

## NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

As Power Financial is a holding company, corporate cash flows from operating activities, before payment of preferred and common share dividends, are primarily comprised of dividends received from Lifeco, IGM and Parjointco and income from investments, less operating expenses, financing charges, and income taxes.

The following non-consolidated cash flows statement of the Corporation, which is not presented in accordance with IFRS, has been prepared to assist the reader in isolating the cash flows of Power Financial, the parent company.

TWELVE MONTHS ENDED DECEMBER 31	2014	2013
<b>OPERATING ACTIVITIES</b>		
Net earnings before dividends on perpetual preferred shares	2,268	2,027
Earnings from Lifeco, IGM and Parjointco not received in cash	(1,123)	(910)
Other	17	(11)
	1,162	1,106
<b>FINANCING ACTIVITIES</b>		
Dividends paid on preferred shares	(132)	(128)
Dividends paid on common shares	(996)	(995)
Issuance of preferred shares	–	500
Repurchase of preferred shares	(175)	–
Issuance of common shares	17	45
Share issue costs	–	(14)
	(1,286)	(592)
<b>INVESTING ACTIVITIES</b>		
Acquisition of Lifeco common shares	–	(545)
Purchase of investment	–	(26)
Other	(15)	(2)
	(15)	(573)
Decrease in cash and cash equivalents	(139)	(59)
Cash and cash equivalents, at the beginning of the year	925	984
Cash and cash equivalents, at December 31	786	925

On a non-consolidated basis, cash and cash equivalents decreased by \$139 million in the twelve-month period ended December 31, 2014, compared with a decrease of \$59 million in the corresponding period in 2013.

Operating activities produced net inflow of \$1,162 million in the twelve-month period ended December 31, 2014, compared with a net inflow of \$1,106 million in the corresponding period in 2013.

- > Dividends declared by Lifeco during the twelve-month period ended December 31, 2014 on its common shares were \$1.23 per share, same as in the corresponding period of 2013. In the twelve-month period ended December 31, 2014, the Corporation recorded dividends from Lifeco of \$824 million, compared with \$810 million in the corresponding period of 2013. On February 12, 2015, Lifeco announced an increase of its quarterly dividend from \$0.3075 to \$0.3260 per share, payable March 31, 2015.
- > Dividends declared by IGM during the twelve-month period ended December 31, 2014 on its common shares were \$2.175 per share, compared with \$2.15 per share in the corresponding period of 2013. In the twelve-month period ended December 31, 2014, the Corporation recorded dividends from IGM of \$322 million, compared with \$318 million in the corresponding period of 2013. On February 13, 2015, IGM declared a quarterly dividend of \$0.5625 per share on its common share, payable April 30, 2015.
- > Pargesa declares and pays an annual dividend in the second quarter ending June 30. The dividend paid by Pargesa to Parjointco in 2014 was SF2.64 per bearer share, compared with SF2.57 in 2013. The Corporation received dividends of SF62 million from Parjointco in 2014 (SF59 million in 2013). At its upcoming annual meeting in May, the board of directors of Pargesa will propose a 2014 dividend of SF2.27 per bearer share, to be paid on May 11, 2015.

The Corporation's financing activities during the twelve-month period ended December 31, 2014 were a net outflow of \$1,286 million, compared with a net outflow of \$592 million in the corresponding period in 2013, and included:

- > Dividends paid on common and preferred shares by the Corporation of \$1,128 million, compared with \$1,123 million in the corresponding period of 2013. In the twelve-month period ended December 31, 2014, dividends declared on the Corporation's common shares were \$1.40 per share, the same as in the corresponding period of 2013.
- > Issuance of common shares of the Corporation for \$17 million pursuant to the Corporation's Employee Stock Option Plan, compared with an issuance for \$45 million in the corresponding period of 2013.
- > The Corporation repurchased the Series M preferred shares for \$175 million, compared with an issuance of \$500 million in the corresponding period of 2013.

The Corporation's investing activities during the twelve-month period ended December 31, 2014 represented a net outflow of \$15 million, compared with a net outflow of \$573 million in the corresponding period of 2013.