders and then follow their Intermediary's instructions for returning the request for voting instructions or proxy form.

REVOCATION OF PROXY

A non-registered shareholder giving a proxy may revoke the proxy by contacting his or her Intermediary in respect of such proxy and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke a proxy if it receives insufficient notice of revocation.

AMENDMENT TO ARTICLES OF THE CORPORATION

The Articles of the Corporation currently provide that the Board of Directors of the Corporation (sometimes herein referred to as the "Board") consists of not less than 3 and not more than 18 members, as determined from time to time by the Board. The Board has carefully considered issues relating to its size and determined, on recommendation of the Governance and Nominating Committee, that the maximum size of the Board should be increased to 20 members. Given the very active role the Board and its Committees have in overseeing the management of the Corporation and its subsidiaries, the Board has determined that it is in the best interests of the Corporation and its shareholders to increase the maximum size of the Board in order to allow for flexibility to increase diversity of views and experience among members of the Board and enhance the ability of the Board and its Committees to continue to play an effective role in overseeing the management of the Corporation and its subsidiaries.

The holders of Common Shares will be asked at the Meeting, or any adjournment thereof, to consider, and, if deemed advisable, to adopt the following special resolution:

"BE IT RESOLVED THAT:

1. The Articles of the Corporation be amended to increase the maximum number of Directors from 18 to 20.
2. Either one of the President and Chief Executive Officer or the Senior Vice-President, General Counsel and Secretary be authorized to execute and deliver all such documents and instruments, including articles of amendment in prescribed form, and to take such other actions, as may be necessary or desirable to give effect to this resolution."

The Board of Directors recommends that shareholders vote for the resolution. The nominees named in the accompanying form of proxy will vote the shares represented thereby for the amendment to the Articles of the Corporation, unless the shareholder of the Corporation has given contrary instructions in such form of proxy. In order to be approved, the resolution must be passed by a majority of not less than two-thirds of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.

ELECTION OF DIRECTORS

The Articles of the Corporation, if amended as described above, will provide that the Board may consist of not less than 3 and not more than 20 members, as determined from time to time by the Board. The Board has determined, conditional on the amendment of the Articles of the Corporation as described above, to fix such number at 19. The 19 persons named hereunder will be proposed for election at the Meeting as Directors of the Corporation. Except where authority to vote in respect of the election of Directors is withheld, the nominees named in the accompanying form of proxy will vote the shares represented thereby for the election of the persons named hereunder. Management of the Corporation does not contemplate that any of the persons named hereunder will be unable or unwilling to serve as a Director; however, if such event should occur prior to the election, the nominees named in the accompanying form of proxy reserve the right to vote for the election in his or her stead of such other person as they, in their discretion, may determine. Under policies adopted by the Board, shareholders have the ability to vote for or withhold from voting for each individual Director proposed for election to the Board of Directors of the Corporation.

The *Canada Business Corporations Act* and applicable securities legislation require that the Corporation have an Audit Committee. The Board of Directors also appoints an Executive Committee, a Compensation Committee, a Related Party and Conduct Review Committee, and a Governance and Nominating Committee as more fully described in the section entitled "Statement of Corporate Governance Practices" in this Management Proxy Circular.

The term of office of each Director currently in office expires at the close of the Meeting. Each Director elected at the Meeting shall hold office until the close of the next Annual Meeting of Shareholders, unless he or she resigns or his or her office becomes vacant for any reason.

NOMINEES FOR ELECTION TO THE BOARD

Set forth below are the names of the nominees for election to the Board, their place of residence, certain biographical information and the number of voting securities and deferred share units of the Corporation and its affiliates beneficially owned, or controlled or directed, directly or indirectly, by each of them.

The information below also reflects the number of Board of Directors and Board of Directors Committee meetings held and attendance for the financial year ended December 31, 2009 by Directors who are nominated for election at the Meeting. Shareholders should be aware that Directors make important contributions to the welfare of the Corporation outside meetings of the Board and its Committees which are not reflected in attendance figures.

J. BRIAN AUNE
British Columbia, Canada

Mr. Aune is President of Aldervest Inc. and was previously Chairman of St. James Financial Corporation from 1990 to 2005 (both private investment companies). He was Chairman and Chief Executive Officer of Nesbitt Thomson from 1980 to 1990. He is a Director of a number of Canadian public and private corporations including Teck Resources Ltd. and Constellation Software Inc.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	
May 2006	6/6	N/A	N/A	21,200 Common Shares of the Corporation 2,000 Preferred Shares Series F of Lifeco 5,970 Deferred Share Units of the Corporation

MARC A. BIBEAU
Québec, Canada

Mr. Bibeau is President and Chief Executive Officer of Beauward Shopping Centres Ltd., a privately owned company which develops, leases and operates real estate properties, a position he has held since 1996. He previously held a number of other positions with that company. Mr. Bibeau is a Director of IGM, Investors Group Inc. and Mackenzie Inc. (each since May 2009). He was previously a Director of Lifeco, The Great-West Life Assurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company and Crown Life Insurance Company until May 2009.

	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
SERVED AS DIRECTOR FROM	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 2009	4/4*	Audit	2/2*	3,130 Deferred Share Units of the Corporation 2,104 Deferred Share Units of Lifeco 1,581 Deferred Share Units of IGM

* Mr. Bibeau was elected to the Board and appointed to the Audit Committee on May 12, 2009.

ANDRÉ DESMARAIS, O.C., O.Q.
Québec, Canada

Mr. Desmarais is Co-Chairman of the Corporation, and a Deputy Chairman, President and Co-Chief Executive Officer of Power. Prior to joining Power in 1983, he was Special Assistant to the Minister of Justice of Canada and an institutional investment counsellor at Richardson Greenshields Securities Ltd. He has held a number of senior positions with Power group companies and was named President and Co-Chief Executive Officer of Power in 1996. He is a Director of many Power Financial group companies in North America, including Lifeco, The Great-West Life Assurance Company, Great-West Life & Annuity Insurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc. He is also a Director of Power, of Pargesa in Europe and of CITIC Pacific Limited in Asia (in which Power holds a minority interest). He was also a Director of BELLUS Health Inc. until 2009. Mr. Desmarais is Honorary Chairman of the Canada China Business Council and is a member of several China-based organizations. Mr. Desmarais is active in cultural, health and other not-for-profit organizations in Montréal. In 2003, he was named an Officer of the Order of Canada and, in 2009, he was named an Officer of the National Order of Québec. He has received Doctorates *Honoris Causa* from Concordia University and the Université de Montréal.

	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
SERVED AS DIRECTOR FROM	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 1988	6/6	Governance and Nominating	2/2	43,200 Common Shares of the Corporation 1,163,065 Subordinate Voting Shares of Power 103,318 Common Shares of Lifeco 30,798 Deferred Share Units of the Corporation 32,594 Deferred Share Units of Power 60,322 Deferred Share Units of Lifeco 24,304 Deferred Share Units of IGM
		Executive	N/A [3]	

THE HONOURABLE PAUL DESMARAIS, P.C., C.C., O.Q.

Québec, Canada

Mr. Desmarais is Chairman of the Executive Committee of Power. He acquired control of Power in 1968. He is Chairman of the Board and Executive Director of Pargesa. He is also a Director of Power and Groupe Bruxelles Lambert. He was a Director of Lifeco and its major subsidiaries and of IGM until 2004. He is a Member of the Queen's Privy Council for Canada and was named a Companion of the Order of Canada, an Officer of the National Order of Québec, a Grand'Croix de l'Ordre national de la Légion d'honneur (France) and a Commandeur de l'Ordre de Léopold II (Belgium).

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
February 1966	4/6	Executive	N/A [3]	467,839,296 Common Shares of the Corporation [4] 71,625,142 Subordinate Voting Shares of Power [5] 48,603,392 Participating Preferred Shares of Power [6] 686,032,770 Common Shares of Lifeco [7] 157,132,080 Common Shares of IGM [7] 11,758 Deferred Share Units of the Corporation 28,317 Deferred Share Units of Power

PAUL DESMARAIS, JR., O.C., O.Q.

Québec, Canada

Mr. Desmarais is Co-Chairman of the Corporation, and Chairman and Co-Chief Executive Officer of Power. Prior to joining Power in 1981, he was with S.G. Warburg & Co. in London, England, and with Standard Brands Incorporated in New York. He was Chairman of the Board of the Corporation from 1990 to 2005, Vice-Chairman from 1989 to 1990 and President and Chief Operating Officer from 1986 to 1989. He was named to his present position with Power in 1996. He is a Director of many Power Financial group companies in North America, including Lifeco, The Great-West Life Assurance Company, Great-West Life & Annuity Insurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company, Putnam Investments, LLC, IGM, Investors Group Inc. and Mackenzie Inc. He is also a Director of Power, Vice-Chairman of the Board and Executive Director of Pargesa and a Director of Groupe Bruxelles Lambert, GDF Suez, Total S.A. and Lafarge S.A. He was Vice-Chairman of the Board and a Director of Imerys S.A. until 2008. He was also a member of the International Advisory Board of Groupe La Poste until 2007. Mr. Desmarais is a member of the International Council and a Director of the European Institute of Business Administration (INSEAD), Chairman of the Board of Governors of the International Economic Forum of the Americas, Chairman of the International Advisory Committee of École des hautes études commerciales of Montréal, a Trustee of the Brookings Institution (Washington), and Founder and a member of the International Advisory Board of the McGill University Faculty of Management in Montréal. He is also involved in charitable and community activities in Montréal. In 2005, he was named an Officer of the Order of Canada and, in 2009, he was named an Officer of the National Order of Québec. He has received Doctorates *Honoris Causa* from Université Laval and the Université de Montréal.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
April 1983	6/6	Governance and Nominating	2/2	54,420 Subordinate Voting Shares of Power 100,000 Common Shares of Lifeco 21,345 Deferred Share Units of the Corporation 21,908 Deferred Share Units of Power 10,669 Deferred Share Units of Lifeco 12,442 Deferred Share Units of IGM
		Executive	N/A [3]	

GÉRALD FRÈRE
Hainaut, Belgium

Mr. Frère is Managing Director of Frère-Bourgeois S.A., a financial group based in Belgium. He is Chairman of the Board of Compagnie Nationale à Portefeuille S.A., a Director of Lafarge S.A., of Pargesa and of Pernod Ricard S.A. and is Managing Director of Groupe Bruxelles Lambert, as well as Chairman of the Board and a Director of many European companies, including Banque Nationale de Belgique.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 1990	3/6*	Compensation	3/3	24,999 Deferred Share Units of the Corporation
		Related Party and Conduct Review	1/1	

* Mr. Frère is a resident of Belgium and is active in the oversight of the European companies in which the Corporation has an interest.

ANTHONY R. GRAHAM, LL.D.
Ontario, Canada

Mr. Graham is President and a Director of Wittington Investments, Limited ("Wittington"), an investment management company and the principal holding company of the Weston-Loblaw Group. Prior to joining Wittington, he held senior positions in Canada and the U.K. with National Bank Financial Inc. (formerly Lévesque Beaubien Geoffrion Inc.), a Montréal-based investment dealer. Mr. Graham is Chairman and a Director of President's Choice Bank. He also serves on the Boards of Power and a private company in the Power group, as well as George Weston Limited, Loblaw Companies Limited, Graymont Limited, Brown Thomas Group Limited, Holt, Renfrew & Co., Limited, and Selfridges & Co. Ltd. Mr. Graham is a Director of the Art Gallery of Ontario, the Canadian Institute for Advanced Research, The Council for Business and the Arts in Canada, the Ontario Arts Foundation, St. Michaels Hospital and Luminato. He also serves as Chairman of The Shaw Festival Foundation and The Branksome Hall Foundation. He has received an Honorary Doctorate of Law Degree from Brock University.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 2001	6/6	Governance and Nominating	N/A*	25,000 Common Shares of the Corporation 25,000 Subordinate Voting Shares of Power 18,320 Deferred Share Units of the Corporation 21,477 Deferred Share Units of Power

* Mr. Graham was appointed to the Governance and Nominating Committee on May 12, 2009. The Committee did not meet after this date in 2009.

ROBERT GRATTON
Québec, Canada

Mr. Gratton is a Deputy Chairman of the Board of Power, a position he has held since May 2008. He was previously President of the Corporation from 1989 to May 2005 and Chief Executive Officer since May 1990, and had been Chairman of the Board from May 2005 until 2008. He is a Director of Power and Pargesa. He was Chairman of the Board and Chairman of the Executive Committee of Lifeco, The Great-West Life Assurance Company, Great-West Life & Annuity Insurance Company, The Canada Life Assurance Company, Canada Life Financial Corporation, London Insurance Group Inc. and London Life Insurance Company until May 2008 and a Director until October 2008. He was Chairman of the Executive Committee of IGM from 1990 until 2005, Chairman of the Board from 1993 until May 2008, as well as a Director until October 2008. He was also Chairman of the Executive Committee of Investors Group Inc. from 2004 to 2005, Chairman of the Board from 2004 until May 2008 and a Director until October 2008. Mr. Gratton was also Chairman of the Executive Committee of Mackenzie Inc. from 2002 until 2005, Chairman of the Board from 2002 until May 2008 and a Director until October 2008. Prior to joining the Corporation, Mr. Gratton started working at Crédit Foncier Franco-Canadien in 1971 and became Chief Operating Officer in 1975, and President and Chief Executive Officer in 1979. From 1982 to 1989, he was Chairman of the Board, President and Chief Executive Officer of Montreal Trust. Mr. Gratton is a member of the Harvard Business School Canadian Advisory Board since 1998. He served as a member of The Conference Board of Canada, The Conference Board, Inc., the C.D. Howe Institute and The Trilateral Commission. He has served as well as a Director of a number of other companies, community organizations and foundations.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
December 1986	6/6	Executive	N/A [3]	8,016,705 Common Shares of the Corporation 37,000 Subordinate Voting Shares of Power 660,000 Common Shares of Lifeco 75,000 Common Shares of IGM 17,413 Deferred Share Units of the Corporation 16,973 Deferred Share Units of Power 94,962 Deferred Share Units of Lifeco 52,523 Deferred Share Units of IGM

V. PETER HARDER
Ontario, Canada

Mr. Harder is a Senior Policy Adviser to Fraser Milner Casgrain LLP, a law firm, and President of the Canada China Business Council, an association that seeks to facilitate and to promote trade and investment between Canada and China. He is former Deputy Minister of Foreign Affairs, a position that he held from June 2003 to March 2007. Prior to that, he served as Deputy Minister in a number of other Government of Canada departments, including Treasury Board, Solicitor General, Citizenship and Immigration, and Industry Canada. Mr. Harder is a Director of IGM, Investors Group Inc. and Mackenzie Inc. (each since May 2009). He is also a Director of ARISE Technologies Corporation, Telesat Canada, KRIA Resources Inc., Energizer Resources Inc. and Pinetree Capital Limited. He was previously a Director of Lifeco, The Great-West Life Assurance Company, London Life Insurance Company, The Canada Life Assurance Company and Crown Life Insurance Company until May 2009. Mr. Harder is also a member of the Board of Directors of the University of Ottawa and the United Church Foundation. He also serves on the Board of Directors of the Canada Eurasia Russia Business Association (CERBA) and is a member of the International Institute for Strategic Studies (IISS). He was awarded the Prime Minister's Outstanding Achievement Award for public service leadership in 2000 and, in 2002, he was awarded the Queen Elizabeth II Jubilee Medal. He also served as the Personal Representative of the Prime Minister to three G8 Summits (Sea Island, Gleneagles and St. Petersburg).

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
May 2009	4/4*	Compensation	2/2*	3,233 Deferred Share Units of the Corporation 3,589 Deferred Share Units of Lifeco 1,414 Deferred Share Units of IGM
		Related Party and Conduct Review	N/A*	

* Mr. Harder was elected to the Board and appointed to the Compensation Committee and to the Related Party and Conduct Review Committee on May 12, 2009. The Related Party and Conduct Review Committee did not meet after this date in 2009.

THE RIGHT HONOURABLE DONALD F. MAZANKOWSKI, P.C., O.C., A.O.E.

Alberta, Canada

Mr. Mazankowski is a company director. Previously, he was a Member of The Parliament of Canada for 25 years and, prior to his retirement from public life in 1993, held several senior Cabinet positions including Deputy Prime Minister, Minister of Finance, Minister of Transport, Minister of Agriculture and President of the Queen's Privy Council. He is currently a Senior Adviser to Gowling Lafleur Henderson LLP. He serves as a Director of several Power Financial group companies in Canada, including Lifeco, The Great-West Life Assurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company, IGM, Investors Group Inc. and Mackenzie Inc. He is also a Director of Power, Atco Ltd. and Canadian Oil Sands Limited. He was a Director of Shaw Communications Inc. from 1993, and a lead Director from 1997 until January 2010. He was also a Director of Weyerhaeuser Company and of Yellow Pages Group Co., and a Trustee of Yellow Pages Income Fund, until January 2010.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTORS: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
May 1996	6/6	Executive	N/A [3]	4,000 Common Shares of the Corporation 2,000 Subordinate Voting Shares of Power 3,000 Common Shares of Lifeco 1,000 Common Shares of IGM 17,175 Deferred Share Units of the Corporation 17,634 Deferred Share Units of Power 16,363 Deferred Share Units of Lifeco 8,609 Deferred Share Units of IGM

RAYMOND L. McFEETORS

Manitoba, Canada

Mr. McFeetors is a Vice-Chairman of the Corporation and Chairman of the Board of Lifeco, positions he has held since May 2008. Prior thereto, he was President and Chief Executive Officer of Lifeco, The Great-West Life Assurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company and Great-West Life & Annuity Insurance Company and has been with the Great-West group of companies since 1968. Mr. McFeetors is a Director and Chairman of the Board of The Great-West Life Assurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company and Great-West Life & Annuity Insurance Company and is a Director of Power, IGM, Investors Group Inc., Mackenzie Inc. and Putnam Investments, LLC. Mr. McFeetors is also a Director of a number of national organizations in the health, education, cultural and business sectors. In 2002, he was appointed Honorary Colonel of The Royal Winnipeg Rifles. Also in 2002, Mr. McFeetors was awarded the Queen Elizabeth II Golden Jubilee medal. He received an Honorary Doctorate of Law from the University of Winnipeg in 2007.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
May 2008	6/6	N/A	N/A	170,500 Common Shares of the Corporation 7,335 Subordinate Voting Shares of Power 2,105,810 Common Shares of Lifeco 10,000 Common Shares of IGM 7,102 Deferred Share Units of the Corporation 7,463 Deferred Share Units of Power 60,237 Deferred Share Units of Lifeco 14,691 Deferred Share Units of IGM

JERRY E.A. NICKERSON
Nova Scotia, Canada

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, The Great-West Life Assurance Company, Great-West Life & Annuity Insurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company, and Putnam Investments, LLC. He has also served on the boards of various organizations, federal and provincial Crown corporations, and other public and private companies.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 1999	6/6	Audit	2/2*	14,166 Common Shares of the Corporation 14,572 Subordinate Voting Shares of Power 5,000 Common Shares of Lifeco 10,251 Deferred Share Units of Lifeco

* Mr. Nickerson was appointed to the Audit Committee on May 12, 2009.

R. JEFFREY ORR
Québec, Canada

Mr. Orr is President and Chief Executive Officer of the Corporation since May 2005. From May 2001 until May 2005, he was President and Chief Executive Officer of IGM. Prior to joining IGM, he was Chairman and Chief Executive Officer of BMO Nesbitt Burns Inc. and Vice-Chairman, Investment Banking Group of the Bank of Montreal. Mr. Orr had been with BMO Nesbitt Burns Inc. and predecessor companies since 1981. He is a Director of Power, a Director and Chairman of the Executive, Compensation, and Governance and Nominating Committees of Lifeco, The Great-West Life Assurance Company, Great-West Life & Annuity Insurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Canada Life Insurance Company of Canada and Crown Life Insurance Company, and a Director and Chairman of the Executive Committee of London Insurance Group Inc. He is also a Director and Chairman of the Board and of the Executive and Compensation Committees of Putnam Investments, LLC, as well as a Director of Canada Life Capital Corporation. He is also a Director, Chairman of the Board and Chairman of the Executive, Investment, Compensation, and Governance and Nominating Committees of IGM and Investors Group Inc. and a Director, Chairman of the Board and Chairman of the Executive, Compensation, and Governance and Nominating Committees of Mackenzie Inc. Mr. Orr is active in a number of community and business organizations.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR			NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
	BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	
May 2005	6/6	Executive	N/A [3]	400,400 Common Shares of the Corporation 20,000 Subordinate Voting Shares of Power 20,000 Common Shares of Lifeco 120,100 Common Shares of IGM 15,823 Deferred Share Units of the Corporation 15,697 Deferred Share Units of Power 42,122 Deferred Share Units of Lifeco 21,559 Deferred Share Units of IGM

MICHEL PLESSIS-BÉLAIR, FCA
Québec, Canada

Mr. Plessis-Bélair is a Vice-Chairman of Power, a position he has held since January 2008. Previously, he was Executive Vice-President and Chief Financial Officer of the Corporation and Vice-Chairman and Chief Financial Officer of Power. Before joining Power in 1986, he was Executive Vice-President and Director of Société générale de financement du Québec and, prior thereto, Senior Vice-President of Marine Industries Limited. He is a Director of several Power Financial group companies in both North America and Europe, including Lifeco, The Great-West Life Assurance Company, Great-West Life & Annuity Insurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company, IGM, Investors Group Inc., Mackenzie Inc., Pargesa and Groupe Bruxelles Lambert. He is also a Director of Power, Lallemand Inc., the Université de Montréal and Hydro-Québec, and he is on the International Advisory Board of École des hautes études commerciales of Montréal.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
May 1988	6/6	N/A	N/A	6,000 Common Shares of the Corporation 162,426 Subordinate Voting Shares of Power 40,000 Common Shares of Lifeco 4,000 Common Shares of IGM 15,290 Deferred Share Units of the Corporation 15,581 Deferred Share Units of Power 10,251 Deferred Share Units of Lifeco 4,569 Deferred Share Units of IGM

HENRI-PAUL ROUSSEAU, PH.D.
Québec, Canada

Mr. Rousseau is a Vice-Chairman of the Corporation and of Power, positions he has held since January 2009. He was previously President and Chief Executive Officer of the Caisse de dépôt et placement du Québec from May 2005 to May 2008 and Chairman and Chief Executive Officer from September 2002 to April 2005. Prior thereto, he was President and Chief Executive Officer of the Laurentian Bank of Canada from 1994 to 2002, Vice-Chairman, President and Chief Executive Officer of Boréal Assurances Inc. from 1992 to 1994 and Vice-President of the National Bank of Canada from 1986 to 1992. Mr. Rousseau was a professor of economics at the Université Laval from 1975 until 1986 and at the Université du Québec à Montréal from 1973 until 1975. He is a Director of Power. He is also a Director of several Power Financial group companies, including Lifeco, The Great-West Life Assurance Company, Great-West Life & Annuity Insurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company, IGM, Investors Group Inc., Mackenzie Inc. and Putnam Investments, LLC. Mr. Rousseau has received Doctorates *Honoris Causa* from Concordia University, the Université Lumière Lyon 2 (France), the Université Laval and the Université de Sherbrooke. He is active in a number of community and not-for-profit organizations.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
May 2009	4/4*	N/A	N/A	5,400 Common Shares of the Corporation 6,206 Subordinate Voting Shares of Power 2,800 Common Shares of Lifeco 2,300 Common Shares of IGM 1,291 Deferred Share Units of the Corporation 1,347 Deferred Share Units of Power 1,408 Deferred Share Units of Lifeco 708 Deferred Share Units of IGM

* Mr. Rousseau was elected to the Board on May 12, 2009.

LOUISE ROY, O.Q.

Québec, Canada

Mrs. Roy is an invited Fellow at CIRANO, the *Centre Interuniversitaire de Recherche en Analyse des Organisations*, a position she has held since September 2003. She is also President of the *Conseil des Arts de Montréal* since September 2006. She serves as a Director of Intact Financial Corporation, Montréal International and the Université de Montréal where she has acted as Chancellor and Chair of the Board since December 2007. Mrs. Roy is also a consultant and a company Director. During her career, she has been a Director of Provigo Inc. until 1992, the Laurentian Bank of Canada until 1993, Videotron Ltée until 1997, and Domtar Corporation until 2007. She was President and Chief Executive Officer of the Montreal Urban Community Transport Commission until 1992, Executive Vice-President of Air France until 1997, President and Chief Executive Officer of Telemedia Communications Inc. until 2000 and Senior Vice-President of International Air Transport Association until 2003. She participated in several fundraising campaigns, including the Université de Montréal and of several other cultural organizations. In 2009, she was named Officer of the National Order of Québec.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
N/A*	N/A	N/A	N/A	Nil

* Mrs. Roy is proposed for election as a Director of the Corporation for the first time.

RAYMOND ROYER, O.C., O.Q., FCA

Québec, Canada

Mr. Royer is a company Director. He was, from 1996 until 2008, President and Chief Executive Officer of Domtar Corporation, a pulp and paper company based in Montréal. Prior thereto, he was President and Chief Operating Officer of Bombardier Inc. He is a Director of several Power Financial group companies in North America, including Lifeco, The Great-West Life Assurance Company, Great-West Life & Annuity Insurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company, Crown Life Insurance Company and Putnam Investments, LLC. He was a Director of Shell Canada Limited until 2007 and of Domtar Corporation until 2009. He is a Member of the Board of the McGill University Health Centre and of the International Advisory Board of École des hautes études commerciales of Montréal.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
December 1986	5/6	Audit	4/4	174,000 Common Shares of the Corporation 15,000 Common Shares of Lifeco 45,541 Deferred Share Units of the Corporation 1,551 Deferred Share Units of Lifeco
		Compensation	3/3	
		Executive	N/A [3]	
		Governance and Nominating	2/2	
		Related Party and Conduct Review	1/1	

AMAURY DE SEZE
Paris, France

Mr. de Seze is a Vice-Chairman of Power since March 2008, and also serves on the Board of Power since May 2001. He was, until October 2007, Chairman of PAI partners, a management company of private equity funds, a position he had held since 1998. He was a member of the Executive Committee of BNP Paribas, one of Europe's largest banks, until 2004. He serves on the Board of Directors of several European-based companies, including Carrefour S.A., where he is Chairman of the Board, Publicis S.A., Suez Environnement Company, Imerys S.A., Groupe Industriel Marcel Dassault SA, Groupe Bruxelles Lambert and Pargesa. He joined the Paribas group in 1993 as a member of the Management Board of Banque Paribas and Compagnie Financière de Paribas and, prior to that, he held senior positions with the Volvo Group, including as a member of the Group's Management Board of AB Volvo in Sweden. He was a Director of Eiffage S.A. until 2008.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS SUBSIDIARIES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
N/A*	N/A	N/A	N/A	34,406 Subordinate Voting Shares of Power

* Mr. de Seze is proposed for election as a Director of the Corporation for the first time.

EMŐKE J.E. SZATHMÁRY, C.M., O.M., PH.D.
Manitoba, Canada

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. She was previously Provost and Vice-President (Academic) of McMaster University in Hamilton and, prior thereto, Dean of the Faculty of Social Science of the University of Western Ontario in London. She is a Director of several Power Financial group companies in North America, including Lifeco, The Great-West Life Assurance Company, London Life Insurance Company, Canada Life Financial Corporation, The Canada Life Assurance Company and Crown Life Insurance Company. She is a Director of Power. 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 and five Honorary Doctorates. Dr. Szathmáry is a Fellow of the Royal Society of Canada and is a Member of the Order of Canada and the Order of Manitoba.

SERVED AS DIRECTOR FROM	SUMMARY OF ATTENDANCE OF DIRECTOR: BOARD MEETINGS ATTENDED	COMMITTEE [2]	COMMITTEE MEETINGS ATTENDED	NUMBER OF EACH CLASS OF VOTING SECURITIES OF THE CORPORATION AND ITS AFFILIATES BENEFICIALLY OWNED, OR CONTROLLED OR DIRECTED, DIRECTLY OR INDIRECTLY, AND NUMBER OF DEFERRED SHARE UNITS HELD, AS OF MARCH 11, 2010 [1]
May 1999	6/6	Audit	4/4	3,000 Common Shares of the Corporation 15,856 Deferred Share Units of the Corporation 19,968 Deferred Share Units of Power 10,371 Deferred Share Units of Lifeco

[1] The members of the Board of Directors receive all or a portion of their annual retainer and attendance fees in the form of deferred share units or in the form of Common Shares. The value of a deferred share unit of the Corporation is equal to the value of a Common Share at the relevant time. See "Compensation of Directors".

[2] Director is currently a member of each Committee noted.

[3] The Executive Committee did not meet during the financial year ended December 31, 2009.

[4] Beneficially owned or controlled, directly or indirectly, by associates or affiliates of Mr. Desmarais. The security holdings of 171263 Canada Inc. constitute at least 10 per cent of the voting rights attached to all voting securities of the Corporation, and Power owns all of the outstanding shares of 171263 Canada Inc. and is controlled by Mr. Desmarais.

[5] 70,263,392 Subordinate Voting Shares of Power are beneficially owned or controlled, directly or indirectly, by associates or affiliates of Mr. Desmarais.

[6] Beneficially owned or controlled, directly or indirectly, by associates or affiliates of Mr. Desmarais. The security holdings of Gelco Enterprises Ltd., controlled by Mr. Desmarais, constitute at least 10 per cent of the voting rights attached to all voting securities of Power.

[7] Owned directly and/or through subsidiaries of the Corporation.

COMPENSATION OF DIRECTORS

DIRECTOR COMPENSATION

The Compensation Committee monitors developments in director compensation practices with the assistance of outside compensation consultants. For the financial year ended December 31, 2009, the retainers and fees payable to all Directors were as follows:

RETAINERS AND FEES	
Annual Retainer	$100,000
Additional Retainer – Member of Committees, except Audit	$5,000
Additional Retainer – Member of Audit Committee	$6,000
Additional Retainer – Chairmen of Committees, except Audit	$15,000
Additional Retainer – Chairman of Audit Committee	$25,000
Attendance Fee – Board and Committee Meetings	$2,000

DEDICATED ANNUAL BOARD RETAINER

All Directors receive a basic annual retainer of $100,000. Of this amount, $50,000 consists of a dedicated annual board retainer which is received by Directors in deferred share units ("DSUs"), under the Corporation's Deferred Share Unit Plan (the "DSU Plan"), described below, or in the form of Common Shares acquired in the market under the Corporation's Directors Share Purchase Plan (the "DSP Plan"), also described below. Participation in the DSU Plan or the DSP Plan is mandatory.

Pursuant to the DSU Plan, for Directors who participate in the DSU Plan, the $50,000 dedicated portion of the annual board retainer is used to acquire DSUs. The number of DSUs granted is determined by dividing the amount of remuneration payable by the five-day average closing price on the TSX of the Common Shares of the Corporation on the last five days of the fiscal quarter (the "value of a DSU"). A Director who receives DSUs receives additional DSUs in respect of dividends payable on Common Shares, based on the value of a DSU at that time. A DSU is redeemable at the time a Director's membership on the Board is terminated, or in the event of the death of a Director, by a lump sum cash payment, based on the value of a DSU at that time. Directors may also elect to receive the balance of the annual board retainer and the board and committee attendance fees, committee retainer, and committee chairman retainer in the form of DSUs under the DSU Plan.

Pursuant to the DSP Plan, for Directors who participate in the DSP Plan, the $50,000 dedicated portion of the annual board retainer is used to acquire Common Shares of the Corporation in the market. The Corporation also pays the administrative costs and brokerage expenses incurred in connection with participation in the DSP Plan, excluding fees and expenses associated with the sale of shares and taxes payable by a Director. Directors may also elect to receive the balance of the annual board retainer and board and committee attendance fees, committee retainer, and committee chairman retainer in the form of Common Shares acquired under the DSP Plan.

In the view of the Compensation Committee and the Board, these plans further align the interests of Directors with those of the Corporation's shareholders.

DIRECTOR COMPENSATION TABLE

The following chart shows the compensation paid to each Director (other than Named Executive Officers ("NEOs"), see "Executive Compensation — Summary Compensation Table") for services as a Director of the Corporation, and any other capacities if applicable, during the financial year ended December 31, 2009.

COMPENSATION OF DIRECTORS [1, 2, 3]

DIRECTOR	FEES EARNED [4] [$]	SHARE-BASED AWARDS [5] [$]	ALL OTHER COMPENSATION [6] [$]	TOTAL COMPENSATION [$]
J. Brian Aune	62,000	50,000	—	112,000
Marc A. Bibeau [7]	52,000	37,500	2,000	91,500
The Hon. Paul Desmarais	63,000	50,000	—	113,000
Gérald Frère	74,000	50,000	—	124,000
Anthony R. Graham	65,750	50,000	—	115,750
Robert Gratton	63,250	50,000	—	113,250
V. Peter Harder [7]	55,000	37,500	2,000	94,500
The Rt. Hon. Donald F. Mazankowski	67,000	50,000	2,000	119,000
Jerry E.A. Nickerson	70,500	50,000	—	120,500
Michel Plessis-Bélair	62,000	50,000	2,000	114,000
Henri-Paul Rousseau [7]	47,500	37,500	—	85,000
Raymond Royer	142,500	50,000	2,000	194,500
Guy St-Germain [8]	54,500	25,000	—	79,500
Emőke J.E. Szathmáry	76,000	50,000	2,000	128,000

[1] Table does not include any amounts paid as reimbursement for expenses.

[2] Compensation paid (including compensation paid as a Director of the Corporation and its subsidiaries) to the NEOs who served as Directors of the Corporation is disclosed in the Summary Compensation Table. See "Executive Compensation".

[3] Some Directors also receive compensation in their capacity as Directors of subsidiaries of the Corporation, namely: Marc A. Bibeau is also a Director of IGM and certain of its subsidiaries; V. Peter Harder is also a Director of IGM and certain of its subsidiaries; Donald F. Mazankowski is also a Director of Lifeco and IGM and certain of their subsidiaries; Jerry E.A. Nickerson is also a Director of Lifeco and certain of its subsidiaries; Michel Plessis-Bélair is also a Director of Lifeco and IGM and certain of their subsidiaries; Henri-Paul Rousseau is also a Director of Lifeco and IGM and certain of their subsidiaries; Raymond Royer is also a Director of Lifeco and certain of its subsidiaries; Guy St-Germain was also a Director of Lifeco and certain of its subsidiaries and Emőke J.E. Szathmáry is also a Director of Lifeco and certain of its subsidiaries.

[4] Of the fees disclosed, each of the following Directors has elected to receive the following amounts in the form of additional DSUs under the Corporation's DSU Plan: Marc A. Bibeau: $41,500, Anthony R. Graham: $53,750, V. Peter Harder: $44,500; Donald F. Mazankowski: $27,500, Raymond Royer: $142,500 and Emőke J.E. Szathmáry: $56,000. Of the fees disclosed, Jerry E.A. Nickerson has elected to receive an amount of $70,500 in the form of Common Shares of the Corporation under the DSP Plan. These amounts are in addition to the amounts shown in the "Share-Based Awards" column above.

[5] Represents the dedicated portion of the Annual Board Retainer that, under the Corporation's DSU Plan and DSP Plan adopted by the Board, is required to be paid to Directors in DSUs or Common Shares of the Corporation.

[6] From time to time, Directors may be called upon to attend meetings relating to the affairs of the Corporation, other than Board or Committee meetings, for which an attendance fee may be paid.

[7] Messrs. Bibeau, Harder and Rousseau were appointed to the Board of the Corporation on May 12, 2009.

[8] Mr. St-Germain did not stand for re-election as a Director of the Corporation at the May 12, 2009 Annual Meeting of Shareholders. Mr. St-Germain attended 2 out of 2 Board meetings, 2 out of 2 Audit Committee meetings, 1 out of 1 Compensation Committee meeting, 1 out of 2 Governance and Nominating Committee meetings and 1 out of 1 Related Party and Conduct Review Committee meeting in 2009.

DIRECTOR COMPENSATION EQUITY HOLDINGS AS AT DECEMBER 31, 2009

The following table shows equity holdings as at December 31, 2009 for each Director (other than NEOs) in respect of DSUs and Common Shares received as compensation under the Corporation's DSU Plan or DSP Plan in 2009 and prior years.

DIRECTOR	NUMBER OF SHARES HELD UNDER THE DSP PLAN AS AT DECEMBER 31, 2009 [1] [#]	NUMBER OF DSUS HELD UNDER THE DSU PLAN AS AT DECEMBER 31, 2009 [2] [#]	TOTAL VALUE OF DSP PLAN SHARES AND DSUS AS AT DECEMBER 31, 2009 [3] [$]
J. Brian Aune	—	5,970	185,548
Marc A. Bibeau	—	3,130	97,280
The Hon. Paul Desmarais	—	11,758	365,439
Gérald Frère	—	24,999	776,969
Anthony R. Graham	—	18,320	569,386
Robert Gratton	—	17,413	541,196
V. Peter Harder	—	3,233	100,482
The Rt. Hon. Donald F. Mazankowski	—	17,175	533,799
Jerry E.A. Nickerson	980	—	30,458
Michel Plessis-Bélair	—	15,290	475,213
Henri-Paul Rousseau	—	1,291	40,124
Raymond Royer	—	45,541	1,415,414
Emőke J.E. Szathmáry	—	15,856	492,804

[1] Amount includes shares representing the dedicated portion of the annual board retainer, as well as fees which Directors elected to receive in Common Shares of the Corporation under the Corporation's DSP Plan.

[2] Amount includes DSUs representing the dedicated portion of the annual board retainer, as well as fees which Directors elected to receive in DSUs under the Corporation's DSU Plan. Amount also includes DSUs that were received in respect of dividend equivalents payable on DSUs.

[3] Calculated based on December 31, 2009 closing price of $31.08 per Common Share of the Corporation on the TSX.

The foregoing table does not disclose all the equity holdings in the Corporation of members of the Board of the Corporation. Please refer to the table under "Election of Directors" earlier in this Management Proxy Circular for this information.

OUTSTANDING OPTIONS

In addition to the foregoing, Mr. Gratton holds options to acquire Common Shares, subject to the applicable vesting restrictions, under the Corporation's Employee Stock Option Plan (the "Employee Stock Option Plan") and options to acquire Subordinate Voting Shares of Power, subject to the applicable vesting restrictions, under the Power Executive Stock Option Plan, which options were awarded to Mr. Gratton in his capacity as an officer of the Corporation at the time of such award. The following table shows information for all such unexercised options as at December 31, 2009.

POWER FINANCIAL CORPORATION [1]				POWER CORPORATION OF CANADA [1]			
NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#]	OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS [2] [$]	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#]	OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS [2] [$]
914,236	34.455	March 27, 2018	Nil	452,830	33.125	March 27, 2018	Nil
3,000,000	21.65	August 6, 2013	28,290,000				
2,287,000	13.50	August 1, 2010	40,205,460				
			68,495,460				

[1] R. Jeffrey Orr holds options of IGM previously granted to him as an officer of IGM, which are disclosed in the Management Proxy Circular of IGM dated March 1, 2010. Raymond L. McFeetors holds options of Lifeco previously granted to him as an officer of Lifeco, which are disclosed in the Management Proxy Circular of Lifeco dated February 23, 2010. The Hon. Paul Desmarais holds options of Power previously granted to him as an officer of Power, which are disclosed in the Management Proxy Circular of Power dated March 11, 2010. Henri-Paul Rousseau holds options of Power granted to him as an officer of Power, which are disclosed in the Management Proxy Circular of Power dated March 11, 2010. Amaury de Seze holds options of Power granted to him as an officer of Power, which are disclosed in the Management Proxy Circular of Power dated March 11, 2010. Michel Plessis-Bélair holds options of Power previously granted to him as an officer of Power, which are disclosed in the Management Proxy Circular of Power dated March 11, 2010.

[2] Calculated based on December 31, 2009 closing prices on the TSX of $31.08 per Common Share of the Corporation and $29.21 per Subordinate Voting Share of Power. In accordance with the CSA requirements, this amount includes values for unvested (non-exercisable) options as well as vested (exercisable) options.

The aggregate value that would have been realized by Mr. Gratton if options held by him had been exercised on the vesting date during the financial year ended December 31, 2009 is nil.

MANDATORY HOLDINGS BY DIRECTORS

Directors are required to hold Common Shares of the Corporation or DSUs with a value equivalent to $375,000 within five years of their becoming a Director of the Corporation. All Directors are in compliance with this requirement.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The Summary Compensation Table and Notes below describe the total compensation for 2009 and 2008 paid, awarded or earned by each of the named executive officers (collectively, the "NEOs") for services rendered in all capacities to the Corporation and its subsidiaries. In the case of Paul Desmarais, Jr., André Desmarais and Philip K. Ryan, who are also NEOs of Power, the amounts shown under "Salary", "Annual Incentive Plans" and "Pension Value" below represent inter-company reimbursements from the Corporation to Power, and do not represent additional compensation paid or credited to these officers by the Corporation over and above the amounts paid or credited to them by Power, as disclosed

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION		YEAR	SALARY [$]	SHARE-BASED AWARDS [1] [$]	OPTION-BASED AWARDS [2] [$]
R. Jeffrey Orr President and Chief Executive Officer		2009	3,750,000	125,000	4,008,734 [4]
		2008	3,358,665	122,500	4,008,734
Paul Desmarais, Jr. [5, 6] Co-Chairman		2009	500,000 [5]	125,000	— [7]
		2008	500,000	122,500	—
André Desmarais [5, 6] Co-Chairman		2009	500,000 [5]	125,000	— [7]
		2008	500,000	122,500	—
Philip K. Ryan [5, 10] Executive Vice-President and Chief Financial Officer		2009	306,000 [5]	75,000	136,501 [4]
		2008	268,899	66,182	136,501
Raymond L. McFeetors [11] Vice-Chairman	PFC	2009	1,875,000 [12]	125,000	357,001 [13]
		2008	1,821,767	111,250	2,112,497
	Lifeco	2008	566,653	—	897,000

[1] Share-based awards represent the portion of the annual board retainer that, under the DSU Plan and DSP Plan of the Corporation, and similar plans of the Corporation's subsidiaries, is required to be paid to NEOs in DSUs or shares in their capacity as Directors of the Corporation or its subsidiaries. See "Compensation of Directors – Dedicated Annual Board Retainer" above. The value of these awards is determined based on the grant date fair value.

[2] The grant date fair value for options awarded by the Corporation has been calculated using the binomial lattice method. This methodology for determining the fair value of the grants has been used by the Corporation since 2005 and corresponds to the compensation value which the Board intended to provide to the NEOs, within the Corporation's total compensation policy. The Corporation's use of this methodology is consistent with the method used by its compensation adviser when valuing the equity-based awards of other companies for competitive total compensation comparison purposes. The grant date fair value determined for accounting purposes for options awarded by PFC in 2009 is nil in the case of Mr. Orr, nil in the case of Mr. Ryan and $471,190 in the case of Mr. McFeetors. The "nil" value in the case of Mr. Orr and Mr. Ryan is due to the fact that no options were awarded to these NEOs by the Corporation during the financial year ended December 31, 2009. See note [4] for an explanation of the values shown in the table above for Messrs. Orr and Ryan. The amount of the differences between the fair value of the award presented in the table above and the fair value determined for accounting purposes are as follows: $4,008,734 in the case of Mr. Orr, $136,501 in the case of Mr. Ryan and $114,189 in the case of Mr. McFeetors. The difference between the grant date fair value for accounting purposes and the grant date fair value for the purposes of the "Option-Based Awards" column in the above table is due to the use of different methodologies (Black-Scholes vs. Binomial), different assumptions for the expected life of the options and the period over which the volatility is calculated and, in respect of certain multi-year allotments of options, the recognition of a fraction of the determined value in a year as described in Note [4]. For the terms and vesting conditions of the options granted to the NEOs in 2009 by the Corporation and Power, as the case may be, see "Incentive Plan Awards" below.

[3] A substantial portion of this compensation represents board fees paid in cash or DSUs for services as a Director of the Corporation and its subsidiaries. Amounts for 2009 include the following board fees: Mr. Orr: $402,500, Mr. Paul Desmarais, Jr.: $305,000, Mr. André Desmarais: $319,000, Mr. Ryan: $243,000 and Mr. McFeetors: $303,750. This compensation also includes the amounts contributed by the Corporation to proportionately supplement contributions by employees to acquire shares of Power under Power's Share Purchase Plan, which is offered to all employees of the Corporation. These amounts do not include the portion of the annual board retainer required to be paid in shares or DSUs which are disclosed in the "Share-Based Awards" column in the table above. The Dedicated Annual Board Retainer is more fully described above in this Circular.

[4] Part of multi-year allotments of options in accordance with the terms of employment of the respective NEOs. Consequently, calculations recognize one-fifth of the determined value beginning in 2006 in the case of an award to Mr. Orr made by the Corporation in 2005 (the "2005 Award"), and one-half of the determined value beginning in 2008 in the case of an award to Mr. Orr made by the Corporation in 2008 (the "2008 Award"), in accordance with the periods of vesting of the options. Calculations recognize one-fifth of the determined value beginning in 2008 in the case of an award to Mr. Ryan made by the Corporation in 2008, also in accordance with the period of vesting of the options. The grant date fair value disclosed is calculated using the same methodology as the one described in Note [13] below, except that the binomial factor used for the 2005 Award is 19 per cent and the binomial factor used for the 2008 Award is 13 per cent. In the case of Mr. Ryan, the binomial factor used is 13 per cent. No options were awarded to Mr. Orr and Mr. Ryan by the Corporation during the financial year ended December 31, 2009.

in Power's Management Proxy Circular dated March 11, 2010. In light of significant changes to the requirements, content and format for executive compensation disclosure made by the CSA, the Corporation has reported compensation in the Summary Compensation Table below for the 2009 and 2008 fiscal years only, in accordance with these requirements. Disclosure of compensation for prior years, in accordance with the then existing applicable requirements, can be found in the Corporation's previous Management Proxy Circulars which are available on SEDAR at www.sedar.com.

NON-EQUITY INCENTIVE PLAN COMPENSATION				
ANNUAL INCENTIVE PLANS [$]	LONG-TERM INCENTIVE PLANS AND OTHER INCENTIVE PAYMENTS [$]	PENSION VALUE [$]	ALL OTHER COMPENSATION [3] [$]	TOTAL COMPENSATION [$]
—	1,000,000	1,654,000	402,500	10,940,234
—	2,000,000	1,360,000	399,379	11,249,278
500,000 [5]	—	Nil [9]	320,000	1,445,000 [5]
625,000	—	516,840	308,500	2,072,840
500,000 [5]	—	61,320 [5, 8]	334,000	1,520,320 [5]
625,000	—	249,480	282,250	1,779,230
325,000 [5]	—	311,000 [5, 8]	249,120	1,402,621 [5]
250,000	—	348,000	189,985	1,259,567
100,000	—	28,000 [14]	333,750	2,818,751
Nil	—	20,554	313,781	4,379,849
2,125,000	Nil	366,871	—	3,955,524

[5] These officers are also executive officers of Power. Their compensation was determined solely by the Compensation Committee of Power. The compensation of such officers was not determined by the Compensation Committee of the Corporation. The Corporation paid to Power (and not to the individuals) the amounts indicated under "Salary", "Annual Incentive Plans" and "Pension Value" above in respect of these officers. These amounts are also included in the compensation disclosure for the applicable NEOs set out in the Management Proxy Circular of Power dated March 11, 2010. The amounts shown under "Total Compensation" for these officers in the table above are also included in the "Total Compensation" column of the Summary Compensation Table of the Management Proxy Circular of Power dated March 11, 2010.

[6] While Mr. Paul Desmarais, Jr. and Mr. André Desmarais are not members of the management of the Corporation, they are considered to be NEOs for the purposes of this table under applicable securities legislation.

[7] The Corporation has not granted options to Mr. Paul Desmarais, Jr. and Mr. André Desmarais. These officers were granted options by Power in 2008 and in 2009. Information relating to these option awards is disclosed in the Management Proxy Circular of Power dated March 11, 2010.

[8] Represents the portion of the compensatory value of the annual pension benefits under Power's SERP and Mr. Ryan's pension benefit arrangement attributable to the Corporation in 2009. See "Retirement Plan Benefits" section below for further information.

[9] Mr. Paul Desmarais, Jr. has already attained the maximum pension accrual. In addition, there have not been any changes to his expected future earnings assumptions over the past year. Accordingly, his compensatory related change for the 2009 accrued benefit obligation is nil. (See "Retirement Plan Benefits" section below for further information).

[10] Mr. Ryan was appointed Executive Vice-President and Chief Financial Officer of the Corporation and Power on January 31, 2008.

[11] Mr. McFeetors was the President and Chief Executive Officer of Lifeco and of a number of its affiliates until May 1, 2008. He was elected to the Board of the Corporation and named a Vice-Chairman of the Corporation on May 8, 2008.

[12] Based on an annual salary of $3,250,000 for the first 6 months of 2009, and an annual salary of $500,000 for the last 6 months of 2009, reflecting a change in Mr. McFeetors' responsibilities.

[13] The grant date fair value for options awarded by the Corporation to Mr. McFeetors in 2009 was calculated using the binomial lattice model. The binomial factor has been determined using a 5-year average volatility of 18% at the date of grant and a 1-year dividend yield of 3.7% at the date of grant. The risk free interest rates for the 2009 grants were based on a yield curve of risk-free interest rates based on the median, zero-coupon yield curve data calculated on a daily basis by the Bank of Canada. Based on these assumptions, the binomial factor used for 2009 is 10 per cent of the exercise price.

[14] Mr. McFeetors participates in Power's basic pension plan and has no other pension benefit arrangement with the Corporation or Power.

INCENTIVE PLAN AWARDS

The table below shows information for each NEO, award by award, for all unexercised options for the Corporation and Power as at December 31, 2009 and the value of DSP Plan shares and DSUs of the Corporation and its subsidiaries held by NEOs as at December 31, 2009.

Pursuant to options awarded by the Corporation, subject to the applicable vesting restrictions, the NEOs have the right to acquire Common Shares under the Employee Stock Option Plan.

OPTION AWARDS						
	POWER FINANCIAL CORPORATION					
	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#]		OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS [1] [$]	
NAME	VESTED	UNVESTED [4]			VESTED	UNVESTED [4]
R. Jeffrey Orr [5]	160,000 1,612,000	640,000 403,000	29.625 32.235	July 15, 2018 May 11, 2015	232,800 Nil 232,800	931,200 Nil 931,200 [4]
					Total: 1,164,000	
Paul Desmarais, Jr. [6]	—	—	—	—	—	—
André Desmarais [6]	—	—	—	—	—	—
Philip K. Ryan	28,283	113,132	37.125	January 30, 2018	Nil	Nil
Raymond L. McFeetors [5]	 514,484	136,182 [8]	26.215 31.585	July 14, 2019 August 4, 2018	 Nil	662,525 [4]
					Total: 662,525	

[1] Calculated based on December 31, 2009 closing prices on the TSX of $31.08 per Common Share of the Corporation and $29.21 per Subordinate Voting Share of Power. In accordance with the CSA requirements, the total amount includes values for unvested (non-exercisable) options as well as vested (exercisable) options.

[2] Represents the portion of the annual retainer that, under the DSU Plan and DSP Plan of the Corporation, and similar plans of the Corporation's subsidiaries, is required to be paid in DSUs or in shares. It also includes the fees that the NEOs, in their capacity as Director of the Corporation and its subsidiaries, elected to receive as DSUs or shares. The amount is calculated based on the following December 31, 2009 closing prices on the TSX: PFC Common Shares: $31.08, Lifeco Common Shares: $26.88 and IGM Common Shares: $42.41.

Certain officers of the Corporation are also officers of Power and receive compensation from Power including, from time to time, the grant of options under the Power Executive Stock Option Plan in respect of their services to Power. Grants to Power NEOs under the Power Executive Stock Option Plan are described in Power's Management Proxy Circular dated March 11, 2010. Pursuant to options awarded by Power, subject to the applicable vesting restrictions, the applicable NEOs have the right to acquire Subordinate Voting Shares of Power.

POWER CORPORATION OF CANADA						SHARE-BASED AWARDS
NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS [#]		OPTION EXERCISE PRICE [$]	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS [1] [$]		MARKET VALUE OF ALL OUTSTANDING DSP PLAN SHARES AND DSUS [2, 3] [$]
VESTED	UNVESTED [4]			VESTED	UNVESTED [4]	
—	—	—	—	—	—	2,538,335
	364,000 [7]	18.52	March 15, 2019		3,891,160	1,477,851
	346,275	29.89	March 17, 2018		Nil	
	268,550	37.07	March 25, 2017		Nil	
145,063	145,062	33.285	April 2, 2016	Nil	Nil	
263,000		32.025	February 22, 2015	Nil		
268,000		26.375	May 16, 2014	759,780		
800,000		17.6625	April 3, 2011	9,238,000		
				9,997,780	3,891,160 [4]	
				Total: 13,888,940		
	364,000 [7]	18.52	March 15, 2019		3,891,160	3,609,390
	346,275	29.89	March 17, 2018		Nil	
	268,550	37.07	March 25, 2017		Nil	
145,063	145,062	33.285	April 2, 2016	Nil	Nil	
263,000		32.025	February 22, 2015	Nil		
268,000		26.375	May 16, 2014	759,780		
400,000		17.6625	April 3, 2011	4,619,000		
				5,378,780	3,891,160 [4]	
				Total: 9,269,940		
28,977	115,908	36.235	January 30, 2018	Nil	Nil	602,881
—	—	—	—	—	—	2,462,919

[3] Does not include DSP Plan shares and DSUs paid by Power under its DSU Plan and DSP Plan.

[4] These values are related to non-exercisable options and are therefore not available to the NEOs.

[5] Mr. Orr and Mr. McFeetors do not participate in Power's Executive Stock Option Plan.

[6] Mr. Paul Desmarais, Jr. and Mr. André Desmarais do not participate in the Corporation's Employee Stock Option Plan.

[7] Options awarded to the NEO by Power during the financial year ended December 31, 2009. These options have a 10-year term. 50 per cent of these options vests on the third anniversary of the award and the remaining 50 per cent vests on the fourth anniversary of the award.

[8] Options awarded to Mr. McFeetors by the Corporation during the financial year ended December 31, 2009. These options have a 10-year term. One-third of these options vests on each of the first three anniversaries of the award.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The table below shows information for each NEO for the year ended December 31, 2009.

NAME	EMPLOYEE STOCK OPTION PLAN OF THE CORPORATION – OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR [1] [$]	POWER EXECUTIVE STOCK OPTION PLAN – OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR [1] [$]	NON-EQUITY INCENTIVE PLAN COMPENSATION – VALUE EARNED DURING THE YEAR [2] [$]
R. Jeffrey Orr	Nil	—	1,000,000
Paul Desmarais, Jr.	—	Nil	500,000 [3]
André Desmarais	—	Nil	500,000 [3]
Philip K. Ryan	Nil	Nil	325,000 [3]
Raymond L. McFeetors	Nil	—	100,000

[1] Summarizes for each of the NEOs the aggregate value that would have been realized if the options had been exercised on the vesting date during the financial year ended December 31, 2009.

[2] These are the same amounts as disclosed under "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table earlier in this Management Proxy Circular.

[3] Represents an inter-company reimbursement from the Corporation to Power. This amount does not represent a direct payment by the Corporation to the NEOs.

EQUITY COMPENSATION PLAN INFORMATION

The following table shows the number of securities authorized for issuance under equity compensation plans of the Corporation. The only equity compensation plan under which shares of the Corporation may be issued is the Employee Stock Option Plan.

AT DECEMBER 31, 2009	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS [EXCLUDING SECURITIES REFLECTED IN COLUMN [A]]
Plan category	[A]	[B]	[C]
Equity compensation plans approved by security holders	10,049,297	$24.48	9,819,303
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	10,049,297	$24.48	9,819,303

EQUITY COMPENSATION PLANS

Pursuant to the Employee Stock Option Plan, options on 9,710,497 Common Shares are presently outstanding and options on 9,819,303 Common Shares are available for issuance. Options currently outstanding and options available for issuance under the Employee Stock Option Plan represent approximately 1.38 per cent and 1.39 per cent, respectively, of the aggregate outstanding Common Shares of the Corporation. Accordingly, there are 19,529,800 Common Shares reserved for issuance, representing approximately 2.77 per cent of the aggregate outstanding Common Shares of the Corporation. During the year ended December 31, 2009, the Corporation granted options on 136,182 Common Shares, representing approximately 0.02 per cent of the aggregate outstanding Common Shares of the Corporation. This percentage is commonly referred to as the annual "burn" rate. The Employee Stock Option Plan was accepted by the TSX and was approved by shareholders on December 4, 1986. Amendments to the number of shares available for issuance under the Employee Stock Option Plan and other provisions have also been approved by the Corporation's shareholders from time to time.

The Employee Stock Option Plan provides for the grant of options to key employees and key associates of the Corporation and its affiliated entities, as designated by the Compensation Committee. The Compensation Committee determines the number of Common Shares to be covered by each such option and determines, subject to the Employee Stock Option Plan, the terms of each such option. The options are granted for a period of not more than 10 years, although a shorter option period may be established by the Compensation Committee. Generally, options granted vest on a delayed basis over periods beginning no earlier than one year from date of grant and no later than five years from date of grant.

The options granted under the Employee Stock Option Plan permit option holders to purchase Common Shares of the Corporation on payment of the subscription price. The subscription price is established by the Compensation Committee and is not less than the market value of Common Shares on the date of the grant. The market value of Common Shares for this purpose is calculated by taking the average of the high and low prices of Common Shares on the TSX on the immediately preceding trading day, or if two or more sales of Common Shares have not been reported for that day, the average of the bid and ask for the Common Shares on such day.

Unless otherwise determined by the Compensation Committee, options terminate upon the earlier of the date first established by the Compensation Committee and [i] 36 months from termination of employment by reason of death; [ii] seven years from termination of employment by retirement; [iii] 12 months from termination of employment other than by reason of death, retirement or dismissal for fraud or wilful fault or neglect; [iv] the date of termination of employment by reason of dismissal for fraud or wilful fault or neglect; and [v] the date of termination of employment in the case of an employee with less than one year's service at the date of grant. Options are not assignable other than by will or succession law, except, if and on such terms as the Committee may permit, options can be transferred to certain of the optionee's family members, or trusts or holding companies controlled by the optionee, in which case the options shall continue to be subject to the Employee Stock Option Plan as if the optionee remained the holder thereof.

If options granted under the Employee Stock Option Plan would otherwise expire during a blackout period or within 10 business days of the end of such period, the expiry date of the option will be extended to the tenth business day following the end of the blackout period.

The number of Common Shares issuable to insiders (as defined under TSX rules for this purpose) at any time under options issued and outstanding pursuant to the Employee Stock Option Plan and under any other security-based compensation arrangements (also as defined under applicable TSX rules) of the Corporation shall not exceed in the aggregate 10 per cent of the Corporation's total issued and outstanding Common Shares, and the number of Common Shares issued to insiders within any one year period under options issued and outstanding pursuant to the Employee Stock Option Plan and under any other security-based compensation arrangements of the Corporation shall not exceed in the aggregate 10 per cent of the Corporation's total issued and outstanding Common Shares. The number of Common Shares covered by options held by any one optionee shall not exceed 5 per cent of the outstanding Common Shares at any time.

The Board may at any time and from time to time amend, suspend, cancel or terminate the Employee Stock Option Plan or an option granted thereunder, in whole or in part, provided however that approval of the holders of the Common Shares, by a majority of votes cast by voting shareholders present or represented by proxy at a meeting, is required for the following:

1. increasing the number of Common Shares that can be issued under the Employee Stock Option Plan;
2. reducing the subscription price of an outstanding option, including a cancellation and regrant of an option in conjunction therewith constituting a reduction of the subscription price of the option;
3. extending the term of any outstanding option;
4. permitting the grant of an option with an expiry date of more than 10 years from the grant date;
5. expanding the authority of the Board to permit assignability of options beyond that currently contemplated by the Employee Stock Option Plan;
6. adding non-employee Directors to the categories of participants eligible to participate in the Employee Stock Option Plan;
7. amending the Employee Stock Option Plan to provide for other types of compensation through equity issuance;
8. increasing or deleting the percentage limit on shares issuable or issued to insiders under the Employee Stock Option Plan (being 10 per cent of the Corporation's total issued and outstanding Common Shares);
9. increasing or deleting the percentage limit on shares reserved for issuance to any one person under the Employee Stock Option Plan (being 5 per cent of the Corporation's total issued and outstanding Common Shares); and
10. amending the amendment provisions other than as permitted under TSX rules,

unless in any of the foregoing cases the change results from application of the anti-dilution provisions of the Employee Stock Option Plan.

RETIREMENT PLAN BENEFITS

Power has a supplementary executive retirement plan (the "SERP") pursuant to which pension benefits may become payable in addition to the pension benefits payable from Power's basic pension plan to certain of the executive officers of Power or any subsidiary of Power (collectively, the "Power Group"), as may be designated for participation by the Compensation Committee of the Board of Directors of Power. Mr. Paul Desmarais, Jr. and Mr. André Desmarais participate in Power's SERP.

Under the SERP and Power's basic pension plan, a participant becomes entitled to a maximum annual pension at normal retirement age of 62 years equal to 60 per cent of the average of the highest 3 years of the participant's compensation out of the final 10 years of credited service (the "supplementary pension"), less the amount of the benefits payable under the Canada Pension Plan or the Québec Pension Plan on the date of retirement. The participant's average compensation covered under the SERP is calculated based on salary and bonuses received in respect of all Power Group positions during the participant's final 10 years of credited service. Entitlement to the maximum supplementary pension under the SERP requires 15 years of credited service with the Power Group. The amount of the supplementary pension is reduced by 6 ⅔ per cent for each year of credited service with the Power Group less than 15. No benefit is payable to a participant with less than 5 years of credited service at retirement. In the event of retirement prior to normal retirement age, the supplementary pension earned to the date of early retirement becomes payable, provided the participant has completed 10 years of credited service with the Power Group, but is subject to a reduction in the supplementary pension benefit of 6 per cent for each year by which the retirement precedes age 60. Under the SERP, early retirement may not be elected prior to age 55.

Under their respective pension benefit arrangements and Power's basic pension plan, Mr. Orr and Mr. Ryan become entitled to a maximum annual pension at age 62 equal to 60 per cent of the average of the highest 3 years of their compensation out of the final 10 years of credited service (the "supplementary pension") less the amount of the benefits payable under the Canada Pension Plan or the Québec Pension Plan on the date of retirement. Their average compensation covered under the pension benefit arrangements is calculated based on salary and certain qualifying bonuses received, in respect of all Power Group positions in the case of Mr. Ryan, and in the case of Mr. Orr, all Power Financial positions, during the participant's final 10 years of credited service. No benefit is payable with less than 10 years of credited service at retirement. Pension benefits are payable starting at age 62 under these arrangements. In the case of Mr. Orr, he may retire up to 5 years prior to attaining age 62. In this case, Mr. Orr can elect to commence receiving his supplementary pension, the amount of which would be subject to a reduction of 10 per cent for each year by which his retirement precedes age 62 or he can elect to receive the amount as determined in accordance with the foregoing without such deduction commencing at age 62.

Mr. McFeetors participates in Power's basic pension plan and has no other pension benefit arrangement with the Corporation or Power. He also receives pension benefits from Lifeco.

The following table presents information on the pension benefits offered to each NEO calculated as of the end of 2009. In the case of Paul Desmarais, Jr., André Desmarais and Philip K. Ryan who are also NEOs of Power, the annual benefits payable and the accrued obligation are shared by the Corporation and Power. Therefore, the amounts shown in the table below represent the portion attributable to the Corporation and do not represent additional years of credited service and benefits payable to these officers by the Corporation over and above the years of credited service and benefits payable to them by Power, as disclosed in Power's Management Proxy Circular dated March 11, 2010. For 2009, the percentages attributable to the Corporation are respectively: 59 per cent for Paul Desmarais, Jr., 42 per cent for André Desmarais and 50 per cent for Philip K. Ryan.

NAME	NUMBER OF YEARS OF CREDITED SERVICE [1] [#]	ANNUAL BENEFITS PAYABLE [$]		ACCRUED OBLIGATION AT START OF YEAR [3, 4] [$]	COMPENSATORY CHANGE [4, 5] [$]	NON-COMPENSATORY CHANGE [6] [$]	ACCRUED OBLIGATION AT YEAR-END [4] [$]
		AT YEAR-END [2]	AT AGE 65 [2]				
R. Jeffrey Orr	4.6	11,357 [7]	2,214,695	6,510,000	1,654,000	1,933,000	10,097,000
Paul Desmarais, Jr.	32.7 [8]	1,004,944	1,004,944	7,884,760	Nil [9]	1,469,690	9,354,450
André Desmarais	26.7 [8]	715,384	715,384	4,856,040	61,320	1,001,280	5,918,640
Philip K. Ryan	1.9 [8]	2,343 [7]	339,517	292,500	311,000	127,500	731,000
Raymond L. McFeetors	1.7	4,076	4,076	19,000	28,000	2,000	49,000

[1] Up to 15 years of credited service are recognized.

[2] The annual benefits payable at year-end and at age 65 represent the estimated pension earned for all service to date, and based on total service projected to age 65, respectively. This estimated pension is calculated based on actual pensionable earnings as at the end of the financial year ended December 31, 2009 and on the terms of the current retirement agreements. The benefits payable at year-end, as shown above, do not include any reduction that may apply if a NEO retires prior to the normal retirement age.

[3] The accrued obligation represents the value of the projected pension benefits from all pension plans, earned for all service to date.

[4] Except for Mr. McFeetors, the estimated accrued obligation values are calculated each year, based on the same method and assumptions used in the Corporation's financial statements. The key assumptions include a discount rate of 6.50 per cent per year to calculate the accrued obligation at start of year and the annual service cost, a discount rate of 5.75 per cent to calculate the accrued obligation at year-end and a rate of increase in future compensation of 3.50 per cent per year.

[5] Includes service cost at the beginning of the year, the impact on the accrued obligation of the difference between actual and estimated earnings and the impact of amendments to the applicable plan or arrangements, if any.

[6] Includes the impact on the accrued obligation of the change in the discount rate from 6.50 per cent to 5.75 per cent, non-pay related experience such as mortality and retirement and increase in the obligation due to interest.

[7] Represents annual benefits under Power's basic pension plan. Vesting conditions were not met as at December 31, 2009 under Mr. Orr's and Mr. Ryan's respective pension benefit arrangements.

[8] Represents the total years of credited service in the Power Group.

[9] Mr. Paul Desmarais, Jr. has already attained the maximum pension accrual. In addition, there have not been any changes to his expected future earnings assumptions over the past year. Accordingly, his compensatory related increase for the 2009 accrued benefit obligation is nil.

TERMINATION AND CHANGE OF CONTROL BENEFITS

There are no change of control provisions in place for NEOs.

The Corporation and Power have entered into an employment contract with Mr. Philip K. Ryan relating to his appointment as Executive Vice-President and Chief Financial Officer of the Corporation and Power. The contract provides that, in the event Mr. Ryan's employment is terminated without "cause" (as such term is defined in the contract) during the first two years of his employment, he will be entitled to an amount equal to the aggregate of one year's annual base salary and bonus (with the bonus being an amount equal to his base salary, if the termination occurs within the first year of his employment, or being the bonus actually awarded in the preceding year, if such termination occurs within the second year). As disclosed in Power's Management Proxy Circular dated March 11, 2010 and based on Mr. Ryan's 2009 salary and bonus, the amount as at December 31, 2009 would be $1,262,000. In addition, the vesting period of any unvested options will continue for one year beyond the date of such termination.

COMPENSATION DISCUSSION AND ANALYSIS

THE COMPENSATION COMMITTEE

The Compensation Committee of the Corporation (the "Committee") oversees the executive compensation program. The Committee is composed entirely of independent directors within the meaning of the Instruments, as more fully described in the "Statement of Corporate Governance Practices" section later in this Management Proxy Circular. The Board and the Compensation Committee recognize the importance of executive compensation decisions to the management and shareholders of the Corporation and have given careful consideration to the process which is followed to make decisions.

The Committee considers it important that total compensation (cash and all other employment-related costs incurred by the Corporation) reflects the Corporation's entrepreneurial roots and corporate culture. The various elements of executive compensation, the relative weighting allocated to cash compensation versus options, and the mix of annual as opposed to long-term incentives, is not quantified by the Committee on the basis of a formulaic approach. The Committee reviews each compensation element in the context of the compensation mix (fixed versus variable) determined in accordance with the Corporation's executive compensation policy.

The 2009 compensation of the officers of the Corporation who are also officers of Power, namely Mr. Paul Desmarais, Jr., Mr. André Desmarais and Mr. Ryan, was determined solely by the Compensation Committee of Power. The compensation of such officers was not determined by the Compensation Committee of the Corporation. The amounts shown in "Executive Compensation-Summary Compensation Table" above for these officers for "Salary", "Annual Incentive Plans" and "Pension Value" represent inter-company reimbursements from the Corporation to Power, and do not represent additional compensation paid to these officers by the Corporation, over and above the amounts paid to them by Power.

COMPENSATION CONSULTANT

Towers Watson (formerly Towers Perrin) provides executive compensation consulting services to the Corporation. All consulting services related to executive compensation matters fall under the authority of the Committee. Towers Watson may work with management in the execution of the work with the Committee's approval. The Committee is informed as to the nature of the work performed for and at the request of management and the Committee has access to the findings and recommendations prepared by Towers Watson. Towers Watson's services typically include performing competitive reviews of senior executive and Board compensation levels and trends. Towers Watson also provides retirement and benefit consulting services to the Corporation. The Committee meets alone as required without the compensation adviser and without management. The Committee also meets from time to time with its compensation adviser without any member of management present to discuss compensation matters. Decisions made by the Committee reflect many other factors and considerations in addition to the information and recommendations provided by Towers Watson.

EXECUTIVE COMPENSATION POLICY

The Corporation's executive compensation policies and programs have been designed to support the Corporation's primary objective of generating added value for shareholders over the long term. Unlike the Corporation's operating subsidiaries, where compensation may be tied directly to specific objectives, the Corporation is a holding company, and its compensation is deliberately structured to reflect the long-term value-building nature of the duties of senior management and the absence of precise shorter term operating measures. The main goals of the Corporation's executive compensation policy are to:

> attract and retain key executive talent with the knowledge and expertise required to develop and execute business strategies to achieve the Corporation's primary objective;

> provide executives with a total compensation package competitive with that offered by other large global organizations based in North America; and

> ensure that long-term incentive compensation is a major component of total compensation.

The Corporation's executive compensation program is designed to reward the following:

> excellence in crafting and executing strategies and transactions that will produce significant value for the shareholders over the long term;

> management vision and an entrepreneurial approach;

> quality of decision-making;

> strength of leadership; and

> record of performance over the long term.

THE COMPENSATION COMMITTEE'S DECISION-MAKING PROCESS

BENCHMARKING

To assist in determining competitive compensation for executive positions, the Committee reviews data from reference groups that include large financial services organizations, management holding companies and other large diversified companies. Because of the international scope and the size of the Corporation, the reference groups are composed of Canadian and U.S. companies, thus allowing the Corporation to offer its executives total compensation that is competitive in the North American market. Companies included in the reference groups are typically publicly traded, operate in the financial services industry and other sectors, are large in scope and have global operations. While performing its review, the Committee may consider some or all of the companies in the reference groups. The companies included in the reference groups for 2009 were the following:

CANADIAN COMPARATOR GROUP (16) – LARGE HOLDING, FINANCIAL SERVICES AND DIVERSIFIED COMPANIES	U.S. COMPARATOR GROUP (20) – LARGE CONGLOMERATE AND FINANCIAL SERVICES COMPANIES	
> Bank of Montreal > BCE Inc. > Bombardier Inc. > Canadian Imperial Bank of Commerce > George Weston Limited > HSBC Bank Canada > Manulife Financial Corporation > National Bank of Canada > Onex Corporation > Rogers Communications Inc. > Royal Bank of Canada > Royal & Sun Alliance Insurance Company of Canada > Scotiabank > SunLife Assurance Company of Canada > TD Bank Financial Group > Thomson Reuters Corporation	> Aetna Inc. > Allstate Corporation > American Express Company > Bank of America Corporation > Capital One Financial Corporation > CIGNA Corporation > Citigroup Inc. > Hartford Financial Services Group Inc. > Honeywell International Inc. > HSBC North America Holdings Inc. > ING North America Insurance Company > MetLife Inc.	> New York Life Insurance Company > PNC Financial Services Group Inc. > Prudential Financial Inc. > State Street Corporation > SunTrust Banks Inc. > Textron Inc. > U.S. Bancorp > Wells Fargo & Company

While performing its review, the Committee does not specifically identify a median or percentile for total compensation of the Corporation's NEOs. Generally, the Committee takes into account the compensation of executives of companies in the reference group by considering the placement of the Corporation's NEOs compensation approximately in the middle of the group's ranges, with exceptional performance allowing for compensation towards the upper range of the reference group.

ANNUAL REVIEW BY THE COMMITTEE

The Committee reviews the total compensation of each NEO annually, other than NEOs who are NEOs of Power. Compensation of the latter group is determined by Power's Compensation Committee. The discussion below relates to NEOs of the Corporation other than NEOs of Power. The Committee's review covers all forms of compensation and the Committee considers a number of factors and performance indicators, including in particular the long-term financial return of the Corporation relative to that of other large corporations in the financial services industry and other sectors, which includes corporations in the reference groups above. The comparative evaluation is not based on a mathematical formula that integrates specific, weighted performance measures. Rather, the Committee qualitatively considers such factors in the context of the overall achievements of the Corporation, be they financial or strategic in nature.

The Committee obtained the recommendations of the Co-Chairmen in reviewing the compensation of each of the other NEOs, together with their evaluation of the performance of each such NEO for the year.

COMPONENTS OF EXECUTIVE COMPENSATION

The principal components of the compensation program for the NEOs, each component's primary role in the compensation mix and how the components are linked together are presented in the table below:

<table>
<tr><th>ELEMENTS</th><th>PRIMARY ROLE</th><th>LINK TO OTHER ELEMENTS</th></tr>
<tr><td>Base Salary</td><td>Reflects skills, competencies, experience and performance appraisal of the incumbent</td><td>May influence non-equity incentives, long-term incentive, pension and some benefits</td></tr>
<tr><td>Non-Equity Incentives</td><td>Reflects special contribution during a particular period</td><td>May influence pension in certain circumstances</td></tr>
<tr><td>Long-Term Incentive (Stock Option Plan)</td><td>Links interests of NEOs with interests of the shareholders</td><td rowspan="4">None, except that the value of these elements is considered within the total compensation policy of the Corporation</td></tr>
<tr><td>Retirement Benefits</td><td>Provide for competitive and appropriate replacement income upon retirement based on years of service with the Corporation</td></tr>
<tr><td>Group Benefits</td><td>Provide competitive and adequate protection in case of sickness, disability or death</td></tr>
<tr><td>Executive Perquisites</td><td>Provide a competitive compensation package and facilitate the effective performance of the incumbent's functions</td></tr>
</table>

A - BASE SALARY

The Committee reviews and approves the base salary for each NEO taking into account each executive's responsibilities, experience and performance assessment. During the review, the Committee considers the total compensation of each NEO to ensure it remains aligned with the Corporation's total compensation policy.

For 2009, the increase in salary for R. Jeffrey Orr, the President and Chief Executive Officer of the Corporation, was 2 per cent compared to his salary revision of May 2008. The Committee believes the increase for Mr. Orr was in line with average increases granted in the market for comparable positions, taking into account compensation for companies in the reference groups above. In the case of Mr. McFeetors, a Vice-Chairman of the Corporation, his annual salary was reduced during the year 2009 to reflect a change in his responsibilities.

B - INCENTIVE COMPENSATION

The Committee believes it to be appropriate, in the context of a management holding company, to determine executive incentive compensation using a review and global assessment of the performance of the Corporation, in terms of financial results, achievements and strategic positioning, and specific individual contributions, among others, rather than adhering to a formulaic approach.

[I] ANNUAL, LONG-TERM AND OTHER NON-EQUITY INCENTIVES

Bonuses may be paid to certain NEOs. The amount of individual bonuses is neither fixed nor defined as a percentage of salary, but rather is determined by reference to a number of factors including:

> initiation and implementation of major transactions;

> specific individual achievements;

> total compensation and alignment with the Corporation's executive compensation policy; and

> competitiveness of the total compensation having regard to the reference groups above, although there is no specific target as to where annual bonuses should be positioned within the reference group.

Bonuses, when paid, are not related to specific, quantifiable performance targets determined prior to or at the beginning of the fiscal year. Bonuses may relate to performance for a year or a multi-year period.

The bonuses for 2009 for the Corporation's NEOs reflect a consideration of the above criteria.

[II] STOCK OPTIONS

The Committee believes that stock options, with a 10-year term and appropriate vesting conditions, are the most appropriate long-term incentive for the Corporation for reasons that include the following:

> stock options are an effective means of attracting and retaining key executives; and

> grant recipients only benefit if shareholder value increases over the long term.

In determining option grants, the Committee considers several factors, including the amount and terms of the executive's outstanding stock options, and the alignment of the executive's total compensation with the Corporation's executive compensation policy.

In determining the amount of option grants, reference is also made to the competitiveness of the NEO's compensation having regard to the reference groups described above.

The factors considered and the relative weighting allocated to these factors vary from year to year.

Stock options granted to Mr. McFeetors in 2009 reflect a consideration of the above criteria.

No other stock options were granted by the Corporation to NEOs in 2009. For an explanation of multi-year allotments of stock options previously granted to Messrs. Orr and Ryan, see footnote [4] to the "Summary Compensation Table" above.

C - RETIREMENT ARRANGEMENTS

Mr. Paul Desmarais, Jr. and Mr. André Desmarais participate in Power's SERP. The main provisions of the SERP are described in more detail earlier in this Management Proxy Circular. The Corporation, and Power in the case of Mr. Ryan, have also entered into pension benefit arrangements with Mr. Orr and Mr. Ryan. The purpose of the pension benefit arrangements is to:

> offer an adequate and competitive level of retirement income to the executive officers who have spent a significant portion of their career with the Corporation;

> provide an incentive for the NEOs to remain in service with the Corporation, through the vesting provisions of the pension benefit arrangements and their respective benefit accrual formula; and

> supplement registered pension plans benefits to assist in attracting officers.

There were no changes in 2009 to the terms of the SERP, Mr. Orr's pension benefit arrangements or Mr. Ryan's pension benefit arrangements.

D - GROUP INSURANCE BENEFITS

The Corporation offers medical, dental, life, accidental death and dismemberment and short and long-term disability insurance coverage to the NEOs as well as to all employees of the Corporation under the same program.

E - SHARE PURCHASE PROGRAM

Power offers a share purchase program to all employees of the Corporation, under which the NEOs may purchase Subordinate Voting Shares of Power through payroll deductions. Under the program, Power or the Corporation, as the case may be, makes a contribution equal to 50 per cent of the participant's contribution which is used to purchase Subordinate Voting Shares of Power.

F - EXECUTIVE PERQUISITES

The Corporation currently provides a limited number of perquisites to its NEOs, the nature and value of which, in the view of the Committee, are reasonable and competitive.

PERFORMANCE GRAPHS

The following Performance Graph shows the yearly change in the cumulative total shareholder return on the Corporation's Common Shares compared with the S&P/TSX Composite Index, over the five-year period ended December 31, 2009.

The year-end values of each investment are based on share appreciation plus dividends paid in cash, with the dividends reinvested on the date they were paid.

FIVE-YEAR CUMULATIVE TOTAL RETURNS

Value of $100 invested on December 31, 2004

NOTE
POWER FINANCIAL:
Assumes that all dividends were reinvested.
S&P/TSX COMPOSITE INDEX:
Total return index (all dividends reinvested)
SOURCE: Bloomberg

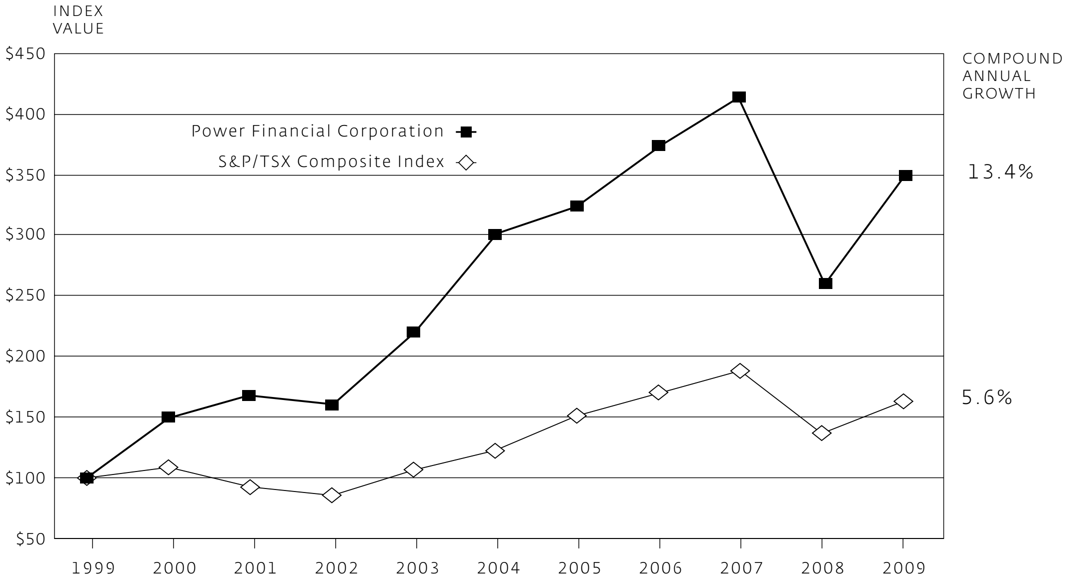
For each NEO who has been with the Corporation for the last five years, the trend of NEOs' cumulative total direct compensation is consistent with the trend of cumulative value earned by the Corporation's shareholders over the five-year period; however, the Corporation's determination of executive compensation is based upon the policies and procedures described above and is not based upon the total return of the Corporation's shares relative to any particular stock index.

The following Performance Graph shows the yearly change in the cumulative total shareholder return on the Corporation's Common Shares compared with the S&P/TSX Composite Index, over the ten-year period ended December 31, 2009.

The year-end values of each investment are based on share appreciation plus dividends paid in cash, with the dividends reinvested on the date they were paid.

TEN-YEAR CUMULATIVE TOTAL RETURNS

Value of $100 invested on December 31, 1999



NOTE
POWER FINANCIAL:
Assumes that all dividends were reinvested.
S&P/TSX COMPOSITE INDEX:
Total return index
(all dividends reinvested)
SOURCE: Bloomberg

APPOINTMENT OF AUDITORS

It is proposed to reappoint Deloitte & Touche LLP as auditors of the Corporation at the Meeting, or any adjournment thereof, to hold office until the close of the next Annual Meeting of Shareholders. Except where authority to vote in respect of the appointment of auditors is withheld, the nominees named in the accompanying form of proxy will vote the shares represented thereby for the appointment of Deloitte & Touche LLP as auditors of the Corporation. The resolution to reappoint Deloitte & Touche LLP will be approved, if passed, by a majority of the votes cast at the Meeting.

SHAREHOLDER PROPOSAL

A shareholder proposal submitted for consideration of the Corporation's shareholders is attached as Schedule "A". For the reasons set forth below the proposal in Schedule "A", the Board of Directors recommends that shareholders vote against the proposal. Except where authority to vote in respect of the shareholder proposal is withheld, the nominees named in the accompanying form of proxy will vote the shares represented thereby against the shareholder proposal.

The final date by which the Corporation must receive a proposal for any matter that a shareholder proposes to raise at the Annual Meeting of Shareholders of the Corporation to be held in 2011 is December 10, 2010.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation believes in the importance of good corporate governance and the central role played by directors in the governance process. The Corporation believes that sound corporate governance is essential to the well-being of the Corporation and its shareholders.

Power Financial is an international management and holding company. Power has controlled Power Financial since the latter was first organized in 1984. Power Financial is not an operating company and a substantial portion of its interests are located outside Canada, specifically in the United States and Europe. These characteristics are important in any consideration of governance philosophy and practices as they apply to the Corporation.

In 2005, the CSA adopted National Policy 58-201 — *Corporate Governance Guidelines* (the "Policy") which sets forth a number of suggested guidelines on corporate governance practices (the "CSA Guidelines"). Under the Policy, issuers are encouraged to consider the CSA Guidelines in developing their own corporate governance practices.

In the Board's view, no single corporate governance model is superior or appropriate in all respects. The Board believes that the Corporation's governance system is effective and is appropriate to its circumstances, and that there are in place appropriate structures and procedures to ensure the Board's independence from management and to ensure that actual or potential conflicts of interest between the Corporation and Power and/or its controlling shareholder are dealt with appropriately. Furthermore, any review of governance practices should include consideration of long-term returns to shareholders, as the Board believes this to be an important indicator of the effectiveness of a governance system.

INDEPENDENCE OF DIRECTORS

A - CURRENT APPLICABLE STANDARDS

The CSA Guidelines and National Instrument 52-110 and National Instrument 58-101 (the "Instruments") provide that a director is "independent" of an issuer if he or she has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of the director's independent judgment. The Corporation's Board of Directors agrees with this approach to assessing director independence.

However, the Instruments go on to provide that a director is *deemed* to have such a direct or indirect relationship with an issuer (and thus not to be independent) if, among other things, the director is, or has been within the last three years, an executive officer or an employee of the issuer's parent corporation. In the view of the Board, the determination of director independence should be based upon whether or not the director is independent of the corporation's management, and whether or not the director has any other relationships with the corporation which could reasonably be expected to interfere with the exercise of the director's independent judgment. In the Board's view, that is a question of fact that should be determined by the issuer's board of directors on a case-by-case basis without reference to any presumptions such as those which are currently contained in the Instruments.

The most important function of a board of directors is to oversee management in the drive to achieve long-term shareholder returns.

A financially strong and long-term oriented controlling shareholder can have a significant positive impact on a corporation's long-term returns, benefiting all shareholders and the corporation as a whole. The benefits can include the ability to encourage and support management in the pursuit of long-term strategies and the provision of directors who are experienced and knowledgeable about the business of the corporation. In the case of the Corporation, and throughout our corporate group, many of these attributes are provided through a governance model which has been developed over many years, and which includes a group of Directors who are also officers of the controlling shareholder. The full-time job of a number of these Directors is to focus on and become knowledgeable about the affairs of the controlling shareholder's subsidiaries, including the Corporation. They have no other relationship with the Corporation other than as directors and shareholders.

The effect of the "deeming provision" regarding Director independence, if followed, would be to deny the Corporation, all of its shareholders, and its corporate group the benefit of this governance model. It would prevent the controlling shareholder from participating fully in the oversight function of the Corporation and its subsidiaries.

Any concerns which may exist in a controlled company situation about conflicts of interest or self-dealing should, in the view of the Board of Directors, be resolved directly through a committee of Directors who are independent of the controlling shareholder. The governance model at the Corporation includes such a committee, the Related Party and Conduct Review Committee, which is discussed below in the section entitled "Resolution of Conflicts".

The CSA has acknowledged the concerns expressed by some reporting issuers as to whether the CSA's view of director independence is appropriate to companies such as the Corporation and its publicly traded subsidiaries which have a majority shareholder. Thus, the Policy stated at the time that the CSA "intend(s), over the next year, to carefully consider these concerns in the context of a study to examine the governance of controlled companies" and that it "will consider whether to change how this Policy…treat(s) controlled companies". On December 19, 2008, the CSA published "Request for Comment-*Proposed Repeal and Replacement of NP 58-201 Corporate Governance Guidelines, NI 58-101 Disclosure of Corporate Governance Practices, and NI 52-110 Audit Committees and Companion Policy 52-110 CP Audit Committees*" (the "Proposal") which include, among other things, the replacement of the current prescriptive approach to independence, and "deeming" rules, with a more principles-based approach. Although the Board of Directors was encouraged by the new direction proposed by the CSA, the CSA has decided not to proceed with its proposed revisions as published at this time. The CSA has indicated that it is still considering potential changes to the corporate governance regime but has stated that no changes will be effective until the 2011 proxy season at the earliest. The Corporation encourages the CSA to continue its review of the "independence" definition as it relates to majority shareholders and to proceed with appropriate revisions at an early opportunity.

B - ASSESSMENT OF INDEPENDENCE

The Board of the Corporation is currently composed of 17 Directors. In the Board's view, 10 of the 17 current Directors, namely: J. Brian Aune, Marc A. Bibeau, The Honourable Paul Desmarais, Gérald Frère, Anthony R. Graham, V. Peter Harder, the Right Honourable Donald F. Mazankowski, Jerry E.A. Nickerson, Raymond Royer and Emőke J.E. Szathmáry are independent of management and have no other relationships that could reasonably interfere with the exercise of their independent judgment in discharging their duties to the Corporation.

The following 9 Directors of the Corporation, constituting a majority of the Board, are also independent within the meaning of the Instruments, namely: J. Brian Aune, Marc A. Bibeau, Gérald Frère, Anthony R. Graham, V. Peter Harder, the Right Honourable Donald F. Mazankowski, Jerry E.A. Nickerson, Raymond Royer and Emőke J.E. Szathmáry.

R. Jeffrey Orr, President and Chief Executive Officer of the Corporation, is not independent. Robert Gratton is deemed not to be independent within the meaning of the Instruments because within the past three years he was employed by and exercised certain management responsibilities for the Corporation. Raymond L. McFeetors is deemed not to be independent within the meaning of the Instruments because within the past three years he was the President and Chief Executive Officer of subsidiaries of the Corporation, including Lifeco. Paul Desmarais, Jr., Co-Chairman and André Desmarais, Co-Chairman who, from time to time, may perform executive functions for the Corporation, are also not independent. Henri-Paul Rousseau is also not independent within the meaning of the Instruments, as he performs executive functions for the Corporation in his capacity as a Vice-Chairman. Michel Plessis-Bélair is deemed not to be independent within the meaning of the Instruments because within the past three years he was Executive Vice-President and Chief Financial Officer of the Corporation.

The Honourable Paul Desmarais is deemed not to be independent within the meaning of the Instruments because he is the father of André Desmarais and Paul Desmarais, Jr.

The Board has determined that Amaury de Seze, who is proposed for election as a Director of the Corporation for the first time at the Meeting, is deemed not to be independent within the meaning of the Instruments, as he performs executive functions for Power.

The Board has determined that Louise Roy, who is proposed for election as a Director of the Corporation for the first time at the Meeting, is independent within the meaning of the Instruments. Of the 19 Directors proposed for election at the Meeting, 10 would be independent within the meaning of the Instruments.

C - MEETINGS OF INDEPENDENT DIRECTORS

The Co-Chairmen of the Board are responsible for ensuring that the Directors who are independent of management have opportunities to meet without management present. All independent Directors are encouraged by the Co-Chairmen of the Board to have open and candid discussions with the Co-Chairmen or with the Chief Executive Officer.

The Board has adopted a policy relating to meetings of independent Directors at Board and Committee meetings. The Directors on the Board who are independent of management meet at least twice a year without members of management present. The Audit Committee, the Related Party and Conduct Review Committee and the Compensation Committee are composed entirely of Directors who are independent in the Board's view and within the meaning of the Instruments. Under the policy, each of these committees are to meet without members of management as follows: Audit Committee — four times per year, and Related Party and Conduct Review and Compensation Committees — at every meeting.

D - CO-CHAIRMEN OF THE BOARD

The Co-Chairmen of the Board may from time to time perform executive functions for the Corporation and are therefore not independent under the meaning of the Instruments. The Board has implemented structures and procedures to provide assurance that the Board can act independently of management. A majority of the Board is independent in the Board's view and within the meaning of the Instruments. The Audit Committee, the Related Party and Conduct Review Committee and the Compensation Committee are constituted entirely with Directors who are independent in the Board's view and within the meaning of the Instruments. The Executive Committee and the Governance and Nominating Committee include Directors who are independent in the Board's view and within the meaning of the Instruments.

RESOLUTION OF CONFLICTS

It is the duty of the Board to supervise the management of the business and affairs of the Corporation for the benefit of all shareholders. In discharging this duty, the Board establishes procedures for the identification and resolution of conflicts that might arise between the interests of the Corporation and the interests of Power and/or its controlling shareholder.

The Corporation has established a Related Party and Conduct Review Committee composed entirely of Directors who are independent of management and who are neither officers, employees nor Directors of Power and who are not related to Power's controlling shareholder. The mandate of the Related Party and Conduct Review Committee is to review proposed transactions, if any, with related parties of the Corporation and to approve only those transactions that it deems appropriate.

Each of The Great-West Life Assurance Company ("Great-West Life"), London Life Insurance Company ("London Life") and The Canada Life Assurance Company ("Canada Life") is a regulated financial institution that is required by law to have a conduct review committee that establishes procedures for the review of proposed related party transactions to ensure that any such transactions are on terms and conditions at least as favourable to those companies as market terms and conditions. These conduct review committees are composed of Directors who are independent of the management of Great-West Life, London Life and Canada Life and who are neither officers nor employees of Power Financial, Power or any of their affiliates. Similarly, Lifeco and IGM have also established their own conduct review committees composed entirely of Directors who are independent of management and who are neither officers, employees nor Directors of Power Financial or Power.

For a description of the Board's procedures in respect of transactions involving Directors or Officers of the Corporation, see also "Ethical Business Conduct".

BOARD OF DIRECTORS

The mandate of the Board, which it discharges directly or through one of the five Board Committees, is to supervise the management of the business and affairs of the Corporation, and includes responsibility for approving strategic goals and objectives, review of operations, disclosure and communication policies, oversight of financial and other internal controls, corporate governance, director orientation and education, senior management compensation and oversight, and director nomination, compensation and assessment. The Executive Committee has and may exercise all or any of the powers vested in and exercisable by the Board, except the power to do certain things as outlined in its Charter. The primary mandate of the Audit Committee is to review the financial statements of the Corporation and public disclosure documents containing financial information and to report on such review to the Board, to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure documents that contain financial information, to oversee the work and review the independence of the external auditors, and to review any evaluation of the Corporation's internal control over financial reporting. The primary mandate of the Compensation Committee is to approve compensation policies and guidelines for employees of the Corporation, to approve compensation arrangements for executives of the Corporation, other than executives who are also executives of Power, to recommend to the Board compensation arrangements for the Directors and the President and Chief Executive Officer, to oversee the management of incentive compensation plans and equity compensation plans, and to review succession plans for senior management. The primary mandate of the Related Party and Conduct Review Committee is to recommend to the Board procedures for the consideration and approval of transactions with related parties of the Corporation and to review and, if deemed appropriate, to approve such transactions. The primary mandate of the Governance and Nominating Committee is to oversee the Corporation's approach to governance issues, to recommend to the Board corporate governance practices consistent with the Corporation's commitment to high standards of corporate governance, to assess the effectiveness of the Board of Directors, of Committees of the Board and of the Directors, and to recommend to the Board candidates for election as Directors and for appointment to Board Committees.

COMMITTEE MEMBERSHIP

The Audit Committee, the Related Party and Conduct Review Committee, and the Compensation Committee are composed entirely of Directors who are independent in the Board's view and within the meaning of the Instruments.

The Executive Committee and the Governance and Nominating Committee include Directors who are independent in the Board's view and within the meaning of the Instruments.

BOARD AND COMMITTEE MANDATES

The Board has adopted a Charter for itself and for each of its five committees. The Board Charter is attached as Schedule "B". The mandates of all five committees are described in summary earlier in this Corporate Governance section.

DIRECTOR AFFILIATIONS AND ATTENDANCE

Additional information relating to Directors standing for election, including a list of all public companies, and certain private companies, for which they serve as board members, as well as their attendance records for all Board and Committee meetings for the year ended December 31, 2009, can be found in the section entitled "Election of Directors" above in this Management Proxy Circular.

The Corporation believes that the interests of the Corporation, a holding company, are well served by the experience of and expertise in the affairs of its group companies that is brought to the Corporation by those Directors who also serve on the boards of affiliates. Over the years, the Corporation has sought to increase the number of Directors with such interlocks. Their presence enriches the discussion and enhances the quality of governance of the Corporation's Board and at the other group boards on which they serve.

CO-CHAIRMEN AND CEO POSITION DESCRIPTIONS

The Board has approved written position descriptions for the Co-Chairmen of the Board and for the Chairman of each Board Committee. In general terms, the Co-Chairmen of the Board and the Chairmen of the Board Committees are responsible for ensuring that the Board or Committee is able to fulfill its duties and responsibilities in an effective manner, for planning and organizing the activities of the Board or of the Committee, for ensuring that delegated Committee functions are carried out and reported as necessary, for facilitating effective interaction with management, and for engaging outside advisers where necessary.

The Board has approved a written position description for the President and Chief Executive Officer.

ORIENTATION AND CONTINUING EDUCATION

Director orientation and education is conducted under the aegis of the Co-Chairmen of the Board. Newly elected Directors are provided with orientation as to the nature and operation of the business and affairs of the Corporation and the Corporation's major operating subsidiaries, as to the role of the Board and its Committees, and as to the contributions that individual Directors are expected to make. Directors are periodically updated in respect of these matters.

In order to orient new Directors as to the nature and operation of the Corporation's business, they are also given the opportunity to meet with members of the Corporation's executive management team and with members of the executive management teams of the Corporation's major operating subsidiaries to discuss the Corporation's businesses and activities.

ETHICAL BUSINESS CONDUCT

The Board has adopted a written Code of Business Conduct and Ethics (the "Code of Conduct") that governs the conduct of the Corporation's Directors, officers and employees. A copy of the Code of Conduct is available on SEDAR (www.sedar.com), or may be obtained by contacting the Corporation's General Counsel and Secretary.

The Board oversees compliance with the Code of Conduct through the Corporation's General Counsel and Secretary who monitors compliance with the Code of Conduct. Directors, officers and employees who believe that a violation of the Code of Conduct or any law, rule or regulation has been or is likely to be committed have an obligation to promptly report the relevant information to an appropriate supervisor or, in the case of Directors and senior officers, to the General Counsel. Alternatively, in any case, the violation or potential violation may be reported to the either of the Co-Chairmen, the CEO or any member of the Audit Committee, as appropriate, in accordance with the Corporation's procedures.

Directors and officers of the Corporation are required to confirm annually their understanding of, and agreement to comply with, the Code of Conduct (which contains the Corporation's conflict of interest policy). There have been no material change reports filed that pertain to any conduct of a Director or executive officer that constitutes a departure from the Code of Conduct.

In order to ensure that Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or an executive officer has a material interest, the Director or executive officer having a conflict of interest must declare his/her interest and, if requested by any other Director, excuse himself or herself from the meeting during the consideration of that particular matter. Such Director may not vote on such matter.

In addition, the Corporation has a Related Party and Conduct Review Committee, the role of which is described earlier in this Management Proxy Circular.

NOMINATION AND ASSESSMENT OF DIRECTORS

The Board has established a Governance and Nominating Committee which is responsible for identifying new candidates for Board nomination and for recommending to the Board qualifications for directors including, among other things, the competencies, skills, business and financial experience, leadership roles and level of commitment required to fulfill Board responsibilities. The Committee recognizes that each Director will contribute differently to the Board and will each bring particular strengths in different areas of qualification. After considering the qualifications that existing Directors possess and that each potential new nominee would be expected to bring to the Board, and after considering the appropriate level of representation on the Board by Directors who are independent, the Committee identifies candidates qualified for Board membership, and recommends to the Board nominees to be placed before the shareholders at the next Annual General Meeting.

The Committee and the Board are mindful of the importance of having a Board with a balance of competencies, skills and experience, as well as geographic representation. The Committee and the Board believe that these factors and the continuity of membership are critical to the Board's efficient operation.

The Committee is also responsible for assessing the effectiveness and contribution of the Board, of Board Committees, and of individual Directors from time to time. The Board assesses its effectiveness at least annually at a meeting without members of management present.

The Board believes that it is normal and appropriate, especially in the case of a holding company with a controlling shareholder, like the Corporation, to have representatives of the controlling shareholder (in this case, Paul Desmarais, Jr. and André Desmarais) as members of the Governance and Nominating Committee.

The Corporation has adopted a form of proxy which gives shareholders the ability to vote for or withhold from voting for each individual Director proposed for election to the Board of Directors of the Corporation.

COMPENSATION COMMITTEE

The Board has established a Compensation Committee, which is responsible for approving (or, in the case of the CEO, recommending to the Board for approval) the compensation for the executives of the Corporation, other than executives who are also executives of Power. The Compensation Committee also recommends to the Board for approval the compensation arrangements for the Directors, for the Chairmen of Board Committees and for members of Board Committees. The Compensation Committee also approves compensation policies and guidelines applicable to employees; it recommends for approval by the Board such incentive compensation plans, equity compensation plans, registered pension plans, supplemental pension plans and other compensation plans for employees as it deems appropriate; and it oversees the management of the Corporation's incentive compensation plans and equity compensation plans.

Further particulars of the process by which compensation for the Corporation's Directors and officers is determined are set forth above in this Management Proxy Circular.

ADDITIONAL INFORMATION

Upon request to the Secretary of the Corporation at 751 Victoria Square, Montréal, Québec, Canada H2Y 2J3, the Corporation shall provide to any person or company, one copy of: [i] the Corporation's annual information form ("AIF"), together with any document, or the pertinent pages of any document, incorporated therein by reference; [ii] the financial statements of the Corporation for its most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditors thereon, management's discussion and analysis of operating results ("MD&A") and any interim financial statements of the Corporation issued subsequent to the annual financial statements together with the related MD&A; and [iii] the information circular of the Corporation in respect of the most recent annual meeting of its shareholders. The Corporation may require the payment of a reasonable charge when the request is made by someone who is not a security holder thereof, unless securities of the Corporation are in the course of a distribution pursuant to a short-form prospectus, in which case such documents will be provided free of charge.

Financial information is provided in the Corporation's financial statements and MD&A for its most recently completed financial year.

Information relating to the Audit Committee can be found in the section of the AIF entitled "Audit Committee".

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

APPROVAL BY DIRECTORS

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors.

Signed

Montréal, Québec
March 11, 2010

Edward Johnson
Senior Vice-President, General Counsel and Secretary

SCHEDULE A

POWER FINANCIAL CORPORATION

SHAREHOLDER PROPOSAL

The Corporation is required by applicable law to attach the following proposal, and the related supporting statement, to the Management Proxy Circular. The Corporation has, and assumes, no responsibility for the content of such proposal and related supporting statement, including the opinions expressed or the accuracy of any statements contained therein. For the reasons set forth below the proposal under Board and Management Statement, the Board of Directors recommends that shareholders vote AGAINST such proposal.

Northwest & Ethical Investments L.P., 800 - 1111 West Georgia Street, Vancouver, British Columbia, V6E 4T6 has submitted the following shareholder proposal for consideration at the Meeting.

PROPOSAL

Whereas:

The role of directors is to represent shareholders and supervise management – a role that requires independence. The Council of Institutional Investors defines an independent director as "*someone whose only nontrivial professional, familial or financial connection to the corporation, its chairman, CEO or any other executive officer is his or her directorship. Stated most simply, an independent director is a person whose directorship constitutes his or her only connection to the corporation*".

The Canadian Coalition for Good Governance (CCGG) specifically identifies interlocking board relationships as problematic in its *Building High Performance Boards* guidelines. The CCGG suggests that too many such relationships signal a degree of inter-related interests that might be detrimental to director independence.

Power Financial and its related companies are fraught with interlocking board relationships. At Power Financial, 12 of 17 directors also sit on the Board of Power Corporation. In addition, 7 of 17 Power Financial directors sit on all three Boards of companies related to Power Financial: Power Corporation, Great-West Lifeco, and IGM Financial. Upon examination of all six inter-related boards (Power Financial, Power Corporation, Great West Lifeco, IGM Financial, Groupe Bruxelles Lambert and Pargesa SA) two common directors sit on every one of these six boards.

When best practice dictates that two-thirds of a Board of Directors should be independent, a mere 2 of 17 Power Financial directors are completely independent – not on the Board of any Power Corporation affiliated company. Governance bodies such as the Canadian Securities Administrators, the Canadian Coalition for Good Governance, and the Council of Institutional Investors all have standards on independence that Power Financial is not aligned with.

Power Financial is a (sic) "*is a diversified management and holding company that has interests, directly or indirectly, in companies that are active 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*". It is a large complicated company that demands the undivided and independent attention of its directors.

Power Financial placed 130 out of 157 companies in the Globe and Mail's annual corporate governance report (http://www.theglobeandmail.com/report-on-business/board-games/board-games-2009/article1375949/#custom). In this report, the company scored particularly low on board composition which includes questions on overall independence, independence for key committees and interlocking relationships.

Be it Resolved That: *The Board consider adoption of a policy that would limit the number of board and committee interlocks among related companies and disclose to shareholders how the company is taking steps to ensure that two thirds of the Board is independent as promoted by governance best practices*.

BOARD AND MANAGEMENT STATEMENT:

This proposal would undermine the carefully constructed governance system that has served the Power group and its shareholders very well for so many years. Its adoption would do a great disservice to the Corporation and to all its shareholders including the proponent.

Board Interlocks

The proponent is critical of the number of board interlocks among our related companies. As the Board of Directors and the boards of our subsidiaries have noted many times in their Statements of Corporate Governance Practices, we believe that the interests of the Corporation, a holding company in a large and diversified corporate group, are well served by the experience of and expertise in the affairs of its group companies that is brought to the Corporation by those Directors who also serve on the boards of our subsidiaries. Over the years, the Corporation has sought to increase the number of directors with such interlocks. Their presence enriches the discussion and enhances the quality of governance of the Corporation and of the other group boards on which they serve.

There are four aspects to interlocks and the contribution they make to our governance model. First, we believe that proper governance can best be achieved through a model which includes a group of directors on the boards of our subsidiaries who are also officers of their parent companies.

The full-time job of a number of these Directors is to focus on and become knowledgeable about the affairs of our subsidiaries. They have no relationship with the subsidiaries other than as directors and shareholders.

Second, our model includes directors on the boards of our subsidiary companies who are also directors, but not officers, of the parent company. They bring to the subsidiary board the benefit of the long-term perspective of a controlling shareholder, and they assist the board of the parent company in the proper stewardship of its holdings. These directors have no connection with our group companies other than as directors and shareholders.

Third, our model also requires that each of the boards in our group should include directors who are not directors or officers of any other company in our group.

Fourth, some of our independent directors also sit on the boards of companies outside our group. These involvements enrich the deliberations of our boards and contribute to the quality of governance at our companies.

Over a long period of time, careful thought and effort have been given to building an effective governance model that is appropriate to our group. The effect of the proposal, if it were adopted, would be to deny the Corporation, all of its shareholders (including the proponent) and its corporate group the benefit of this governance model. It would prevent our representatives from participating fully in the oversight function at our subsidiaries, and it would deny the fundamental principal of free enterprise that the owners of capital are entitled to oversee its stewardship.

Director Independence

The proponent also asserts that a director is not independent of a corporation if the director is a member of the board of an affiliate of the corporation.

It is our view that the determination of Director independence should be based upon two tests: first, whether or not the Director is independent of the Corporation's management, and second, whether or not the Director has any other relationships with the Corporation which could reasonably be expected to interfere with the exercise of the Director's independent judgement. These are questions of fact that should be determined by the Corporation's Board of Directors on a case-by-case basis without reference to any presumptions. We note that the CSA has stated that they recognize that Canada has a relatively larger proportion of companies with controlling shareholders and that their current prescriptive approach to determining director independence may need to be replaced with a more principles-based approach to facilitate proper governance of controlled companies. We would welcome such a development.

The Board of Directors does not believe that the number of group company boards on which individuals serve is a determinative factor in assessing a Director's independence.

We urge shareholders to read carefully the "Statement of Corporate Governance Practices" above in this Circular, as it sets out more fully our approach to these important matters.

For all the above reasons, the Board believes that the proposal is not in the best interests of the Corporation or its shareholders.

The Board of Directors recommends that shareholders vote AGAINST this proposal.

SCHEDULE B

POWER FINANCIAL CORPORATION BOARD OF DIRECTORS CHARTER

SECTION 1. MEMBERSHIP

The Board of Directors (the "Board") shall consist of such number of Directors, not greater than the maximum nor less than the minimum set out in the articles of Power Financial Corporation (the "Corporation"), at least a majority of whom shall be, at the time of each Director's election or appointment, resident Canadians.

SECTION 2. PROCEDURAL MATTERS

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

1. Meetings > The Board shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder. The Board may meet at any place within or outside of Canada.
2. Advisers > The Board may, at the Corporation's expense, engage such outside advisers as it determines necessary or advisable to permit it to carry out its duties and responsibilities.
3. Quorum > A quorum at any meeting of the Board shall be as fixed from time to time by the Board but, unless so fixed, a majority of the Directors shall constitute a quorum.
4. Secretary > The Chairman (or, in the absence of the Chairman, the acting Chairman) of the Board shall appoint a person to act as secretary of meetings of the Board.
5. Calling of Meetings > A meeting of the Board may be called by the Chairman of the Board, a Deputy Chairman, the President or a majority of the Directors, on not less than 48 hours notice to the members of the Board, unless otherwise provided in the by-laws, specifying the place, date and time of the meeting. Meetings may be held at any time without notice if all members of the Board waive notice. If a meeting of the Board is called by anyone other than the Chairman of the Board, the person(s) calling such meeting shall so advise the Chairman of the Board.
6. Board Meeting Following Annual Meeting > As soon as practicable after each annual meeting of shareholders, there shall be held, without notice, a meeting of such of the newly elected Directors as are then present, provided that they constitute a quorum, at which meeting the Directors may appoint officers, may appoint the Chairman of the Board, may appoint members to and the Chairman of each Board Committee, and may transact such other business as comes before the meeting.

SECTION 3. DUTIES AND RESPONSIBILITIES

The Board shall supervise the management of the business and affairs of the Corporation and shall exercise, as appropriate, the powers vested in and exercisable by the Board pursuant to applicable laws and regulations. Without limiting the generality of the foregoing, the Board shall have the following duties and responsibilities, which it may discharge, either directly or indirectly, through one or more Committees of the Board. In fulfilling its duties and responsibilities, the Board will rely on the information, advice and recommendations provided to it by management, but will exercise independent judgment:

1. Strategic Planning > The Board shall approve strategic goals and objectives for the Corporation and it shall consider and approve management's strategic initiatives. The Board shall also review and approve the Corporation's annual financial plan.
2. Review of Operations > The Board shall:
   - [a] monitor the implementation by management of the approved financial plan, and shall monitor financial and operating results and other material developments;
   - [b] monitor the implementation and maintenance by management of appropriate systems, policies, procedures and controls to manage the risks associated with the Corporation's businesses and operations;
   - [c] approve significant acquisitions and dispositions, financings and other capital market transactions, capital management decisions, and other significant business and investment decisions and transactions; and
   - [d] review and monitor those operational issues, including those of a regulatory nature, which in the view of management or the Board, may have a potential material impact on the Corporation's ongoing business, affairs and/or reputation.
3. Disclosure and Communication Policies > The Board shall:
   - [a] approve policies with respect to the accurate, timely and full public disclosure of material information while maintaining confidentiality where necessary and permitted, and shall, where required, review specific disclosure documents; and
   - [b] approve appropriate communication policies respecting the communication of information to the Corporation's stakeholders and regulators.

4. Financial Control > The Board shall monitor the integrity of the Corporation's financial reporting systems and the effectiveness of the Corporation's internal controls and management information systems by:
   [a] overseeing the establishment and maintenance by management of appropriate financial control systems;
   [b] reviewing reports provided by management on material deficiencies in, or material changes to, internal controls;
   [c] reviewing and approving the Corporation's annual and interim financial statements and annual Management's Discussion and Analyses, the Corporation's Annual Information Forms, and other public disclosure documents containing financial information requiring board approval; and
   [d] overseeing compliance with applicable audit, accounting and reporting requirements.
5. Corporate Governance > The Board shall oversee the development of the Corporation's approach to corporate governance, including the development of corporate governance policies, principles and guidelines, and shall approve such policies, principles and guidelines, as it deems appropriate.
6. Senior Management > The Board shall:
   [a] approve a position description for, and the appointment of, the President and Chief Executive Officer (the "Chief Executive Officer"), and review and approve the criteria relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance relative to that criteria, and fix the compensation of the Chief Executive Officer based on such evaluation;
   [b] approve the appointment of senior management, approve their compensation, and oversee the evaluation of their performance;
   [c] approve incentive compensation plans, equity compensation plans and other compensation plans for senior management, and approve compensation policies and guidelines applicable to employees of the Corporation; and
   [d] oversee the succession planning processes of the Corporation with respect to senior management.
7. Director Orientation and Education > All newly appointed Directors shall be provided with an orientation as to the nature and operation of the business and affairs of the Corporation and as to the role of, and expectations as to the contributions to be made by, the Board, of Board Committees and of each Director, and existing Directors shall be periodically updated in respect of the foregoing.
8. Code of Conduct > The Board shall support management in seeking to maintain a culture of integrity throughout the Corporation. The Board shall adopt a code of business conduct and ethics (the "Code") to promote integrity and deter wrongdoing that is applicable to Directors, officers and employees of the Corporation and that addresses, among other things, conflicts of interest (including procedures to identify and resolve conflicts and potential conflicts), protection and proper use of corporate assets and opportunities, confidentiality and use of confidential information, accounting complaints, fair dealing with all parties, compliance with applicable laws, rules and regulations and the reporting of illegal or unethical behaviour, and shall require management to establish processes and procedures to monitor compliance with the Code.
9. Chairman of the Board > The Board shall approve a position description for the Chairman of the Board.
10. Board Committees > The Board shall:
    [a] establish an Audit Committee, an Executive Committee, a Related Party and Conduct Review Committee, a Governance and Nominating Committee, and a Compensation Committee, and may establish such other committees as it deems advisable to assist it in discharging its duties under this Charter, and may establish committee charters and otherwise delegate to those committees such duties and responsibilities as may be permitted by law and as it deems necessary or advisable; and
    [b] approve position descriptions for the Chairman of each Board Committee.
11. Director Nomination, Compensation and Assessment > The Board shall:
    [a] nominate and recommend to the shareholders candidates for election to the Board;
    [b] approve compensation arrangements for the Directors, for the Chairman of the Board, and for the Chairmen and members of Board Committees; and
    [c] assess, on a regular basis, the structure, composition, effectiveness, size and contribution of the Board, of all Committees of the Board, and of the Directors.

SECTION 4. ACCESS TO INFORMATION

The Board shall have access to all information, documents and records of the Corporation that it determines necessary or advisable to permit it to carry out its duties and responsibilities.

SECTION 5. REVIEW OF CHARTER

The Board shall periodically review this Charter and approve any changes that it deems appropriate, and be responsible for approving any changes to Committee Charters recommended by the relevant Committee.

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