



Quebec City, August 21, 2012

To Whom It May Concern:

This is to certify that Anglocom Inc., a firm specialized in English and French translation, performed the following work for Industrielle Alliance, Assurance et services financiers inc.:

- Translation into English of one amalgamation certificate

I further certify that the translation is the exact equivalent of the original French version, in confirmation whereof I have stamped it with the official seal of the *Ordre des traducteurs, terminologues et interprètes agréés du Québec*.

For additional information, please contact the undersigned.

A handwritten signature in blue ink that reads "Violet Kutniowski".

Violet Kutniowski
Certified Translator



Amalgamation Certificate

Act respecting insurance

Business Corporations Act

I hereby certify that the companies mentioned in the attached articles of amalgamation were amalgamated on June 30, 2012, by virtue of the *Act respecting insurance* under the name

Industrielle Alliance, Assurance et services financiers inc.

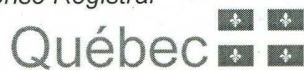
and its version(s)

Industrial Alliance, Insurance and Financial Services Inc.

as indicated in the attached articles of amalgamation.

Deposited in the register on June 29, 2012, under Québec enterprise number 1168366202.

[seal]
Enterprise Registrar



[signature]

Enterprise Registrar



(Enterprise Registrar)

Articles of Amalgamation

For articles in the case of simplified amalgamation only

Québec enterprise number
NEQ 1 1

Form RE-501 is intended for any business corporation that wishes to file articles of amalgamation. Please read the information on pages 3 and 4 before completing the form.

Check off the appropriate box: Ordinary amalgamation Simplified amalgamation

1 Name

Enter the name of the amalgamated corporation and, if applicable, its name in another language.

Do not write anything in this space if you are requesting a designating number in lieu of a name.

**Industrielle Alliance, Assurance et services financiers inc. /
Industrial Alliance Insurance and Financial Services Inc.**

Check off the appropriate box.

- We are requesting a designating number in lieu of a name.
- We are requesting a name and confirm that we have taken reasonable means to ensure that the name chosen is in compliance with the law.

2 Number of directors

Enter the exact number of directors or the minimum and maximum numbers. **Minimum 9 – maximum 21**

3 Effective date

Enter the date on which the amalgamation becomes effective if it is later than the date on which the articles are deposited.

Y 2012 M 06 D 30

4 Effective time

If applicable, enter the time at which the amalgamation becomes effective. hour minutes a.m. p.m.

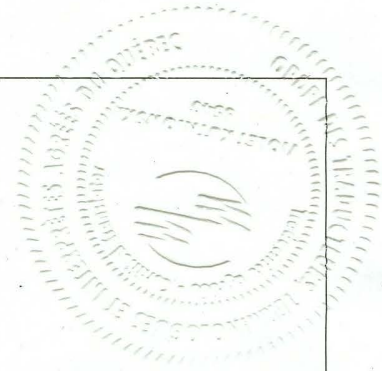
5 Authorized share capital and amount to which it is limited

Describe the authorized share capital and the amount to which it is limited.

Unless otherwise provided in the articles, a corporation has an unlimited share capital and its shares are without par value.

(See the section "Description of share capital" on page 4.)

See attached Appendices 1, 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-8, 1-9, 1-10 and 1-11.



Do not use this area.

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6 Restrictions

Specify any restrictions on the transfer of instruments or shares and other provisions.

See attached Appendix 2.

7 Restrictions on business activity

Specify any restrictions on business activity.

The company is authorized to conduct operations in all categories of insurance of persons and carry out all other business permitted to an insurer under the laws in effect in the province of Québec.

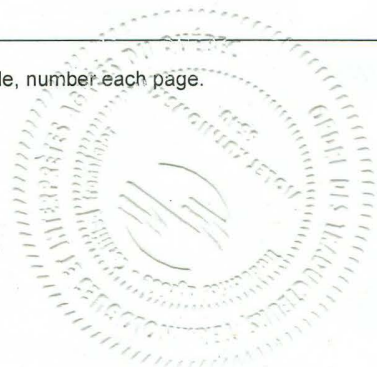
8 Name and Québec enterprise number (NEQ) of each amalgamating corporation

Have an authorized director or officer from each of the amalgamating corporations sign in the space provided for that purpose.

Name of corporation	Québec enterprise number (NEQ)	Signature of authorized director or officer
Industrielle Alliance, Assurance et services financiers inc. / Industrial Alliance Insurance and Financial Services Inc.	1 1 4 5 4 4 1 0 3 7	
	1 1	
	1 1	
	1 1	
Industrielle Alliance Pacifique, Assurance et services financiers inc. / Industrial Alliance Pacific Insurance and Financial Services Inc.	1 1 4 2 3 4 4 6 6 3	
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If you do not have enough space, attach an appendix. Indicate the corresponding section and, if applicable, number each page.

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ANNEX 1

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Authorized share capital and amount to which it is limited

The Company is authorized to issue an unlimited number of Common Shares without nominal value, 10,000,000 Preferred Shares having a nominal value of \$25.00, issuable in series and including Series 1, 2 and 3, and an unlimited number of Class A Preferred Shares without nominal value, issuable in series and including Series A, B, C, D, E, F, G, H, YY and ZZ, which will carry and be subject to the rights, privileges, conditions and restrictions described in Annexes 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-8, 1-9, 1-10 and 1-11 attached hereto.

ANNEX 1-1

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Class A Preferred Shares, Preferred Shares Series 1, 2, 3 and Common Shares

1. Capital Stock

The capital stock of the Company consists of (a) an unlimited number of Class A preferred shares without par value, issuable in series (the "Class A Preferred Shares"), (b) 10,000,000 preferred shares with a par value of \$25 per share, issuable in series (the "Preferred Shares"), and (c) an unlimited number of common shares without par value (the "Common Shares").

2. Class A Preferred Shares

The following rights, privileges restrictions and conditions will attach to the Class A Preferred Shares as a class.

2.1 Power of the board of directors of the Company to issue one or more series of shares. The board of directors of the Company may issue Class A Preferred Shares in one or more series. Before any shares of a series are issued, the board of directors of the Company will determine the number of shares comprising the series and, subject to the restrictions set out in the Company's articles, the designation of and the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares of the series. Before any shares of a series are issued, the directors shall amend the articles so as to indicate therein the number, the designation of and any rights, privileges, restrictions and conditions determined for such series by the board of directors of the Company.

2.2 Ranking of Class A Preferred Shares. The rights, privileges, restrictions or conditions attaching to any series of Class A Preferred Shares will not confer any priority on that series over any other series of Class A Preferred Shares in relation to dividends or return of capital.

With respect to the payment of dividends and the distribution of property upon liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, or any other distribution of the Company's assets to its policyholders and shareholders for the precise purpose of winding up its affairs, the Class A Preferred Shares: (1) will rank equally with the Preferred Shares; and (b) will rank senior to the Common Shares and to any other shares ranking junior to the Class A Preferred Shares.

If any declared or undeclared cumulative dividends, any declared non-cumulative dividends or any amounts payable on account of return of capital are not paid in full on any series of Class A Preferred Shares, such dividends shall be apportioned pro rata among the Class A Preferred Shares of all series based on the amounts that would be payable on the said shares if all the said dividends were declared and paid in full, and regarding return of capital, based on the amounts that would be payable on account of such return of capital if all the said amounts so payable were paid in full. However, if the property is not sufficient to pay all claims in the aforementioned manner, the claims of the holders of Class A Preferred Shares on account of return of capital shall be paid first and any remaining property shall be applied toward payment of the claims on account of dividends. Additional priority rights may also attach to the Class A Preferred Shares of any series provided that such rights are not incompatible with the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class relative to the Common Shares and to any other shares ranking junior to the Class A Preferred

Shares, as such rights, privileges, restrictions and conditions may be determined in relation to such series of Class A Preferred Shares.

2.3 **Voting.** Except as provided hereinafter, as required by law or as set out in the rights, privileges, restrictions and conditions attaching to a series of Class A Preferred Shares, the holders of Class A Preferred Shares, as a class, will not be entitled to receive notice of, attend or vote at any meetings of shareholders or of participating policyholders of the Company.

2.4 **Change with approval of the holders of Class A Preferred Shares.** The rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class may only be amended or removed with the approval of the holders of Class A Preferred Shares given as hereinafter specified.

2.5 **Approval of the holders of Class A Preferred Shares.** The approval of the holders of Class A Preferred Shares to amend or remove any rights, privileges, restrictions or conditions attaching to the Class A Preferred Shares as a class, or in regard to any other matter requiring the consent of the holders of Class A Preferred Shares, may be given in such manner as may then be required by law, provided that such approval be given by resolution passed by an affirmative vote of at least two thirds (2/3) of the votes cast at a meeting of the holders of Class A Preferred Shares duly called for such purpose at which meeting the holders of at least one quarter (1/4) of the outstanding Class A Preferred Shares were present in person or represented by proxy. If the holders of at least one quarter (1/4) of the outstanding Class A Preferred Shares are not in attendance or represented by proxy at such meeting within 30 minutes following the time scheduled for the holding of the meeting, the meeting will be adjourned for at least 15 days and the chairman of the meeting will decide on the time and place for the adjourned meeting. Prior notice of at least seven days will be given in respect of the adjourned meeting. At the adjourned meeting, the holders of Class A Preferred Shares who are present in person or represented by proxy thereat may transact the business for which the meeting was originally called and any resolution passed thereat by an affirmative vote of at least two thirds (2/3) of the votes cast will mean that the approval of the holders of Class A Preferred Shares as aforementioned has been given.

The formalities to be observed with respect to the giving of notice and the conduct of any meeting or adjourned meeting will be those specified in the by-laws of the Company or in resolutions of the Company adopted by the board of directors with respect to meetings of shareholders or those required by law. On any ballot taken at any meeting of the holders of Class A Preferred Shares as a class, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of such shares entitled to vote thereat will have one vote for each Class A Preferred Share held.

3. Preferred Shares

The following rights, privileges, restrictions and conditions will attach to the Preferred Shares as a class.

3.1. **Issuance in series.** Preferred Shares may, at any time and from time to time, be issued in one or more series, each series containing the number of Preferred Shares determined before they are issued by the board of directors of the Company.

3.2 **Provisions pertaining to series.** Subject to the following provisions, which apply to all series of Preferred Shares, the directors will have the authority to determine by simple resolution and without further approval by the holders of Common Shares, Preferred Shares or Class A Preferred Shares, the number and the designation of the Preferred Shares of each series and any rights, privileges, restrictions and conditions pertaining to the Preferred Shares of each series, including, without limitation, the rate or the amount or the method of calculation and the method of payment of dividends, both cumulative and non cumulative, the terms and conditions

for redemption or purchase, any conversion or exchange privileges and the terms of such privileges. However, before issuing any Preferred Shares of a particular series, the directors shall amend the articles so as to indicate therein, as the case may be, the number and the designation of and any rights, privileges, conditions and restrictions determined for such series.

3.3 **Dividends.** During each of the Company's fiscal years, registered holders of Preferred Shares are entitled to receive cumulative or non-cumulative preferential dividends, when and if declared by the Company's directors, payable at the times, at the rates or in the amounts and at the location or locations to be determined by the directors for each series before any Preferred Shares of that series are issued.

No dividend may be declared and paid or set aside for payment at any time whatsoever during any of the Company's fiscal years, on or with respect to any other share in its capital stock ranking junior to the Preferred Shares, unless all the dividends accrued on all the Preferred Shares of cumulative series have been declared and paid or set aside for payment and all the dividends declared on all the Preferred Shares of non-cumulative series have also been paid or set aside for payment.

3.4 **Participation.** Preferred shares will not otherwise participate in the profits or surplus of the Company.

3.5 **Voting.** The holders of Preferred Shares of the Company will be entitled to be informed of any special meetings held by the Company, but they will not be entitled to attend or vote at such meetings. They will be entitled to receive notice of, attend and vote at any meetings of the holders of Preferred Shares, at which meetings they will have one vote per share.

3.6 **Redemption.** Subject to the provisions of the *Business Corporations Act* (Québec) and with the prior approval of the Autorité des marchés financiers (the "AMF"), the Company may, upon the expiry of the period specified and according to the terms and conditions set for the series, redeem any Preferred Shares specified as redeemable. Such redemption may be made on the redemption date set at the time of issue, but not before. However, redemption of Series 2 Preferred Shares will not be subject to approval by the AMF.

The redemption price is equal to the amount established for the particular series at the time the shares are issued, plus, in the case of Preferred Shares of a cumulative series, all accrued and unpaid dividends and, in the case of non-cumulative Preferred Shares, all declared but unpaid dividends.

Any partial redemption will be made on a pro rata basis among the holders of all the Preferred Shares of the particular series outstanding at the time.

3.7 **Purchase.** Subject to the provisions of the *Business Corporations Act* (Québec) and with the prior approval of the AMF, the Company may purchase, by mutual agreement, for cancellation, all or part of the Preferred Shares outstanding at the time. The shares will be purchased at the best possible price, but may not exceed the redemption price as determined in the foregoing paragraph.

However, such a purchase may be made only at the end of a five (5) year period following the issue date of the share.

3.8 **Change with approval of the holders of Preferred Shares.** The rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class may only be amended or removed with the approval of the holders of Preferred Shares given as hereinafter specified.

3.9 **Approval of the holders of Preferred Shares.** The approval of the holders of Preferred

Shares to amend or remove any rights, privileges, restrictions or conditions attaching to the Preferred Shares as a class, or in regard to any other matter requiring the consent of the holders of Preferred Shares, may be given in such manner as may then be required by law, provided that such approval be given by resolution passed by an affirmative vote of at least two thirds (2/3) of the votes cast at a meeting of the holders of Preferred Shares duly called for such purpose at which meeting the holders of at least one quarter (1/4) of the outstanding Preferred Shares were present in person or represented by proxy. If the holders of at least one quarter (1/4) of the outstanding Preferred Shares are not in attendance or represented by proxy at such meeting within 30 minutes following the time scheduled for the holding of the meeting, the meeting will be adjourned for at least 15 days and the chairman of the meeting will decide on the time and place for the adjourned meeting. Prior notice of at least seven days will be given in respect of the adjourned meeting. At the adjourned meeting, the holders of Preferred Shares who are present in person or represented by proxy thereat may transact the business for which the meeting was originally called and any resolution passed thereat by an affirmative vote of at least two thirds (2/3) of the votes cast will mean that the approval of the holders of Preferred Shares as aforementioned has been given.

The formalities to be observed with respect to the giving of notice and the conduct of any meeting or adjourned meeting will be those specified in the by-laws of the Company or in resolutions of the Company adopted by the board of directors with respect to meetings of shareholders or those required by law. On any ballot taken at any meeting of the holders of Preferred Shares as a class, or at any joint meeting of the holders of two or more series of Preferred Shares, each holder of such shares entitled to vote thereat will have one vote for each Preferred Share held.

3.10 **Exchange or conversion privilege.** At the time each series of Preferred Shares is issued, the board of directors of the Company may specify that such shares will be exchangeable or convertible into Common Shares, into Class A Preferred Shares or into another series of Preferred Shares, depending on the terms and conditions determined for the particular series. All shares resulting from an exchange or a conversion will be considered issued and paid for.

3.11 **Reimbursement.** In the event of liquidation, winding-up or other distribution of the Company's property, the holders of Preferred Shares will be entitled to receive a sum equal to the issue price of their Preferred Shares plus any accrued and unpaid dividends or any dividends declared and unpaid, as the case may be.

3.12 **Ranking of Preferred Shares.** The rights, privileges, restrictions or conditions attaching to any series of Preferred Shares will not confer any priority on that series over any other series of Preferred Shares in relation to dividends or return of capital.

With respect to the payment of dividends and the distribution of property upon liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, or any other distribution of the Company's assets to its policyholders and shareholders for the precise purpose of winding up its affairs, the Preferred Shares: (1) will rank equally with the Class A Preferred Shares; and (b) will rank senior to the Common Shares and to any other shares ranking junior to the Preferred Shares.

4. Series 1 Preferred Shares

In addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, the following rights, privileges, restrictions and conditions will attach to the 3,000,000 Series 1 Preferred Shares.

4.1 **Issue price.** Each Preferred Share will have an issue price of twenty-five dollars (\$25).

4.2 **Dividends.** The holders of Series 1 Preferred Shares will be entitled to receive the

following non-cumulative preferential dividends, when and if declared by the directors of the Company: (i) until the end of an initial period of five (5) years beginning on February 12, 1999, an annual dividend of 1.00% of the issue price of the abovementioned shares, payable quarterly, and (ii) for each of the five (5) subsequent years, and thereafter for each of the years included in each subsequent five (5) year period, the dividend rate will be the highest of the rates indicated hereinafter, calculated on the issue price of the said shares:

- a) the annual interest rate, established on the fifteenth day of the month preceding the month in which each of the abovementioned five (5) year periods begins, corresponding to the yield on 5-Year Canada bonds (as this term is defined hereinafter), expressed as a percentage, plus 1.50 %, payable quarterly;
- b) the prime rate (as this term is defined hereinafter) of the National Bank of Canada (or any successor Canadian chartered bank) determined on the first day of each of the abovementioned five (5) year periods, plus 1.50% payable quarterly;
- c) the dividend rate in effect during the previous five (5) year period, payable quarterly.

Quarterly payments of said dividends will be made on March 31, June 30, September 30 and December 31 of each year, with appropriate adjustment for any incomplete quarter.

No dividend may be declared and paid or set aside for payment at any time whatsoever during any of the Company's fiscal years, on or with respect to any other share in its capital stock ranking junior to the Series 1 Preferred Shares, unless all the dividends accrued on all the Preferred Shares of cumulative series have been declared and paid or set aside for payment and all the dividends declared on all the Preferred Shares of non-cumulative series (including Series 1) have also been paid or set aside for payment.

For the purpose of establishing the abovementioned dividend rates, the following terms will have the following meaning:

"Yield on 5-year Canada bonds" on any date refers to the yield to maturity on this date, compounded semi-annually, that a non-redeemable bond issued by the Government of Canada would bear if it were issued in Canadian dollars, in Canada, at 100% of its capital amount on such date with a term to maturity equal to approximately five (5) years, all as determined jointly by two major Canadian securities dealers selected from time to time by the Company from among the members of the Quebec division of the Investment Dealers Association of Canada or, if this association ceases to exist, another association selected by the Company and having the same members. In the event of any disagreement between the abovementioned dealers, the yield will be the arithmetical average (rounded to four decimals) of the percentage determined by each of the two dealers.

"Prime rate" means, with respect to any bank, the preferred rate this bank charges its Canadian customers for commercial loans in Canadian dollars as this rate may fluctuate from time to time.

4.3 **Redemption.** Subject to the provisions of the *Business Corporations Act* (Québec), and with the prior approval of the AMF, the Company may, as of February 12, 2004, redeem any portion of the Series 1 Preferred Shares not converted into Common Shares, at a price per share equal to twenty-five dollars (\$25), plus any declared and unpaid dividends.

When redeeming Series 1 Preferred Shares, the Company will send a thirty (30) day notice in writing to the holder or to his/her duly authorized representative. During this period, the holder may elect to exercise his/her right, if applicable, to exchange them for Common Shares. This notice will indicate the number of Series 1 Preferred Shares the Company wishes to redeem, the date of redemption, the redemption price and the calculation method thereof. The price payable

for the Series 1 Preferred Shares to be redeemed by the Company will be payable on the redemption date specified in the abovementioned redemption notice, and said redemption will be considered to have been made on the date of the payment thus made. If only a portion of the Series 1 Preferred Shares is redeemed, then any payment made to the holders shall be accompanied by a new certificate representing any Series 1 Preferred Shares not redeemed.

As of the date of payment, the Preferred Shares called for redemption will cease to entitle their holders to dividends, and their holders may no longer exercise the rights attached thereto, unless the Company omits to pay the redemption price upon presentation and submission of their certificates, in accordance with the foregoing provisions.

Any partial redemption will be made on a pro rata basis among the holders of all Series 1 Preferred Shares outstanding at the time.

4.4 Privilege of exchange (conversion) for Common Shares. Holders of Series 1 Preferred Shares may exchange all or part of their Series 1 Preferred Shares for Common Shares of the Company at a conversion price equal to 95% of the market value of said Common Shares, such market value being established at and corresponding to the weighted average of trading prices on The Toronto Stock Exchange (or if the Common Shares are not listed on such exchange, on any other exchange on which said shares are listed) for said Common Shares during the fifteen (15) days preceding the date the Company receives the holder's notice of conversion and during which said Common Shares were traded.

However, in the event of a public offering by the Company of its Common Shares, then the conversion price will be equal to the issue price of said Common Shares of the Company, provided that the notice of conversion is given by the holder or his/her duly authorized representative no later than forty-five (45) days after said public offering.

This exchange (conversion) right may be exercised on or after the first anniversary of the date on which the Common Shares are listed on The Toronto Stock Exchange or, if the Common Shares are not listed on such exchange, on any other exchange on which said shares are listed, subject to approval by the particular stock exchange.

The abovementioned right of conversion will be limited to \$18,750,000 per year of the paid-up capital of the Series 1 Preferred Shares, this minimum amount being cumulative as of the date on which such shares become convertible. However, for any conversion requested by the holder in any year, starting with the year in which the abovementioned Preferred Shares become convertible, the par value of said shares that can be converted for said year (subject to the right of accumulation abovementioned) will correspond to the portion of the abovementioned limit of \$18,750,000 that is equal to the number of days elapsed in the year on the date of the conversion notice, in relation to the number of days in the particular year. However, under no circumstances will the conversion of Preferred Shares into Common Shares result, either directly or indirectly, in conferring upon the holder thereof more than ten percent (10%) of the voting rights attached to the issued and outstanding shares of the Company, including any shares already owned and any shares acquired upon the conversion.

To effect the conversion of shares provided for herein, a written notice signed by the holder or the holder's duly authorized representative must be presented or sent. Such notice will indicate the number of Preferred Shares that the holder wishes to convert. No later than twenty (20) days following receipt of this notice, the Company will proceed with the required verifications and will issue one or more certificates representing the number of Common Shares to which the holder is entitled as a result of the conversion. Unless (i) the Company gives the holder a notice of conversion into Series 2 Preferred Shares (as provided for hereafter) or (ii) the holder gives the Company a notice of revocation (as provided for hereafter), the holder will be deemed to be the holder of the Common Shares required by the conversion and will thus have and be subject to all the rights, privileges, restrictions and conditions attached to these shares from the time the

Company receives the abovementioned written notice of conversion.

All the Common Shares resulting from the conversion of Series 1 Preferred Shares will be deemed issued and paid.

Holders who gave a notice of conversion into Common Shares may, within the twenty (20) days following such notice, revoke such notice, provided that they have not yet received a notice of conversion into Series 2 Preferred Shares ("revocation notice"). In the event of such revocation, the Series 1 Preferred Shares subject to the notice of conversion into Common Shares will be deemed not to have been converted, and the particular notice of conversion into Common Shares will have no effect.

4.5 Conversion into Series 2 Preferred Shares. Subject to obtaining all the required authorizations beforehand, the Company may at any time convert the Series 1 Preferred Shares, covered by a notice of conversion into Common Shares, into Series 2 Preferred Shares. Such conversion will be made by means of a notice that the Company must give to the holder of the particular Series 1 Preferred Shares no later than the 20th day following receipt of the notice of conversion into Common Shares. The Company may waive the conversion into Series 2 Preferred Shares in writing prior to the end of the twenty-(20) day period, in which case the Company will issue one or more certificates representing the number of Common Shares to which the holder is entitled as a result of the conversion and the Series 1 Preferred Shares will be deemed to have been exchanged (converted) on the date the Company receives the notice of conversion into Common Shares. The notice of conversion is irrevocable and applies to all the Series 1 Preferred Shares mentioned in the notice of conversion into Common Shares. Consequently, if such a notice of conversion into Series 2 Preferred Shares is given, the Series 1 Preferred Shares subject to such notice will be deemed not to have been converted into Common Shares, and the particular notice of conversion into Common Shares will have no effect. There will be the same number of Series 2 Preferred Shares as the Series 1 Preferred Shares converted.

Unless the holder gives the Company a notice of cancellation (as described hereinafter), the holder will be deemed to be the holder of the Series 2 Preferred Shares and will thus have and be subject to all the rights, privileges, restrictions and conditions attached to these shares from the time the holder receives the written notice of conversion into Series 2 Preferred Shares.

All the Series 2 Preferred Shares resulting from the conversion of Series 1 Preferred Shares will be deemed issued and paid.

5. Series 2 Preferred Shares

In addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, the following rights, privileges, restrictions and conditions will attach to the 3,000,000 Series 2 Preferred Shares.

5.1 Restrictions on issue. The 3,000,000 Series 2 Preferred Shares are issued only for the purposes of converting Series 1 Preferred Shares into Series 2 Preferred Shares. The Series 2 Preferred Shares will be deemed to have been issued as soon as the Company, with the approval of the AMF, has given the applicable notice of conversion within the prescribed time period.

5.2 Issue price. Each Series 2 Preferred Share will be deemed to have been issued for an issue price of twenty-five dollars (\$25).

5.3 Dividends. The holders of Series 2 Preferred Shares will be entitled to receive the following non-cumulative preferential dividends, when and if declared by the directors of the

Company: (i) until the end of an initial period of five (5) years beginning on February 12, 1999, an annual dividend of 1.00% of the issue price of the abovementioned shares, payable quarterly, and (ii) for each of the five (5) subsequent years, and thereafter for each of the years included in each subsequent five (5) year period, the dividend rate will be the highest of the rates indicated hereinafter, calculated on the issue price of the said shares:

- a) the annual interest rate, established on the fifteenth day of the month preceding the month in which each of the abovementioned five (5) year periods begins, corresponding to the yield on 5-Year Canada bonds (as this term is defined hereinafter), expressed as a percentage, plus 1.50 %, payable quarterly;
- b) the prime rate (as this term is defined hereinafter) of the National Bank of Canada (or any successor Canadian chartered bank) determined on the first day of each of the abovementioned five (5) year periods, plus 1.50% payable quarterly;
- c) the dividend rate in effect during the previous five (5) year period, payable quarterly.

Quarterly payments of said dividends will be made on March 31, June 30, September 30 and December 31 of each year, with appropriate adjustment for any incomplete quarter.

No dividend may be declared and paid or set aside for payment at any time whatsoever during any of the Company's fiscal years, on or with respect to any other share in its capital stock ranking junior to the Series 2 Preferred Shares, unless all the dividends accrued on all the Preferred Shares of cumulative series have been declared and paid or set aside for payment and all the dividends declared on all the Preferred Shares of non-cumulative series (including Series 2) have also been paid or set aside for payment.

For the purpose of establishing the abovementioned dividend rates, the following terms will have the following meaning:

"Yield on 5-year Canada bonds" on any date refers to the yield to maturity on this date, compounded semi-annually, that a non-redeemable bond issued by the Government of Canada would bear if it were issued in Canadian dollars, in Canada, at 100% of its capital amount on such date with a term to maturity equal to approximately five (5) years, all as determined jointly by two major Canadian securities dealers selected from time to time by the Company from among the members of the Quebec division of the Investment Dealers Association of Canada or, if this association ceases to exist, another association selected by the Company and having the same members. In the event of any disagreement between the abovementioned dealers, the yield will be the arithmetical average (rounded to four decimals) of the percentage determined by each of the two dealers.

"Prime rate" means, with respect to any bank, the preferred rate this bank charges its Canadian customers for commercial loans in Canadian dollars as this rate may fluctuate from time to time.

5.4 **Redemption.** The Series 2 Preferred Shares can be redeemed at the Company's option at a price per share equal to the issue price multiplied by 1.0526. However, Series 2 Preferred Shares will be redeemed at the issue price if the Company has made a public offering within 45 days preceding the date of the notice of conversion into Common Shares that triggered the issue of the shares subject to redemption. In all cases, declared and unpaid dividends are added to the redemption price.

Redemption of the Series 2 Preferred Shares must be made by the Company within two (2) business days of a notice of redemption given by the Company and will be conditional upon the issue by the Company, within such two-(2) day period, of new Series 3 Preferred Shares fully paid in cash for the same amount as that to be paid to redeem the Series 2 Preferred Shares

covered by said notice of redemption. Such notice of redemption must be received by the holder no later than one (1) business day following receipt by the holder of the notice of conversion of Series 1 Preferred Shares into Series 2 Preferred Shares. Such notice will mention the redemption date and the method for calculating the redemption price. The price to be paid for the Series 2 Preferred Shares will be payable on the redemption date set forth in the abovementioned notice of redemption (this date may not be more than two (2) business days after the notice) and such redemption will be deemed to have been completed on the date payment is effectively made. However, if the Company does not give the holder a notice of redemption or does not pay the redemption price within the prescribed time periods, the holder may give the Company a notice of cancellation indicating that he/she wishes to cancel the notice of conversion into Common Shares or, at his/her option, force the conversion into Common Shares on the date of the notice of conversion into Common Shares (the "notice of cancellation").

As of the date of payment, the Series 2 Preferred Shares thus redeemed will cease to entitle their holders to dividends, and their holders may no longer exercise the rights attached thereto except in the event the Company omits to pay the redemption price.

6. Series 3 Preferred Shares

In addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, the following rights, privileges, restrictions and conditions will attach to the 3,000,000 Series 3 Preferred Shares.

6.1 **Issue price.** Each Series 3 Preferred Share will be deemed to have been issued for an issue price of twenty-five dollars (\$25).

6.2 **Redemption.** Subject to the provisions of the *Business Corporations Act* (Québec), and with the prior approval of the AMF, the Company may, on or after the 5th anniversary of the date of their issue, redeem the portion of Series 3 Preferred Shares not converted into Common Shares, at a price per share equal to twenty-five dollars (\$25), plus any declared and unpaid dividends.

When redeeming Series 3 Preferred Shares, the Company will send a two (2) day notice in writing to the holder or to his/her duly authorized representative. This notice will indicate the number of Series 3 Preferred Shares the Company wishes to redeem, the date of redemption, the redemption price and the calculation method thereof. The price payable for the Series 3 Preferred Shares to be redeemed by the Company will be payable on the redemption date specified in the abovementioned redemption notice, and said redemption will be considered to have been made on the date of the payment thus made. If only a portion of the Series 3 Preferred Shares is redeemed, then any payment made to the holders shall be accompanied by a new certificate representing any Series 3 Preferred Shares not redeemed.

As of the date of payment, the Preferred Shares called for redemption will cease to entitle their holders to dividends, and their holders may no longer exercise the rights attached thereto, unless the Company omits to pay the redemption price upon presentation and submission of their certificates, in accordance with the foregoing provisions.

Any partial redemption will be made on a pro rata basis among the holders of all Series 3 Preferred Shares outstanding at the time.

6.3 **Privilege of exchange (conversion) for Common Shares.** Holders of Series 3 Preferred Shares may exchange all or part of their Series 3 Preferred Shares for Common Shares of the Company at a conversion price equal to the market value of said Common Shares, such market value being established at and corresponding to the weighted average of trading

prices on The Toronto Stock Exchange (or if the Common Shares are not listed on such exchange, on any other exchange on which said shares are listed) for said Common Shares during the thirty (30) days preceding the date the Company receives the holder's notice of conversion and during which said Common Shares were traded.

This exchange (conversion) right may be exercised on or after the 5th anniversary of their issue date.

To effect the exchange of shares provided for herein, a seven (7) day written notice signed by the holder or his/her duly authorized representative must be presented or sent. Such notice will indicate the number of Preferred Shares that the holder wishes to exchange. At the end of the exchange (conversion) period provided for and if the Company has not issued a notice of redemption, the Company will proceed with the required verifications and will issue one or more certificates representing the number of Common Shares to which the exchange (conversion) entitles the holder. The holder will be deemed to be the holder of the Common Shares required by the exchange (conversion) and will thus have and be subject to all the rights, privileges, restrictions and conditions attached to these shares from the time the Company receives the abovementioned written notice of exchange (conversion).

All the Common Shares resulting from the conversion of Series 3 Preferred Shares will be deemed issued and paid.

7. Common Shares

The following rights, privileges, restrictions and conditions will attach to the Common Shares.

7.1 **Dividends.** Subject to the prior rights of the holders of Class A Preferred Shares, Preferred Shares and any other shares ranking senior to the Common Shares with respect to the payment of dividends, the holders of Common Shares will be entitled to receive such dividends as may be declared by the board of directors of the Company out of the sums duly allocated to the payment of shareholder dividends, in such amounts and in such form as the board of directors of the Company may establish, and all dividends that the board of directors of the Company may declare on the Common Shares shall be declared and paid in equal amounts per share on all the Common Shares outstanding at the time.

7.2 **Dissolution.** In the event of liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, or any other distribution of its assets to its policyholders and shareholders for the precise purpose of winding up its affairs, subject to the prior rights of the holders of Class A Preferred Shares, Preferred Shares and any other shares ranking senior to the Common Shares with respect to the distribution of property upon liquidation, winding-up or dissolution of the Company, the holders of Common Shares will be entitled to receive the remaining assets of the Company relating to shareholders in an equal amount per share, without any share being entitled to any priority over any other share.

7.3 **Voting.** The holders of Common Shares will be entitled to receive notice of and to attend all meetings of shareholders of the Company, and they will have one vote for each Common Share held at every meeting of shareholders of the Company, with the exception of meetings at which only the holders of shares of another class or particular series of the Company are entitled to vote separately as a class or series.

7.4 **Notice of meeting.** The formalities to be observed with respect to the giving of notice of any meeting or adjourned meeting, the quorum required therefor and the conduct thereof will be those required by law and those, if any, specified in the by-laws or resolutions of the Company with respect to meetings of shareholders.

ANNEX 1-2

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative Class A Preferred Shares Series A

The following are the rights, privileges, restrictions and conditions (the "Class A Preferred Shares Series A Provisions"), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative Class A Preferred Shares Series A (the "Class A Preferred Shares Series A") of the Company.

1. Interpretation

(a) **Defined Terms.** In the Class A Preferred Shares Series A Provisions,

"**AMF**" means the *Autorité des marchés financiers* established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor agency.

"**Board of Directors**" means the Board of Directors of the Company.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montréal, Québec.

"**Cash Redemption Price**" means the Cash Redemption Price as defined in Section 3(2).

"**Class A Preferred Shares**" means the Class A Preferred Shares of the Company.

"**Class A Preferred Shares Series A**" means the Class A Preferred Shares Series A as defined in the introductory paragraph to the Class A Preferred Shares Series A Provisions.

"**Class A Preferred Shares Series A Provisions**" means the Class A Preferred Shares Series A Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series A.

"**Common Shares**" means the Common Shares of the Company.

"**Company**" means Industrielle Alliance, Assurance et services financiers inc. - Industrial Alliance Insurance and Financial Services Inc.

"**Dividend**" and "**Dividends**" means Dividend and Dividends as respectively defined in Section 2(a)(i).

"**Dividend Payment Date**" means the last day of the months of June and December in each year.

"**Dividend Period**" means the six-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

"**Insurance Act**" means *An Act respecting insurance* (Québec).

"**Person**" includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture

and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

"**Preferred Shares**" means the Preferred Shares of the Company.

"**Redemption Date**" means the Redemption Date as defined in Section 3(4).

"**Redemption Notice**" means the Redemption Notice as defined in Section 3(4).

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Transfer Agent**" means Computershare Trust Company of Canada, or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series A.

"**Voting Rights**" means the Voting Rights as defined in Section 7.

(b) **Ranking of Shares.** The expressions "on a parity with", "ranking junior to" and "ranking senior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs.

(c) **Holder.** References to a "holder" in relation to Class A Preferred Shares Series A means a registered holder of those shares.

(d) **References to Statutes.** Reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(e) **Other Payment Matters**

(a) If any date on which any Dividend on the Class A Preferred Shares Series A is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series A Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.

(b) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series A entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.

(c) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series A under the Class A Preferred Shares Series A Provisions any amount required by law to be deducted or withheld from that payment.

(f) **Currency Conversion.** If it is necessary to convert any amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(a) *Payment of Dividends*

- (i) The holders of Class A Preferred Shares Series A will be entitled to receive, and the Company will pay on the Class A Preferred Shares Series A, as and when declared by the Board of Directors, but subject to the provisions of the Insurance Act, semi-annual non-cumulative preferential cash dividends payable on each Dividend Payment Date in each year equal to \$0.5625 per share (representing an annual yield of 4.50%) (each, a "Dividend" and, collectively, the "Dividends").
- (ii) If the Board of Directors does not declare the Dividends, or any part thereof, on the Class A Preferred Shares Series A on or before the Dividend Payment Date for a particular Dividend Period, the entitlement of the holders of the Class A Preferred Shares Series A to the Dividends, or to any part thereof, for such Dividend Period will be forever extinguished.

(b) ***Method of Payment.*** Dividends on the Class A Preferred Shares Series A will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series A to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Dividend Payment Date will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(1) ***No Redemption Before December 31, 2008.*** The Company will not redeem any Class A Preferred Shares Series A before December 31, 2008.

(2) ***Redemption On and After December 31, 2008.*** On and after December 31, 2008, but subject to Section 6 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may redeem at any time all or from time to time any part of the Class A Preferred Shares Series A then outstanding without the consent of the holders. The Company will effect the redemption, to be stipulated in the Redemption Notice, by the payment of an amount in cash for each Class A Preferred Shares Series A so redeemed equal to \$25, plus any declared and unpaid Dividends to the Redemption Date (the "Cash Redemption Price").

(3) ***Partial Redemptions.*** In the case of partial redemptions, Class A Preferred Shares Series A to be redeemed will be selected by lot (in single shares or in units of 10 shares or less) or in any other manner that the Board of Directors may determine.

(4) ***Notice of Redemption.*** The Company will give to each holder of Class A Preferred Shares Series A to be redeemed a notice in writing of the intention of the Company to redeem such shares (the "Redemption Notice"). The Redemption Notice must be given at least 30 days but not more than 60 days before the Redemption Date. The Redemption Notice must set out the number of Class A Preferred Shares Series A held by the Person to whom it is addressed which are to be redeemed, the Cash

Redemption Price and the date on which the redemption is to occur (the "Redemption Date").

(5) **Method of Payment.** The Company will pay to the holders of the Class A Preferred Shares Series A to be redeemed the Cash Redemption Price on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series A so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series A. Such payment will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series A represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(6), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series A called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series A will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series A, unless payment of the Cash Redemption Price is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series A.

(6) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price of any or all Class A Preferred Shares Series A called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series A, to be paid on surrender to the Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series A. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price of the Class A Preferred Shares Series A for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price so deposited applicable to those Class A Preferred Shares Series A, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series A being redeemed. The Company will be entitled to any interest on such deposit.

4. Purchase for Cancellation

On and after December 31, 2008, but subject to Section 6 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may purchase for cancellation at any time all or from time to time any part of the Class A Preferred Shares Series A then outstanding in the open market or by private contract or tender at any price.

5. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding up its affairs, the holders of the Class A Preferred Shares Series A will be entitled to receive \$25 for each Class A Preferred Share Series A held by them, plus any Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company distributed to the holders of the Common Shares or any shares ranking junior to the Class A Preferred Shares Series A. After payment of those amounts, the holders of Class A Preferred Shares Series A will not be entitled to share in any further distribution of the property or assets of the Company.

6. Restrictions on Dividends and Retirement of Shares

So long as any Class A Preferred Shares Series A are outstanding, the Company will not at any time, without the approval of the holders of the Class A Preferred Shares Series A given as provided in Section 9:

- (a) declare any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series A (other than stock dividends payable in the form of shares ranking junior to the Class A Preferred Shares Series A);
- (b) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Share Series A (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series A);
- (c) redeem, purchase or otherwise retire less than all the Class A Preferred Shares Series A;
or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Class A Preferred Shares (or Preferred Shares), redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series A;

unless, in each case, all Dividends on the Class A Preferred Shares Series A up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series A up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

7. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series A will not be entitled as such to receive notice of or to attend or to vote at any meeting of shareholders or policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series A in any Dividend Period. In that event, the holders of Class A Preferred Shares Series A will be entitled to receive notice of and to attend only a meeting of shareholders at which directors are to be elected and will be entitled to elect one director at such meeting and, for that purpose, will have one vote for each Class A Preferred Share Series A held (the "Voting Rights"). The Voting Rights of the holders of the Class A Preferred Shares Series A will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series A to which the holders are entitled under the Class A Preferred Shares Series A Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series A in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

8. Issue of Additional Shares and Amendments to Class A Preferred Shares Series A

(a) **Issue of Additional Shares.** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the Company without authorization of the holders of the Class A Preferred Shares Series A. For greater certainty, nothing in the Class A Preferred Shares Series A Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.

(b) **Amendments to Class A Preferred Shares Series A.** The Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series A given as specified in Section 9 delete, amend or vary any of the Class A Preferred Shares Series A Provisions.

9. Approval of Holders of Class A Preferred Shares Series A

Any approval given by the holders of Class A Preferred Shares Series A will be deemed to have

been sufficiently given if given by a resolution passed at a meeting of the holders of Class A Preferred Shares Series A duly called and held on not less than 21 days' notice at which the holders of at least 25% of the outstanding Class A Preferred Shares Series A are present or are represented by proxy and carried by the affirmative vote of not less than $66\frac{2}{3}\%$ of the votes cast at the meeting. If at the meeting the holders of 25% of the outstanding Class A Preferred Shares Series A are not present or represented by proxy within 30 minutes after the time appointed for the meeting, the meeting will be adjourned to such date, not less than 15 days afterwards, and to such time and place as the chairman of the meeting may designate, and no notice need be given of the adjourned meeting. At the adjourned meeting, at which no quorum requirement applies, the holders of Class A Preferred Shares Series A present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed at the adjourned meeting by the affirmative vote of not less than $66\frac{2}{3}\%$ of the votes cast at the meeting will constitute the approval of the holders of Class A Preferred Shares Series A. On every poll taken at any meeting or adjourned meeting, every holder of Class A Preferred Shares Series A will be entitled to one vote in respect of each Class A Preferred Share Series A held. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any meeting or adjourned meeting and the conduct of any such meeting will be those from time to time as may be prescribed in the by-laws of the Company with respect to meetings of shareholders or under the Insurance Act.

10. Notices

(a) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series A must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed to the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(b) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series A to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series A in connection with the redemption of Class A Preferred Shares Series A must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(c) **Notice to Holders of Class A Preferred Shares Series A.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series A by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A Preferred Shares Series A, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

11. Tax Election

The Company will elect, in the manner and within the time provided under Section 191.2, of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A

Preferred Shares Series A will not be required to pay tax on dividends received (or deemed to be received) on the Class A Preferred Shares Series A under Section 187.2 of the Tax Act.

12. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series A, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series A. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series A for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series A, the Company will promptly arrange for the payment of such amount to the holder.

13. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series A, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series A by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series A. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series A at the address of such holder as it appears on the books of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series A provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series A prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series A has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer.

ANNEX 1-3

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative Class A Preferred Shares Series B

The following are the rights, privileges, restrictions and conditions (the "Class A Preferred Shares Series B Provisions"), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative Class A Preferred Shares Series B (the "Class A Preferred Shares Series B") of the Company.

1. Interpretation

(a) **Defined Terms.** In the Class A Preferred Shares Series B Provisions,

"**AMF**" means the *Autorité des marchés financiers*, established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor regulator.

"**Board of Directors**" means the Board of Directors of the Company.

"**Book-Entry System**" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures of its securities settlement service for book-entry only securities in force from time to time or any successor system thereof.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montreal, Québec.

"**Cash Redemption Price**" means the Cash Redemption Price as defined in Section 3(b).

"**Class A Preferred Shares**" means the Class A Preferred Shares of the Company.

"**Class A Preferred Shares Series B**" means the Class A Preferred Shares Series B as defined in the introductory paragraph to these Class A Preferred Shares Series B Provisions.

"**Class A Preferred Shares Series B Provisions**" means the Class A Preferred Shares Series B Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series B.

"**Common Shares**" means the Common Shares of the Company.

"**Company**" means Industrielle Alliance, Assurance et services financiers inc. – Industrial Alliance Insurance and Financial Services Inc.

"**Conversion Date**" means the Conversion Date as defined in Section 4(a).

"**Conversion Right**" means the conversion option as defined in Section 4(a).

"**Depository**" means The Canadian Depository for Securities Limited and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(a).

"**Dividend**" and "**Dividends**" means Dividend and Dividends as respectively defined in Section 2(a)(i).

"**Dividend Payment Date**" means the last day of the months of March, June, September and December in each year.

"**Dividend Period**" means the three-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

"**Global Certificate**" means the Global Certificate as defined in Section 11(a).

"**Insurance Act**" means *An Act respecting Insurance* (Québec).

"**Issue Date**" means the date any of the Class A Preferred Shares Series B are first issued by the Company.

"**Issue Price**" means the sum of \$25, being the issue price for each Class A Preferred Share Series B.

"**MCCSR**" means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

"**New Preferred Shares**" means the New Preferred Shares as defined in Section 4(a).

"**Participant**" means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Class A Preferred Shares Series B.

"**Person**" includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

"**Preferred Shares**" means the Preferred Shares of the Company.

"**Redemption Date**" means the Redemption Date as defined in Section 3(d).

"**Redemption Notice**" means the Redemption Notice as defined in Section 3(d).

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Transfer Agent**" means Computershare Investor Services Inc., or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series B.

"**Voting Rights**" means the Voting Rights as defined in Section 8.

(b) **Ranking of Shares.** The expressions "in priority to", "on a parity with", "ranking equally with", "ranking junior to" and "ranking senior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs.

(c) **Holder.** References to a "holder" in relation to Class A Preferred Shares Series B means a registered holder of those shares.

(d) **References to Statutes.** References to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(e) **Other Payment Matters**

- (i) If any date on which any Dividend on the Class A Preferred Shares Series B is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series B Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.
- (ii) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series B entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.
- (iii) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series B under the Class A Preferred Shares Series B Provisions any amount required by law to be deducted or withheld from that payment.

(f) **Currency Conversion.** If it is necessary to convert any amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(a) **Payment of Dividends**

- (i) The holders of Class A Preferred Shares Series B will be entitled to receive, and the Company will pay on the Class A Preferred Shares Series B, as and when declared by the Board of Directors, but subject to the provisions of the Insurance Act, fixed non-cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date at a quarterly rate of \$0.2875 per share (representing an annual yield of 4.60%) (each, a "Dividend" and, collectively, the "Dividends"); provided that, on the first Dividend Payment Date, the Dividend payable for the first Dividend Period, if declared by the Board of Directors, will be of an amount per share equal to the Dividend multiplied by a fraction, the numerator of which is the number of calendar days from and including the Issue Date to, but excluding, the first Dividend Payment Date, and the denominator of which is the number of calendar days in such first Dividend Period.
- (ii) If the Board of Directors does not declare the Dividends, or any part thereof, on the Class A Preferred Shares Series B on or before the Dividend Payment Date for a particular Dividend Period, the entitlement of the holders of the Class A Preferred Shares Series B to the Dividends, or to any part thereof, for such Dividend Period will be forever extinguished.

(b) **Method of Payment.** Dividends on the Class A Preferred Shares Series B will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada, payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series B to the address of the holder as it appears on the register of holders, or if the address of any such

holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Dividend Payment Date, will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(a) **No Redemption Before March 31, 2011.** The Company will not redeem any Class A Preferred Shares Series B before March 31, 2011.

(b) **Redemption On and After March 31, 2011.** On and after March 31, 2011, but subject to Section 7 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may redeem at any time all or from time to time any part of the Class A Preferred Shares Series B then outstanding without the consent of the holders. The Company will effect the redemption, to be stipulated in the Redemption Notice, by the payment of an amount in cash for each Class A Preferred Share Series B redeemed of \$26.00 if redeemed during the 12 months commencing March 31, 2011, \$25.75 if redeemed during the 12 months commencing March 31, 2012, \$25.50 if redeemed during the 12 months commencing March 31, 2013, \$25.25 if redeemed during the 12 months commencing March 31, 2014, and \$25.00 per Class A Preferred Share Series B if redeemed on or after March 31, 2015, together in each case with an amount equal to the sum of (i) all declared and unpaid Dividends in respect of completed Dividend Periods preceding the Redemption Date (or Conversion Date or date of purchase for cancellation, as applicable); and (ii) an amount equal to the cash Dividend in respect of the Dividend Period in which the redemption (or conversion or purchase, as applicable) occurs, whether declared or not, pro rated to such date (the "Cash Redemption Price").

(c) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series B are to be redeemed on a *pro rata* basis, disregarding fractions, or in any other equitable manner as determined by the Board of Directors, subject to obtaining any required regulatory approval.

(d) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series B to be redeemed notice in writing of the intention of the Company to redeem such shares (the "Redemption Notice"). The Redemption Notice must be given at least 30 days but not more than 60 days before the date on which the redemption is to occur (the "Redemption Date"). The Redemption Notice must set out the number of Class A Preferred Shares Series B held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series B, the Cash Redemption Price and the place at which it is to be paid and the Redemption Date.

(e) **Method of Payment.** The Company will pay to the holders of the Class A Preferred Shares Series B to be redeemed the Cash Redemption Price on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series B so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series B. Such payment will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series B represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(f), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series B called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series B will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series B, unless payment of the Cash Redemption Price is not duly made by the

Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series B.

(f) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price of any or all Class A Preferred Shares Series B called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series B, to be paid on surrender to the Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series B. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price of the Class A Preferred Shares Series B for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price as deposited applicable to those Class A Preferred Shares Series B, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series B being redeemed. The Company will be entitled to any interest on such deposit.

4. Conversion Right

(a) **Conversion into a New Series of Preferred Shares.** The Company, at any time by resolution of the Board of Directors, may constitute a separate series of Class A Preferred Shares (the "New Preferred Shares") having rights, privileges, restrictions and conditions attaching to them (other than any option or right to convert into Common Shares) which would qualify such New Preferred Shares as Tier 1 capital of the Company under then current MCCSR (the "Conversion Right"). In such event, the Company, subject to the provisions of the Insurance Act including any necessary prior consent of the AMF, may give registered holders of the Class A Preferred Shares Series B notice that they have the right, pursuant to the Class A Preferred Shares Series B Provisions, at their option, to convert, on the date specified in the notice (the "Conversion Date"), their Class A Preferred Shares Series B into fully-paid and non-assessable New Preferred Shares on a share-for-share basis.

(b) **Conversion Notice.** The Company will give to registered holders of Class A Preferred Shares Series B, as of a record date fixed for this purpose by the Board of Directors, notice in writing of the option to convert their Class A Preferred Shares Series B into New Preferred Shares and send a copy of such notice to each stock exchange on which the Class A Preferred Shares Series B are then listed and posted for trading. The notice must be given at least 30 days but not more than 60 days before the Conversion Date. The notice must specify the manner in which and the terms under which the Conversion Right may be exercised and contain a summary of the attributes of the New Preferred Shares into which the Class A Preferred Shares Series B may be converted.

(c) **Not Short-Term Preferred Shares.** The Company will ensure that, if issued, New Preferred Shares will not be or be deemed to be "short-term preferred shares" within the meaning of the Tax Act.

5. Purchase for Cancellation

Subject to Section 7, the provisions of the Insurance Act and the requirement for prior consent of the AMF, the Company may at any time purchase for cancellation all or from time to time any Class A Preferred Shares Series B outstanding in the open market or by private contract or tender, at any price.

6. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding up its affairs, the holders of the Class A Preferred Shares Series B will be entitled to receive the Issue Price for each Class A Preferred Share Series B held by them, plus any Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company are distributed to the holders of any shares ranking junior to the Class A Preferred Shares Series B. After payment of those amounts, the

holders of Class A Preferred Shares Series B will not be entitled to share in any further distribution of the property or assets of the Company.

7. Restrictions on Dividends and Retirement of Shares

As long as any Class A Preferred Shares Series B are outstanding, the Company will not, without the approval of the holders of the Class A Preferred Shares Series B given as provided in Section 10:

- (a) declare any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series B (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series B);
- (b) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series B (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series B);
- (c) redeem, purchase or otherwise retire less than all the Class A Preferred Shares Series B;
or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other preferred shares of the Company, redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series B;

unless, in each case, all Dividends on the Class A Preferred Shares Series B up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series B up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

8. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series B will not be entitled as such to receive notice of, or to attend or to vote at, any meeting of shareholders or participating policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series B in any Dividend Period. In that event, the holders of Class A Preferred Shares Series B will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Class A Preferred Share Series B held (the "Voting Rights") in the election of directors only but not in respect of any other business. The Voting Rights of the holders of the Class A Preferred Shares Series B will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series B to which the holders are entitled under the Class A Preferred Shares Series B Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series B in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

9. Issue of Additional Shares and Amendments to Class A Preferred Shares Series B

- (a) **Issue of Additional Shares.** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the share capital of the Company without approval of the holders of the Class A Preferred Shares Series B. For greater certainty, nothing in the Class A Preferred Shares Series B Provisions will affect or restrict the right of the Company to increase

the number of the Common Shares or to issue additional Common Shares from time to time.

(b) **Amendments to Class A Preferred Shares Series B**

- (i) On and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series B given as specified in Section 10 and any other necessary approval, delete, add to or vary any of the Class A Preferred Shares Series B Provisions.
- (ii) In addition to the approvals referred to in Section 9(b)(i), the Company will not without, but may from time to time with, the necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded the Class A Preferred Shares Series B from time to time for capital adequacy requirements pursuant to the Insurance Act or the MCCSR.

10. Approval of Holders of Class A Preferred Shares Series B

The approval of holders of the Class A Preferred Shares Series B to change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares Series B as a series or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares Series B may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Preferred Shares Series B duly called for that purpose at which the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series B are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series B are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than 15 days thereafter and to such time and place as may be appointed by the chairman of the meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Class A Preferred Shares Series B present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast constitutes the approval of the holders of the Class A Preferred Shares Series B referred to above.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the bylaws of the Company or the resolutions passed by the Board of Directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series B as a series, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares Series B entitled to vote thereat has one vote in respect of each Class A Preferred Share Series B held.

11. Registration of Class A Preferred Shares Series B and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(a) **Global Certificate.** Subject to Sections 11(b) and 11(c) and notwithstanding any other provision of the Class A Preferred Shares Series B Provisions, the Class A Preferred Shares Series B will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series B issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series B will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series B or to a successor Depository for the Class A Preferred Shares Series B approved by the Company or to a nominee of such successor Depository. Transfers,

redemptions, purchases, surrenders and conversion of Class A Preferred Shares Series B will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 11(c), the beneficial owners of Class A Preferred Shares Series B will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series B, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Class A Preferred Shares Series B who wish to purchase, sell or otherwise transfer ownership of or other interests in Class A Preferred Shares Series B or to exercise Conversion Rights with respect to Class A Preferred Shares Series B may do so only through a Participant.

(b) **Depository is Owner of Class A Preferred Shares Series B.** For purposes of the Class A Preferred Shares Series B Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series B:

- (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series B for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series B, including payments of Dividends and the Cash Redemption Price;
- (ii) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series B, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series B, the Cash Redemption Price, and certificates for the New Preferred Shares issued pursuant to Section 4, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Class A Preferred Shares Series B; and
- (iii) the rights of Persons, other than Participants, having an interest in Class A Preferred Shares Series B will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.

(c) **Termination of Book-Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Class A Preferred Shares Series B from the Book-Entry System, Sections 11(a), 11(b) and 11(d) will cease to apply to the Class A Preferred Shares Series B. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series B in definitive registered form equal to the aggregate number of Class A Preferred Shares Series B represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series B in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Class A Preferred Shares Series B as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(d) **Payments etc.** Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Class A Preferred Shares Series B must look solely to Participants, for their share of payments of Dividends and other amounts and the issuance and delivery of New Preferred Shares in respect of Class A Preferred Shares Series B. No Person, including any Participant, will have any claim against the Company in respect of payments due on Class A Preferred Shares Series B or the issuance

and delivery of New Preferred Shares and the obligations of the Company will be discharged by payment or issuance and delivery to the Depositary or its nominee, as registered holder of Class A Preferred Shares Series B, in respect of each amount so paid or New Preferred Share so issued and delivered.

(e) ***Inconsistent Provisions.*** The provisions of Section 4 and the exercise of the Conversion Right are subject to the provisions of this Section 11, and in the event of any inconsistency between those provisions and the provisions of Section 11, the provisions of Section 11 will prevail to the extent of the inconsistency.

12. Notices

(a) ***Notice to the Company.*** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series B must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(b) ***Presentation and Surrender of Certificates.*** Any presentation and surrender by a holder of Class A Preferred Shares Series B to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series B in connection with the redemption of Class A Preferred Shares Series B must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(c) ***Notice to Holders of Class A Preferred Shares Series B.*** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series B by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A Preferred Shares Series B, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

13. Tax Election

The Company will elect, in the manner and within the time provided under subsection 191.2 (1) of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series B will not be required to pay tax on Dividends received (or deemed to be received) on the Class A Preferred Shares Series B under Section 187.2 of the Tax Act.

14. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series B, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that

such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series B. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series B for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series B, the Company will promptly arrange for the payment of such amount to the holder, subject to the provisions of Section 2(b).

15. Non-Residents

On the conversion of Class A Preferred Shares Series B, the Company reserves the right not to issue New Preferred Shares to any Person whose address is in, or whom the Company or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where such issuance would require compliance by the Company with the securities, insurance or analogous laws of such jurisdiction. In addition, the Company may require from any such Person, as a condition to the issuance to it of New Preferred Shares, a written declaration as to its residence and share ownership status and any other matter requested by the Company in order to determine the entitlement of such Person to New Preferred Shares, including under the Insurance Act.

16. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series B, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series B by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series B. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series B at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series B provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series B prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series B has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

ANNEX 1-4

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative 5-Year Rate Reset Class A Preferred Shares Series C

The following are the rights, privileges, restrictions and conditions (the "Class A Preferred Shares Series C Provisions"), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative 5-Year Rate Reset Class A Preferred Shares Series C (the "Class A Preferred Shares Series C") of the Company.

1. Interpretation

(a) **Defined Terms.** In the Class A Preferred Shares Series C Provisions,

"**AMF**" means the *Autorité des marchés financiers*, established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor regulator.

"**Annual Fixed Dividend Rate**" means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.38%.

"**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Bond yields.

"**Board of Directors**" means the Board of Directors of the Company.

"**Book-Entry System**" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures of its securities settlement service for book-entry only securities in force from time to time or any successor system thereof.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montreal, Québec.

"**Cash Redemption Price**" means the Cash Redemption Price as defined in Section 3(b).

"**Class A Preferred Shares**" means the Class A Preferred Shares of the Company.

"**Class A Preferred Shares Series C**" means the Class A Preferred Shares Series C as defined in the introductory paragraph to these Class A Preferred Shares Series C Provisions.

"**Class A Preferred Shares Series C Provisions**" means the Class A Preferred Shares Series C Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series C.

"**Class A Preferred Shares Series D**" means the Class A Preferred Shares Series D as defined in Section 4(a).

"**Common Shares**" means the Common Shares of the Company.

"Company" means Industrielle Alliance, Assurance et services financiers inc. — Industrial Alliance Insurance and Financial Services Inc.

"Conversion Right" means the conversion option as described in Section 4(a).

"Depository" means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(a).

"Dividend" and **"Dividends"** means Dividend and Dividends as respectively defined in Section 2 (a)(i).

"Dividend Payment Date" means the last day of the months of March, June, September and December in each year.

"Dividend Period" means the three-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Global Certificate" means the Global Certificate as defined in Section 11(a).

"Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers, other than Industrial Alliance Securities Inc., selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Rate Period" means the period from and including the Issue Date to but excluding December 31, 2013.

"Insurance Act" means *An Act respecting Insurance (Québec)* and the regulations thereunder.

"Issue Date" means the date any of the Class A Preferred Shares Series C are first issued by the Company.

"Issue Price" means the sum of \$25.00, being the issue price for each Class A Preferred Share Series C.

"MCCSR" means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

"Participant" means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Class A Preferred Shares Series C.

"Person" includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture

and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

"**Preferred Shares**" means the 10,000,000 preferred shares of the Company with a nominal or par value of \$25.00 per share, issuable in series.

"**Redemption Date**" means the Redemption Date as defined in Section 3(d).

"**Redemption Notice**" means the Redemption Notice as defined in Section 3(d).

"**Series C Conversion Date**" has the meaning attributed thereto in Section 4(a).

"**Subsequent Fixed Rate Period**" means for the initial Subsequent Fixed Rate Period, the period from and including December 31, 2013 to but excluding December 31, 2018 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding December 31 in the fifth year thereafter.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Transfer Agent**" means Computershare Investor Services Inc., or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series C.

"**Voting Rights**" means the Voting Rights as defined in Section 8.

(b) **Ranking of Shares.** The expressions "in priority to", "on a parity with", "ranking equally with", "ranking junior to" and "ranking senior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs.

(c) **Holder.** References to a "holder" in relation to Class A Preferred Shares Series C means a registered holder of those shares.

(d) **References to Statutes.** References to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(e) **Other Payment Matters**

(i) If any date on which any Dividend on the Class A Preferred Shares Series C is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series C Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.

(ii) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series C entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.

(iii) The Company will be entitled to deduct or withhold from any amount payable to a holder

of Class A Preferred Shares Series C under the Class A Preferred Shares Series C Provisions any amount required by law to be deducted or withheld from that payment.

(f) **Currency Conversion.** If it is necessary to convert any amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

- (i) The holders of Class A Preferred Shares Series C will be entitled to receive and the Company shall pay thereon, as and when declared by the Board of Directors of the Company, subject to the provisions of the Insurance Act, fixed, non-cumulative, preferential cash dividends payable quarterly on March 31, June 30, September 30 and December 31 in each year, at an annual rate equal to \$1.55 (\$0.3875 on a quarterly basis) per Class A Preferred Share Series C, for the Initial Fixed Rate Period; provided that, on the first Dividend Payment Date on March 31, 2009, the Dividend payable on the Class A Preferred Shares Series C for the first Dividend Period and the period from the Issue Date to but excluding December 31, 2008, if declared by the Board of Directors, will be the sum of the amount of the quarterly Dividend (\$0.3875 per Class A Preferred Share Series C) and an amount equal to the quarterly Dividend (\$0.3875 per Class A Preferred Share Series C) multiplied by a fraction, the numerator of which is the number of calendar days from and including the Issue Date to but excluding the last day of the quarter during which the Issue Date occurs, and the denominator of which is the number of calendar days in the quarter during which the Issue Date occurs.
 - (ii) During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Class A Preferred Shares Series C will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, and subject to the provisions of the Insurance Act, payable quarterly on March 31, June 30, September 30 and December 31 in each year, in the amount per Class A Preferred Share Series C per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.
 - (iii) The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Company on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Class A Preferred Shares Series C. The Company will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Class A Preferred Shares Series C.
 - (iv) If the Board of Directors of the Company does not declare any Dividend, or any part thereof, on the Class A Preferred Shares Series C on or before the Dividend Payment Date for a particular Dividend Period, the entitlement of the holders of the Class A Preferred Shares Series C to the Dividends, or to any part thereof, for such Dividend Period will be forever extinguished.
- (b) **Method of Payment.** Dividends on the Class A Preferred Shares Series C will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada, payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series C to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Dividend Payment Date, will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Dividend Payment Date to the extent of the amount represented

by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(a) **No Redemption prior to December 31, 2013.** The Company will not redeem any of the Class A Preferred Shares Series C prior to December 31, 2013.

(b) **Redemption on and after December 31, 2013.** Subject to Section 7 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may redeem on December 31, 2013 and on December 31 every five years thereafter all or any part of the Class A Preferred Shares Series C then outstanding without the consent of the holders. The Company will effect the redemption, to be stipulated in the Redemption Notice, by the payment of an amount in cash for each Class A Preferred Share Series C redeemed of \$25.00 together with an amount equal to the sum of all declared and unpaid Dividends to the Redemption Date (or date of purchase for cancellation, as applicable) (the "Cash Redemption Price"). Should any such December 31 not be a Business Day, the Redemption Date will be the next succeeding Business Day.

(c) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series C are to be redeemed on a *pro rata* basis, disregarding fractions, or in any other equitable manner as determined by the Board of Directors, subject to obtaining any required regulatory approval.

(d) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series C to be redeemed notice in writing of the intention of the Company to redeem such shares (the "Redemption Notice"). The Redemption Notice must be given at least 30 days but not more than 60 days before the date on which the redemption is to occur (the "Redemption Date"). The Redemption Notice must set out the number of Class A Preferred Shares Series C held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series C, the Cash Redemption Price and the place at which it is to be paid and the Redemption Date.

(e) **Method of Payment.** The Company will pay to the holders of the Class A Preferred Shares Series C to be redeemed the Cash Redemption Price on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series C so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series C. Such payment will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series C represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(f), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series C called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series C will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series C, unless payment of the Cash Redemption Price is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series C.

(f) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price of any or all Class A Preferred Shares Series C called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series C, to be paid on surrender to the

Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series C. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price of the Class A Preferred Shares Series C for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price as deposited applicable to those Class A Preferred Shares Series C, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series C being redeemed. The Company will be entitled to any interest on such deposit.

4. Conversion Right

(a) **Conversion Right at the Option of the Holder.** Subject to the right of the Company to redeem the Class A Preferred Shares Series C, as described in Section 3. Redemption, holders of Class A Preferred Shares Series C will have the right, at their option, on December 31, 2013 and on December 31 every five years thereafter (a "Series C Conversion Date"), to convert (subject to the restrictions on conversion described in Section 4(d) and the payment or delivery to the Company of evidence of payment of the tax (if any) payable any or all of their Class A Preferred Shares Series C registered in their name into Non-Cumulative Floating Rate Class A Preferred Shares Series D (the "Class A Preferred Shares Series D") on the basis of one Class A Preferred Share Series D for each Class A Preferred Share Series C (the "Conversion Right"). Should any such December 31 not be a Business Day, the Series C Conversion Date will be the next succeeding Business Day.

(b) **Conversion Notice.** Holders of Class A Preferred Shares Series C who elect to convert their Class A Preferred Shares Series C into Class A Preferred Shares Series D on the Series C Conversion Date are required to provide the Company with a written notice (a "Conversion Notice") on a date not earlier than the 30th day and not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series C Conversion Date. Once received by the Company, a Conversion Notice is irrevocable.

(c) **Notice of Series C Conversion Date and next Annual Fixed Dividend Rate.** Notice of a Series C Conversion Date and a form of Conversion Notice will be given by the Company to the then registered holders of Class A Preferred Shares Series C at least 30 days and not more than 60 days prior to the Series C Conversion Date. Written notice of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period will be provided by the Company to the then registered holders of the Class A Preferred Shares Series C on the 30th day prior to each Series C Conversion Date.

(d) **Automatic Conversion.** Holders of Class A Preferred Shares Series C will not be entitled to convert their shares into Class A Preferred Shares Series D if the Company determines that there would remain outstanding on a Series C Conversion Date less than 1,000,000 Class A Preferred Shares Series D, after having taken into account all Class A Preferred Shares Series C tendered for conversion into Class A Preferred Shares Series D and all Class A Preferred Shares Series D tendered for conversion into Class A Preferred Shares Series C. The Company will give notice in writing thereof to all registered holders of Class A Preferred Shares Series C at least seven days prior to the applicable Series C Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series C Conversion Date less than 1,000,000 Class A Preferred Shares Series C, after having taken into account all Class A Preferred Shares Series C tendered for conversion into Class A Preferred Shares Series D and all Class A Preferred Shares Series D tendered for conversion into Class A Preferred Shares Series C, then, all, but not part, of the remaining outstanding Class A Preferred Shares Series C will automatically be converted into Class A Preferred Shares Series D on the basis of one Class A Preferred Share Series D for each Class A Preferred Share Series C on the applicable Series C Conversion Date and the Company will give notice in writing thereof to the then registered holders of such remaining Class A Preferred Shares Series C at least seven days prior to the Series C Conversion Date.

(e) **Not electing to convert and continuing to hold Class A Preferred Shares Series C.** If the Company does not receive a Conversion Notice from a holder of Class A Preferred Shares Series C during the time fixed therefor, then the Class A Preferred Shares Series C shall be deemed not to have been converted (except in the case of an automatic conversion as described in Section 4(d)).

(f) **Effect of Notice of Redemption.** If the Company gives notice to the registered holders of the Class A Preferred Shares Series C of the redemption of all the Class A Preferred Shares Series C, the Company will not be required to give notice as provided hereunder to the registered holders of the Class A Preferred Shares Series C of an Annual Fixed Dividend Rate or of the Conversion Right of holders of Class A Preferred Shares Series C and the right of any holder of Class A Preferred Shares Series C to convert such Class A Preferred Shares Series C will cease and terminate in that event.

5. Purchase for Cancellation

Subject to Section 7, the provisions of the Insurance Act and the requirement for prior consent of the AMF, the Company may at any time purchase for cancellation all or, from time to time, any of the Class A Preferred Shares Series C outstanding in the open market or by private contract or tender, at any price.

6. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding-up its affairs, the holders of the Class A Preferred Shares Series C will be entitled to receive the Issue Price for each Class A Preferred Share Series C held by them, together with Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company are distributed to the holders of any shares ranking junior to the Class A Preferred Shares Series C. After payment of those amounts, the holders of Class A Preferred Shares Series C will not be entitled to share in any further distribution of the property or assets of the Company.

7. Restrictions on Dividends and Retirement of Shares

As long as any Class A Preferred Shares Series C are outstanding, the Company will not, without the approval of the holders of the Class A Preferred Shares Series C given as provided in Section 10:

- (a) declare or pay any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series C (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series C);
- (b) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series C (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series C);
- (c) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Class A Preferred Shares Series C; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other Preferred Shares of the Company, redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series C;

unless, in each case, all Dividends on the Class A Preferred Shares Series C up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series C up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

8. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series C will not be entitled as such to receive notice of, or to attend or to vote at, any meeting of shareholders or participating policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series C in any Dividend Period. In that event, the holders of Class A Preferred Shares Series C will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Class A Preferred Share Series C held (the "Voting Rights") in the election of directors only but not in respect of any other business. The Voting Rights of the holders of the Class A Preferred Shares Series C will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series C to which the holders are entitled under the Class A Preferred Shares Series C Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series C in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

9. Issue of Additional Shares and Amendments to Class A Preferred Shares Series C

(a) **Issue of Additional Shares.** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the share capital of the Company ranking on parity with or junior to the Class A Preferred Shares without approval of the holders of the Class A Preferred Shares Series C. For greater certainty, nothing in the Class A Preferred Shares Series C Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.

(b) **Amendments to Class A Preferred Shares Series C**

- (i) On and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series C given as specified in Section 10 and any other necessary approval, delete, add to or vary any of the Class A Preferred Shares Series C Provisions.
- (ii) In addition to the approvals referred to in Section 9(b)(i), the Company will not without, but may from time to time with, the necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded the Class A Preferred Shares Series C from time to time for capital adequacy requirements pursuant to the Insurance Act or the MCCSR.

10. Approval of Holders of Class A Preferred Shares Series C

The approval of holders of the Class A Preferred Shares Series C to change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares Series C as a series or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares Series C may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Preferred Shares Series C duly called for that purpose at which the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series C are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series C are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than 15 days thereafter and to such time and place as may be appointed by the chairman of the meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Class A Preferred Shares Series C present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast constitutes the approval of the holders of the Class A Preferred Shares Series C referred to above.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the by-laws of the Company or the resolutions passed by the Board of Directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series C as a series, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares Series C entitled to vote thereat has one vote in respect of each Class A Preferred Share Series C held.

11. Registration of Class A Preferred Shares Series C and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(a) **Global Certificate.** Subject to Sections 11(b) and 11(c) and notwithstanding any other provision of the Class A Preferred Shares Series C Provisions, the Class A Preferred Shares Series C will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series C issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series C will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series C or to a successor Depository for the Class A Preferred Shares Series C approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversion of Class A Preferred Shares Series C will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 11(c), the beneficial owners of Class A Preferred Shares Series C will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series C, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Class A Preferred Shares Series C who wish to purchase, sell or otherwise transfer ownership of or other interests in Class A Preferred Shares Series C or to exercise Conversion Rights with respect to Class A Preferred Shares Series C may do so only through a Participant.

(b) **Depository is Owner of Class A Preferred Shares Series C.** For purposes of the Class A Preferred Shares Series C Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series C:

- (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series C for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series C, including payments of Dividends and the Cash Redemption Price;
- (ii) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series C, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series C, the Cash Redemption Price, and certificates for Class A Preferred Shares Series D issued pursuant to Section 4, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Class A Preferred Shares Series C; and
- (iii) the rights of Persons, other than Participants, having an interest in Class A Preferred Shares Series C will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.

(c) **Termination of Book-Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Class A Preferred Shares Series C from the Book-Entry System, Sections 11(a), 11(b) and 11(d) will cease to apply to the Class A Preferred Shares Series C. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series C in definitive registered form equal to the aggregate number of Class A Preferred Shares Series C represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series C in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Class A Preferred Shares Series C as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(d) **Payments etc.** Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Class A Preferred Shares Series C must look solely to Participants, for their share of payments of Dividends and other amounts and the issuance and delivery of Class A Preferred Shares Series D in respect of Class A Preferred Shares Series C. No Person, including any Participant, will have any claim against the Company in respect of payments due on Class A Preferred Shares Series C or the issuance and delivery of Class A Preferred Shares Series D and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as registered holder of Class A Preferred Shares Series C, in respect of each amount so paid or Class A Preferred Share Series D so issued and delivered.

(e) **Inconsistent Provisions.** The provisions of Section 4 and the exercise of the Conversion Right are subject to the provisions of this Section 11, and in the event of any inconsistency between those provisions and the provisions of Section 11, the provisions of Section 11 will prevail to the extent of the inconsistency.

12. Notices

(a) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series C must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(b) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series C to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series C in connection with the redemption of Class A Preferred Shares Series C must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(c) **Notice to Holders of Class A Preferred Shares Series C.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series C by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or

other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A Preferred Shares Series C, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

13. Tax Election

The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series C will not be required to pay tax on Dividends received (or deemed to be received) on the Class A Preferred Shares Series C under Part IV.1 of the Tax Act.

14. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series C, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series C. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series C for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A preferred Shares Series C, the Company will promptly arrange for the payment of such amount to the holder, subject to the provisions of Section 2(b).

15. Non-Residents

On the conversion of Class A Preferred Shares Series C, the Company reserves the right not to issue Class A Preferred Shares Series D to any Person whose address is in, or whom the Company or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where such issuance would require compliance by the Company with the securities, insurance or analogous laws of such jurisdiction, including registration, prospectus, filing or other similar requirements under the applicable laws of such jurisdiction. In addition, the Company may require from any such Person, as a condition to the issuance to it of Class A Preferred Shares Series D, a written declaration as to its residence and share ownership status and any other matter requested by the Company in order to determine the entitlement of such Person to Class A Preferred Shares Series D, including under the Insurance Act.

16. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series C, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series C by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series C. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series C at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series C provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series C prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or

accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series C has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

ANNEX 1-5

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative Floating Rate Class A Preferred Shares Series D

The following are the rights, privileges, restrictions and conditions (the "Class A Preferred Shares Series D Provisions"), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative Floating Rate Class A Preferred Shares Series D (the "Class A Preferred Shares Series D") of the Company.

1. Interpretation

(a) **Defined Terms.** In the Class A Preferred Shares Series D Provisions,

"**AMF**" means the *Autorité des marchés financiers*, established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor regulator.

"**Board of Directors**" means the Board of Directors of the Company.

"**Book-Entry System**" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures of its securities settlement service for book-entry only securities in force from time to time or any successor system thereof.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montreal, Québec.

"**Cash Redemption Price**" means the Cash Redemption Price as defined in Section 3(a).

"**Class A Preferred Shares**" means the Class A Preferred Shares of the Company.

"**Class A Preferred Shares Series C**" means the Class A Preferred Shares Series C as defined in Section 4(a).

"**Class A Preferred Shares Series D**" means the Class A Preferred Shares Series D as defined in the introductory paragraph to these Class A Preferred Shares Series D Provisions.

"**Class A Preferred Shares Series D Provisions**" means the Class A Preferred Shares Series D Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series D.

"**Common Shares**" means the Common Shares of the Company.

"**Company**" means Industrielle Alliance, Assurance et services financiers inc. — Industrial Alliance Insurance and Financial Services Inc.

"**Conversion Date**" means the Conversion Date as defined in Section 4(a).

"**Conversion Right**" means the conversion option as described in Section 4(a).

"**Depository**" means CDS Clearing and the Depository Services Inc. and its nominees or any

successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(a).

"**Dividend**" and "**Dividends**" means Dividend and Dividends as respectively defined in Section 2(i).

"**Dividend Payment Date**" means the last day of the months of March, June, September and December in each year.

"**Dividend Period**" means the three-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

"**Floating Quarterly Dividend Rate**" means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 3.38% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

"**Floating Rate Calculation Date**" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"**Global Certificate**" means the Global Certificate as defined in Section 11(a).

"**Insurance Act**" means *An Act respecting Insurance* (Québec) and the regulations thereunder.

"**Issue Date**" means the date any of the Class A Preferred Shares Series D are first issued by the Company.

"**Issue Price**" means the sum of \$25.00, being the issue price for each Class A Preferred Share Series D.

"**MCCSR**" means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

"**Participant**" means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Class A Preferred Shares Series D.

"**Person**" includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

"**Preferred Shares**" means the 10,000,000 preferred shares of the Company with a nominal or par value of \$25.00 per share, issuable in series.

"**Quarterly Commencement Date**" means March 31, June 30, September 30 and December 31 in each year.

"**Quarterly Floating Rate Period**" means, for the initial Quarterly Floating Rate Period, the period from and including December 31, 2013 to but excluding March 31, 2014, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

"**Redemption Date**" means the Redemption Date as defined in Section 3(d).

"**Redemption Notice**" means the Redemption Notice as defined in Section 3(d).

"**Series D Conversion Date**" has the meaning attributed in Section 4(a).

"**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Transfer Agent**" means Computershare Investor Services Inc., or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series D.

"**Voting Rights**" means the Voting Rights as defined in Section 8.

(b) **Ranking of Shares.** The expressions "in priority to", "on a parity with", "ranking equally with", "ranking junior to" and "ranking senior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs.

(c) **Holder.** References to a "holder" in relation to Class A Preferred Shares Series D means a registered holder of those shares.

(d) **References to Statutes.** References to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(e) **Other Payment Matters**

(i) If any date on which any Dividend on the Class A Preferred Shares Series D is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series D Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.

(ii) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series D entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.

(iii) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series D under the Class A Preferred Shares Series D Provisions any amount required by law to be deducted or withheld from that payment.

(f) **Currency Conversion.** If it is necessary to convert any amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

- (i) The holders of Class A Preferred Shares Series D will be entitled to receive and the Company shall pay thereon, as and when declared by the Board of Directors of the Company, subject to the provisions of the Insurance Act, non-cumulative, preferential cash dividends payable quarterly on March 31, June 30, September 30, and December 31 in each year (the "Quarterly Dividend Payment Date") in an amount per Class A Preferred Share Series D determined by multiplying the applicable Floating Quarterly Dividend Rate by the Issue Price.
- (ii) The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Company on the 30th day prior to the first day of each Quarterly Floating Rate Period. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Class A Preferred Shares Series D. The Company will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Class A Preferred Shares Series D.
- (iii) If the Board of Directors of the Company does not declare any Dividend, or any part thereof, on the Class A Preferred Shares Series D on or before the Dividend Payment Date for a particular Quarterly Floating Rate Period, the entitlement of the holders of the Class A Preferred Shares Series D to receive such Dividend, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished.

(b) **Method of Payment.** Dividends on the Class A Preferred Shares Series D will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada, payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series D to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Quarterly Dividend Payment Date, will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Quarterly Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(a) **Redemption on December 31, 2018 and Every Five Years Thereafter.** Subject to Section 7 and to the provisions of the Insurance Act, including the prior approval of the AMF, the Company may redeem, on December 31, 2018 and on December 31 every five years thereafter, all or any part of the Class A Preferred Shares Series D then outstanding without the consent of the holders, by the payment of an amount in cash for each Class A Preferred Share Series D redeemed of \$25.00 together with an amount equal to the sum of all declared and unpaid Dividends to the Redemption Date (the "**Cash Redemption Price**"). Should any such December 31 not be a Business Day, the Redemption Date will be the next succeeding Business Day.

(b) **Redemption after December 31, 2013.** Subject to Section 7 and to the provisions of the Insurance Act, including the prior approval of the AMF, the Company may redeem on any date after December 31, 2013 which is not a Series D Conversion Date, all or any part of the Class A Preferred Shares Series D then outstanding without the consent of the holders, by the payment for each Class A Preferred Share Series D redeemed of the sum of the Cash Redemption Price plus an amount of \$0.50 per Class A Preferred Share Series D redeemed (the "**Additional Amount**"). Should any such

Redemption Date not be a Business Day, the Redemption Date will be the next succeeding Business Day.

(c) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series D are to be redeemed on a *pro rata* basis, disregarding fractions, or in any other equitable manner as determined by the Board of Directors, subject to obtaining any required regulatory approval.

(d) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series D to be redeemed notice in writing of the intention of the Company to redeem such shares (the "Redemption Notice"). The Redemption Notice must be given at least 30 days but not more than 60 days before the date on which the redemption is to occur (the "Redemption Date"). The Redemption Notice must set out the number of Class A Preferred Shares Series D held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series D, the Cash Redemption Price, the Additional Amount, if any, and the place at which such Cash Redemption Price and the Additional Amount, if any, are to be paid and the Redemption Date.

(e) **Method of Payment.** The Company will pay to the holders of the Class A Preferred Shares Series D to be redeemed the Cash Redemption Price and the Additional Amount, if any, on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series D so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series D. Such payment will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series D represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(f), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series D called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series D will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series D, unless payment of the Cash Redemption Price and the Additional Amount, if any, are not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series D.

(f) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price and the Additional Amount, if any, of any or all Class A Preferred Shares Series D called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series D, to be paid on surrender to the Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series D. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price and the Additional Amount, if any, of the Class A Preferred Shares Series D for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price and the Additional Amount, if any, as deposited applicable to those Class A Preferred Shares Series D, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series D being redeemed. The Company will be entitled to any interest on such deposit.

4. Conversion Right

(a) **Conversion Right at the Option of the Holder.** Subject to the right of the Company to redeem the Class A Preferred Shares Series D described in Section 3. Redemption, holders of Class A Preferred Shares Series D will have the right, at their option, on December 31, 2018 and on December 31 of every five years thereafter (a "Series D Conversion Date"), to convert (subject to the restrictions on conversion described in Section 4(d) and the payment or delivery to the Company of evidence of payment of the tax (if any) payable any or all of their Class A Preferred Shares Series D into Non-Cumulative 5-year Rate

Reset Class A Preferred Shares Series C (the "Class A Preferred Shares Series C") on the basis of one Class A Preferred Share Series C for each Class A Preferred Share Series D (the "Conversion Right"). Should any such December 31 not be a Business Day, the Series D Conversion Date will be the next succeeding Business Day.

(b) **Conversion Notice.** Holders of Class A Preferred Shares Series D who elect to convert their Class A Preferred Shares Series D into Class A Preferred Shares Series C on the Series D Conversion Date are required to provide the Company with written notice (a "**Conversion Notice**") on a date not earlier than the 30th day and not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series D Conversion Date. Once received by the Company, a Conversion Notice is irrevocable.

(c) **Notice of Series D Conversion Date and next Annual Fixed Dividend Rate.** Notice of a Series D Conversion Date and a form of Conversion Notice will be given by the Company to the then registered holders of Class A Preferred Shares Series D at least 30 days and not more than 60 days prior to the Series D Conversion Date. Written notice of the Annual Fixed Dividend Rate on the Class A Preferred Shares Series C (the "Annual Fixed Dividend Rate") for the next succeeding five-year period, after the initial period ending on December 30, 2013 will be provided by the Company to the then registered holders of the Class A Preferred Shares Series D on the 30th day prior to each Series D Conversion Date.

(d) **Automatic Conversion.** Holders of Class A Preferred Shares Series D will not be entitled to convert their shares into Class A Preferred Shares Series C if the Company determines that there would remain outstanding on a Series D Conversion Date less than 1,000,000 Class A Preferred Shares Series C, after having taken into account all Class A Preferred Shares Series D tendered for conversion into Class A Preferred Shares Series C and all Class A Preferred Shares Series C tendered for conversion into Class A Preferred Shares Series D. The Company will give notice in writing thereof to all registered holders of the Class A Preferred Shares Series D at least seven days prior to the applicable Series D Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series D Conversion Date less than 1,000,000 Class A Preferred Shares Series D, after having taken into account all Class A Preferred Shares Series D tendered for conversion into Class A Preferred Shares Series C and all Class A Preferred Shares Series C tendered for conversion into Class A Preferred Shares Series D, then, all, but not part, of the remaining outstanding Class A Preferred Shares Series D will automatically be converted into Class A Preferred Shares Series C on the basis of one Class A Preferred Share Series C for each Class A Preferred Share Series D on the applicable Series D Conversion Date and the Company will give notice in writing thereof to the then registered holders of such remaining Class A Preferred Shares Series D at least seven days prior to the Series D Conversion Date.

(e) **Not electing to convert and continuing to hold Class A Preferred Shares Series D.** If the Company does not receive a Conversion Notice from a holder of Class A Preferred Shares Series D during the time fixed therefor, then the Class A Preferred Shares Series D shall be deemed not to have been converted (except in the case of an automatic conversion as described in Section 4(d)).

(f) **Effect of Notice of Redemption.** If the Company gives notice to the registered holders of the Class A Preferred Shares Series D of the redemption of all the Class A Preferred Shares Series D, the Company will not be required to give notice as provided hereunder to the registered holders of the Class A Preferred Shares Series D of an Annual Fixed Dividend Rate or of the Conversion Right of holders of Class A Preferred Shares Series D and the right of any holder of Class A Preferred Shares Series D to convert such Class A Preferred Shares Series D will cease and terminate in that event.

5. Purchase for Cancellation

Subject to Section 7, the provisions of the Insurance Act and the requirement for prior consent of the AMF, the Company may at any time purchase for cancellation all or, from time to time, any Class A Preferred Shares Series D outstanding in the open market or by private contract or tender, at any price.

6. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding up its affairs, the holders of the Class A Preferred Shares Series D will be entitled to receive the Issue Price for each Class A Preferred Share Series D held by them, plus any Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company are distributed to the holders of any shares ranking junior to the Class A Preferred Shares Series D. After payment of those amounts, the holders of Class A Preferred Shares Series D will not be entitled to share in any further distribution of the property or assets of the Company.

7. Restrictions on Dividends and Retirement of Shares

As long as any Class A Preferred Shares Series D are outstanding, the Company will not, without the approval of the holders of the Class A Preferred Shares Series D given as provided in Section 10:

- (a) declare or pay any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series D (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series D);
- (b) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series D (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series D);
- (c) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Class A Preferred Shares Series D; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other Preferred Shares of the Company, redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series D;

unless, in each case, all Dividends on the Class A Preferred Shares Series D up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series D up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

8. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series D will not be entitled as such to receive notice of, or to attend or to vote at, any meeting of shareholders or participating policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series D in any Dividend Period. In that event, the holders of Class A Preferred Shares Series D will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Class A Preferred Share Series D held (the "Voting Rights") in the election of directors only but not in respect of any other business. The Voting Rights of the holders of the Class A Preferred Shares Series D will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series D to which the holders are entitled under the Class A Preferred Shares Series D Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series D in any Dividend Period, in which event the

Voting Rights will become effective again and so on from time to time.

9. Issue of Additional Shares and Amendments to Class A Preferred Shares Series D

(a) **Issue of Additional Shares.** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the share capital of the Company ranking on a parity with or junior to the Class A Preferred Share without approval of the holders of the Class A Preferred Shares Series D. For greater certainty, nothing in the Class A Preferred Shares Series D Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.

(b) **Amendments to Class A Preferred Shares Series D**

- (i) On and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series D given as specified in Section 10 and any other necessary approval, delete, add to or vary any of the Class A Preferred Shares Series D Provisions.
- (ii) In addition to the approvals referred to in Section 9(b)(i), the Company will not without, but may from time to time with, the necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded the Class A Preferred Shares Series D from time to time for capital adequacy requirements pursuant to the Insurance Act or the MCCSR.

10. Approval of Holders of Class A Preferred Shares Series D

The approval of holders of the Class A Preferred Shares Series D to change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares Series D as a series or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares Series D may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Preferred Shares Series D duly called for that purpose at which the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series D are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series D are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than 15 days thereafter and to such time and place as may be appointed by the chairman of the meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Class A Preferred Shares Series D present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast constitutes the approval of the holders of the Class A Preferred Shares Series D referred to above.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the by-laws of the Company or the resolutions passed by the Board of Directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series D as a series, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares Series D entitled to vote thereat has one vote in respect of each Class A Preferred Share Series D held.

11. Registration of Class A Preferred Shares Series D and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(a) **Global Certificate.** Subject to Sections 11(b) and 11(c) and notwithstanding any other provision

of the Class A Preferred Shares Series D Provisions, the Class A Preferred Shares Series D will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series D issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series D will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series D or to a successor Depository for the Class A Preferred Shares Series D approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversion of Class A Preferred Shares Series D will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 11(c), the beneficial owners of Class A Preferred Shares Series D will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series D, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Class A Preferred Shares Series D who wish to purchase, sell or otherwise transfer ownership of or other interests in Class A Preferred Shares Series D or to exercise Conversion Rights with respect to Class A Preferred Shares Series D may do so only through a Participant.

(b) **Depository is Owner of Class A Preferred Shares Series D.** For purposes of the Class A Preferred Shares Series D Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series D:

- (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series D for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series D, including payments of Dividends and the Cash Redemption Price and the Additional Amount, if any;
- (ii) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series D, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series D, the Cash Redemption Price and the Additional Amount, if any, and certificates for the Class A Preferred Shares Series C issued pursuant to Section 4, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Class A Preferred Shares Series D; and
- (iii) the rights of Persons, other than Participants, having an interest in Class A Preferred Shares Series D will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.

(c) **Termination of Book-Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Class A Preferred Shares Series D from the Book-Entry System, Sections 11(a), 11(b) and 11(d) will cease to apply to the Class A Preferred Shares Series D. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series D in definitive registered form equal to the aggregate number of Class A Preferred Shares Series D represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series D in definitive registered form issued in exchange for the Global Certificate will be registered in such names

and in such number of Class A Preferred Shares Series D as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(d) **Payments etc.** Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Class A Preferred Shares Series D must look solely to Participants, for their share of payments of Dividends and other amounts and the issuance and delivery of Class A Preferred Shares Series C in respect of Class A Preferred Shares Series D. No Person, including any Participant, will have any claim against the Company in respect of payments due on Class A Preferred Shares Series D or the issuance and delivery of Class A Preferred Shares Series C and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as registered holder of Class A Preferred Shares Series D, in respect of each amount so paid or Class A Preferred Share Series C so issued and delivered.

(e) **Inconsistent Provisions.** The provisions of Section 4 and the exercise of the Conversion Right are subject to the provisions of this Section 11, and in the event of any inconsistency between those provisions and the provisions of Section 11, the provisions of Section 11 will prevail to the extent of the inconsistency.

12. Notices

(a) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series D must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(b) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series D to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series D in connection with the redemption of Class A Preferred Shares Series D must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(c) **Notice to Holders of Class A Preferred Shares Series D.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series D by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A Preferred Shares Series D, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

13. Tax Election

The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series D will not be required to pay tax on Dividends received (or deemed to be received) on the Class A Preferred Shares Series D under Part IV.1 of the Tax Act.

14. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series D, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series D. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series D for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series D, the Company will promptly arrange for the payment of such amount to the holder, subject to the provisions of Section 2(b).

15. Non-Residents

On the conversion of Class A Preferred Shares Series D, the Company reserves the right not to issue Class A Preferred Shares Series C to any Person whose address is in, or whom the Company or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where such issuance would require compliance by the Company with the securities, insurance or analogous laws of such jurisdiction, including registration, prospectus, filing or other similar requirements under the applicable laws of such jurisdiction. In addition, the Company may require from any such Person, as a condition to the issuance to it of Class A Preferred Shares Series C, a written declaration as to its residence and share ownership status and any other matter requested by the Company in order to determine the entitlement of such Person to Class A Preferred Shares Series C, including under the Insurance Act.

16. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series D, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series D by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series D. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series D at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series D provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series D prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series D has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

ANNEX 1-6

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative Class A Preferred Shares Series E

The following are the rights, privileges, restrictions and conditions (the "Class A Preferred Shares Series E Provisions"), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative Class A Preferred Shares Series E (the "Class A Preferred Shares Series E") of the Company.

1. Interpretation

(a) **Defined Terms.** In the Class A Preferred Shares Series E Provisions:

"**AMF**" means the *Autorité des marchés financiers*, established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor regulator.

"**Board of Directors**" means the Board of Directors of the Company.

"**Book-Entry System**" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures of its securities settlement service for book-entry only securities in force from time to time or any successor system thereof.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montreal, Québec.

"**Cash Redemption Price**" means the Cash Redemption Price as defined in Section 3(b).

"**Class A Preferred Shares**" means the Class A Preferred Shares of the Company.

"**Class A Preferred Shares Series E**" means the Class A Preferred Shares Series E as defined in the introductory paragraph to these Class A Preferred Shares Series E Provisions.

"**Class A Preferred Shares Series E Provisions**" means the Class A Preferred Shares Series E Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series E.

"**Common Shares**" means the Common Shares of the Company.

"**Company**" means Industrielle Alliance, Assurance et services financiers inc. - Industrial Alliance Insurance and Financial Services Inc.

"**Depository**" means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 10(a)

"**Dividend**" and "**Dividends**" means Dividend and Dividends as respectively defined in Section 2(a)(i).

"**Dividend Payment Date**" means the last day of the months of March, June, September and December in each year.

"**Dividend Period**" means the three-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

"**Global Certificate**" means the Global Certificate as defined in Section 10(a).

"**Insurance Act**" means *An Act respecting Insurance* (Québec) and the regulations thereunder.

"**Issue Date**" means the date any of the Class A Preferred Shares Series E are first issued by the Company.

"**Issue Price**" means the sum of \$25.00, being the issue price for each Class A Preferred Share Series E.

"**MCCSR**" means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

"**Participant**" means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Class A Preferred Shares Series E.

"**Person**" includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

"**Preferred Shares**" means the 10,000,000 preferred shares of the Company with a nominal or par value of \$25.00 per share, issuable in series.

"**Redemption Date**" means the Redemption Date as defined in Section 3(d).

"**Redemption Notice**" means the Redemption Notice as defined in Section 3(d).

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Transfer Agent**" means Computershare Investor Services Inc., or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series E.

"**Voting Rights**" means the Voting Rights as defined in Section 7.

(b) **Ranking of Shares.** The expressions "in priority to", "on a parity with", "ranking equally with", "ranking junior to" and "ranking senior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs.

(c) **Holder.** References to a "holder" in relation to Class A Preferred Shares Series E means a registered holder of those shares.

(d) **References to Statutes.** References to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(e) **Other Payment Matters**

- (i) If any date on which any Dividend on the Class A Preferred Shares Series E is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series E Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.
- (ii) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series E entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.
- (iii) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series E under the Class A Preferred Shares Series E Provisions any amount required by law to be deducted or withheld from that payment.

(f) **Currency Conversion.** If it is necessary to convert any amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(a) **Payment of Dividends**

- (i) The holders of Class A Preferred Shares Series E will be entitled to receive, and the Company will pay on the Class A Preferred Shares Series E, if, as and when declared by the Board of Directors, but subject to the provisions of the Insurance Act, fixed non-cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date at an annual rate of \$1.50 (\$0.375 on a quarterly basis) per Class A Preferred Share Series E (representing an annual yield of 6.00%) (each, a "Dividend" and, collectively, the "Dividends"); provided that, on the first Dividend Payment Date on December 31, 2009, the Dividend payable for the first Dividend Period (being the period from the Issue Date to the First Dividend Payment Date), if declared by the Board of Directors, will be of an amount per share equal to the quarterly Dividend multiplied by a fraction, the numerator of which is the number of calendar days from and including the Issue Date to, but excluding, the first Dividend Payment Date, and the denominator of which is equal to 92.
- (ii) If the Board of Directors does not declare any Dividend, or any part thereof, on the Class A Preferred Shares Series E on or before the Dividend Payment Date for a particular Dividend Period, the entitlement of the holders of the Class A Preferred Shares Series E to the Dividends, or to any part thereof, for such Dividend Period will be forever extinguished.

(b) **Method of Payment.** Dividends on the Class A Preferred Shares Series E will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada, payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series E to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Dividend Payment Date, will be deemed to be payment and will satisfy and

discharge all liabilities for Dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(a) **No Redemption prior to December 31, 2014.** The Company will not redeem any of the Class A Preferred Shares Series E prior to December 31, 2014.

(b) **Redemption on and after December 31, 2014.** On and after December 31, 2014, but subject to Section 6 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may redeem at any time all or from time to time any part of the Class A Preferred Shares Series E then outstanding without the consent of the holders. The Company will effect the redemption, to be stipulated in the Redemption Notice, by the payment of an amount in cash for each Class A Preferred Share Series E redeemed of \$26.00 if redeemed on or after December 31, 2014 and prior to December 31, 2015, \$25.75 if redeemed on or after December 31, 2015 and prior to December 31, 2016, \$25.50 if redeemed on or after December 31, 2016 and prior to December 31, 2017, \$25.25 if redeemed on or after December 31, 2017 and prior to December 31, 2018, and \$25.00 per Class A Preferred Share Series E if redeemed on or after December 31, 2018, together in each case with all declared and unpaid Dividends to but excluding the Redemption Date (the "Cash Redemption Price").

(c) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series E are to be redeemed on a *pro rata* basis, disregarding fractions, or in any other equitable manner as determined by the Board of Directors, subject to obtaining any required regulatory approval.

(d) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series E to be redeemed notice in writing of the intention of the Company to redeem such shares (the "Redemption Notice"). The Redemption Notice must be given not less than 30 days but not more than 60 days before the date on which the redemption is to occur (the "Redemption Date"). The Redemption Notice must set out the number of Class A Preferred Shares Series E held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series E, the Cash Redemption Price and the place at which it is to be paid and the Redemption Date.

(e) **Method of Payment.** The Company will pay to the holders of the Class A Preferred Shares Series E to be redeemed the Cash Redemption Price on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series E so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series E. Such payment will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series E represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(f), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series E called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series E will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series E, unless payment of the Cash Redemption Price is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series E.

(f) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price of any or all Class A Preferred Shares Series E

called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series E, to be paid on surrender to the Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series E. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price of the Class A Preferred Shares Series E for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price as deposited applicable to those Class A Preferred Shares Series E, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series E being redeemed. The Company will be entitled to any interest on such deposit.

4. Purchase for Cancellation

Subject to Section 6, the provisions of the Insurance Act and the requirement for prior consent of the AMF, the Company may at any time purchase for cancellation all or, from time to time, any of the Class A Preferred Shares Series E outstanding in the open market or by private contract or tender, at any price.

5. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding-up its affairs, the holders of the Class A Preferred Shares Series E will be entitled to receive the Issue Price for each Class A Preferred Share Series E held by them, together with all Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company are distributed to the holders of any shares ranking junior to the Class A Preferred Shares Series E. After payment of those amounts, the holders of Class A Preferred Shares Series E will not be entitled to share in any further distribution of the property or assets of the Company.

6. Restrictions on Dividends and Retirement of Shares

As long as any Class A Preferred Shares Series E are outstanding, the Company will not, without the approval of the holders of the Class A Preferred Shares Series E given as provided in Section 9:

- (a) declare or pay any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series E (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series E);
- (b) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series E (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series E);
- (c) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Class A Preferred Shares Series E; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other Preferred Shares of the Company, redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series E;

unless, in each case, all Dividends on the Class A Preferred Shares Series E up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares

Series E up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

7. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series E will not be entitled as such to receive notice of, or to attend or to vote at, any meeting of shareholders or participating policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series E in any Dividend Period. In that event, the holders of Class A Preferred Shares Series E will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Class A Preferred Share Series E held (the "Voting Rights") in the election of directors only but not in respect of any other business. The Voting Rights of the holders of the Class A Preferred Shares Series E will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series E to which the holders are entitled under the Class A Preferred Shares Series E Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series E in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

8. Issue of Additional Shares and Amendments to Class A Preferred Shares Series E

- a) ***Issue of Additional Shares.*** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the share capital of the Company ranking on parity with or junior to the Class A Preferred Shares without approval of the holders of the Class A Preferred Shares Series E. For greater certainty, nothing in the Class A Preferred Shares Series E Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.
- b) ***Amendments to Class A Preferred Shares Series E***
- (i) On and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series E given as specified in Section 9 and any other necessary approval, delete, add to or vary any of the Class A Preferred Shares Series E Provisions.
 - (ii) In addition to the approvals referred to in Section 8(b)(i), the Company will not without, but may from time to time with, the necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded to the Class A Preferred Shares Series E from time to time for capital adequacy requirements pursuant to the Insurance Act or the MCCSR.

9. Approval of Holders of Class A Preferred Shares Series E

The approval of holders of the Class A Preferred Shares Series E to change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares Series E as a series or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares Series E may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Preferred Shares Series E duly called for that purpose at which the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series E are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series E are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than 15 days thereafter and to such time and place as may be appointed by the chairman of the

meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Class A Preferred Shares Series E present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast constitutes the approval of the holders of the Class A Preferred Shares Series E referred to above.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the by-laws of the Company or the resolutions passed by the Board of Directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series E as a series, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares Series E entitled to vote thereat has one vote in respect of each Class A Preferred Share Series E held.

10. Registration of Class A Preferred Shares Series E and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(a) **Global Certificate.** Subject to Sections 10(b) and 110(c)(c) and notwithstanding any other provision of the Class A Preferred Shares Series E Provisions, the Class A Preferred Shares Series E will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series E issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series E will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series E or to a successor Depository for the Class A Preferred Shares Series E approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversion of Class A Preferred Shares Series E will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 10(c), the beneficial owners of Class A Preferred Shares Series E will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series E, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Class A Preferred Shares Series E who wish to purchase, sell or otherwise transfer ownership of or other interests in Class A Preferred Shares Series E may do so only through a Participant.

(b) **Depository is Owner of Class A Preferred Shares Series E.** For purposes of the Class A Preferred Shares Series E Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series E:

- (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series E for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series E, including payments of Dividends and the Cash Redemption Price;
- (ii) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series E, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series E, the Cash Redemption Price, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Class A Preferred Shares Series E; and
- (iii) the rights of Persons, other than Participants, having an interest in Class A Preferred Shares Series E will be limited to those established by applicable law and by agreements

between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.

(c) **Termination of Book-Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Class A Preferred Shares Series E from the Book-Entry System, Sections 10(a), 10(b) and 10(d) will cease to apply to the Class A Preferred Shares Series E. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series E in definitive registered form equal to the aggregate number of Class A Preferred Shares Series E represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series E in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Class A Preferred Shares Series E as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(d) **Payments etc.** Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Class A Preferred Shares Series E must look solely to Participants, for their share of payments of Dividends and other amounts in respect of Class A Preferred Shares Series E. No Person, including any Participant, will have any claim against the Company in respect of payments due on Class A Preferred Shares Series E and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as registered holder of Class A Preferred Shares Series E, in respect of each amount so paid.

11. Notices

(a) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series E must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed to the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(b) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series E to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series E in connection with the redemption of Class A Preferred Shares Series E must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(c) **Notice to Holders of Class A Preferred Shares Series E.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series E by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery.

Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A Preferred Shares Series E, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

12. Tax Election

The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series E will not be required to pay tax on Dividends received (or deemed to be received) on the Class A Preferred Shares Series E under Part IV.1 of the Tax Act.

13. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series E, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series E. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series E for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series E, the Company will promptly arrange for the payment of such amount to the holder, subject to the provisions of Section 2(b).

14. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series E, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series E by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series E. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series E at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series E provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series E prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series E has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

ANNEX 1-7

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative Class A Preferred Shares Series F

The following are the rights, privileges, restrictions and conditions (the "Class A Preferred Shares Series F Provisions"), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative Class A Preferred Shares Series F (the "Class A Preferred Shares Series F") of the Company.

1. Interpretation

(a) **Defined Terms.** In the Class A Preferred Shares Series F Provisions,

"**AMF**" means the *Autorité des marchés financiers*, established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor regulator.

"**Board of Directors**" means the Board of Directors of the Company.

"**Book-Entry System**" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures of its securities settlement service for book-entry only securities in force from time to time or any successor system thereof.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montreal, Québec.

"**Cash Redemption Price**" means the Cash Redemption Price as defined in Section 3(b).

"**Class A Preferred Shares**" means the Class A Preferred Shares of the Company.

"**Class-A Preferred Shares Series F**" means the Class A Preferred Shares Series F as defined in the introductory paragraph to these Class A Preferred Shares Series F Provisions.

"**Class A Preferred Shares Series F Provisions**" means the Class A Preferred Shares Series F Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series F.

"**Common Shares**" means the Common Shares of the Company.

"**Company**" means Industrielle Alliance, Assurance et services financiers inc. - Industrial Alliance Insurance and Financial Services Inc.

"**Depository**" means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 10(a).

"**Dividend**" and "**Dividends**" means Dividend and Dividends as respectively defined in Section 2(a)(i).

"**Dividend Payment Date**" means the last day of the months of March, June, September and December in each year.

"**Dividend Period**" means the three-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

"**Global Certificate**" means the Global Certificate as defined in Section 10(a).

"**Insurance Act**" means *An Act respecting Insurance* (Québec) and the regulations thereunder.

"**Issue Date**" means the date any of the Class A Preferred Shares Series F are first issued by the Company,

"**Issue Price**" means the sum of \$25.00, being the issue price for each Class A Preferred Share Series F.

"**MCCSR**" means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

"**Participant**" means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Class A Preferred Shares Series F.

"**Person**" includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

"**Preferred Shares**" means the 10,000,000 preferred shares of the Company with a nominal or par value of. \$25.00 per share, issuable in series.

"**Redemption Date**" means the Redemption Date as defined in Section 3(d).

"**Redemption Notice**" means the Redemption Notice as defined in Section 3(d).

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Transfer Agent**" means Computershare Investor Services Inc., or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series F.

"**Voting Rights**" means the Voting Rights as defined in Section 7.

(b) **Ranking of Shares.** The expressions "in priority to", "on a parity with", "ranking equally with", "ranking junior to" and "ranking senior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs.

(c) **Holder.** References to a "holder" in relation to Class A Preferred Shares Series F means a registered holder of those shares.

(d) **References to Statutes.** References to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(e) **Other Payment Matters**

- (i) If any date on which any Dividend on the Class A Preferred Shares Series F is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series F Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.
 - (ii) in the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series F entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.
 - (iii) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series F under the Class A Preferred Shares Series F Provisions any amount required by law to be deducted or withheld from that payment.
- (f) **Currency Conversion.** If it is necessary to convert any amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(a) **Payment of Dividends**

- (i) The holders of Class A Preferred Shares Series F will be entitled to receive, and the Company will pay on the Class A Preferred Shares Series F, if, as and when declared by the Board of Directors, but subject to the provisions of the Insurance Act, fixed non-cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date at an annual rate of \$1.475 (\$0.36875 on a quarterly basis) per Class A Preferred Share Series F (representing an annual yield of 5.90%) (each, a "Dividend" and, collectively, the "Dividends"); provided that, on the first Dividend Payment Date on June 30, 2010, the Dividend payable for the first Dividend Period (being the period from the issue Date to the first Dividend Payment Date), if declared by the Board of Directors, will be of an amount per share equal to the annual Dividend multiplied by a fraction, the numerator of which is the number of calendar days from and including the issue Date to, but excluding, the first Dividend Payment Date, and the denominator of which is equal to 365.
 - (ii) If the Board of Directors does not declare any Dividend, or any part thereof, on the Class A Preferred Shares Series F on or before the Dividend Payment Date for a particular Dividend Period, the entitlement of the holders of the Class A Preferred Shares Series F to the Dividends, or to any part thereof, for Such Dividend Period will be forever extinguished.
- (b) **Method of Payment.** Dividends on the Class A Preferred Shares Series F will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada, payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series F to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Dividend Payment Date, will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque

is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(a) **No Redemption prior to March 31, 2015.** The Company will not redeem any of the Class A Preferred Shares Series F prior to March 31, 2015.

(b) **Redemption on and after March 31, 2015.** On and after March 31, 2015, but subject to Section 6 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may redeem at any time all or from time to time any part of the Class A Preferred Shares Series F then outstanding without the consent of the holders. The Company will effect the redemption, to be stipulated in the Redemption Notice, by the payment of an amount in cash for each Class A Preferred Share Series F redeemed of \$26.00 if redeemed on or after March 31, 2015 and prior to March 31, 2016, \$25.75 if redeemed on or after March 31, 2016 and prior to March 31, 2017, \$25.50 if redeemed on or after March 31, 2017 and prior to March 31, 2018, \$25.25 if redeemed on or after March 31, 2018 and prior to March 31, 2019, and \$25.00 per Class A Preferred Share Series F if redeemed on or after March 31, 2019, together in each case with all declared and unpaid Dividends to but excluding the Redemption Date (the "Cash Redemption Price").

(c) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series F are to be redeemed on a pro rata basis, disregarding fractions, or in any other equitable manner as determined by the Board of Directors, subject to obtaining any required regulatory approval.

(d) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series F to be redeemed notice in writing of the intention of the Company to redeem such shares (the "Redemption Notice"). The Redemption Notice must be given not less than 30 days but not more than 60 days before the date on which the redemption is to occur (the "Redemption Date"). The Redemption Notice must set out the number of Class A Preferred Shares Series F held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series F, the Cash Redemption Price and the place at which it is to be paid and the Redemption Date.

(e) **Method of Payment.** The Company will pay to the holders of the Class A Preferred Shares Series F to be redeemed the Cash Redemption Price on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series F so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series F. Such payment will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series F represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(f), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series F called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series F will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series F, unless payment of the Cash Redemption Price is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series F.

(f) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price of any or all Class A Preferred Shares Series F called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for

the respective holders of those Class A Preferred Shares Series F, to be paid on surrender to the Company or that bank or trust company of the certificate, or certificates representing the Class A Preferred Shares Series F. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price of the Class A Preferred Shares Series F for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price as deposited applicable to those Class A Preferred Shares Series F, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series F being redeemed. The Company will be entitled to any interest on such deposit.

4. Purchase for Cancellation

Subject to Section 6, the provisions of the Insurance Act and the requirement for prior consent of the AMF, the Company may at any time purchase for cancellation all or, from time to time, any of the Class A Preferred Shares Series F outstanding in the open market or by private contract or tender, at any price.

5. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding-up its affairs, the holders of the Class A Preferred Shares Series F will be entitled to receive the Issue Price for each Class A Preferred Share Series F held by them, together with all Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company are distributed to the holders of any shares ranking junior to the Class A Preferred Shares Series F. After payment of those amounts, the holders of Class A Preferred Shares Series F will not be entitled to share in any further distribution of the property or assets of the Company.

6. Restrictions on Dividends and Retirement of Shares

As long as any Class A Preferred Shares Series F are outstanding, the Company will not, without the approval of the holders of the Class A Preferred Shares Series F given as provided in Section 9;

- (a) declare or pay any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series F (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series F);
- (b) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series F (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series F);
- (c) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Class A Preferred Shares Series F; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other Preferred Shares of the Company, redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series F;

unless, in each case, all Dividends on the Class A Preferred Shares Series F up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series F up to the immediately preceding respective date or dates for payment and in respect of which

the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

7. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series F will not be entitled as such to receive notice of, or to attend or to vote at, any meeting of shareholders or participating policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series F in any Dividend Period. In that event, the holders of Class A Preferred Shares Series F will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Class A Preferred Share Series F held (the "Voting Rights") in the election of directors only but not in respect of any other business. The Voting Rights of the holders of the Class A Preferred Shares Series F will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series F to which the holders are entitled under the Class A Preferred Shares Series F Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series F in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

8 Issue of Additional Shares and Amendments to Class A Preferred Shares Series F

(a) ***Issue of Additional Shares.*** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the share capital of the Company ranking on parity with or junior to the Class A Preferred Shares without approval of the holders of the Class A Preferred Shares Series F. For greater certainty, nothing in the Class A Preferred Shares Series F Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.

(b) *Amendments to Class A Preferred Shares Series F*

- (i) On and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series F given as specified in Section 9 and any other necessary approval, delete, add to or vary any of the Class A Preferred Shares Series F Provisions.
- (ii) In addition to the approvals referred to in Section 8(b)(i), the Company will not without, but may from time to time with, the necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded to the Class A Preferred Shares Series F from time to time for capital adequacy requirements pursuant to the insurance Act or the MCCSR.

9. Approval of Holders of Class A Preferred Shares Series F

The approval of holders of the Class A Preferred Shares Series F to change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares Series F as a series or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares Series F may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Preferred Shares Series F duly called for that purpose at which the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series F are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth (1/4) of the outstanding Class A Preferred Shares Series F are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than 15 days thereafter and to such time and place as may be appointed by the chairman of the meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned

meeting, the holders of the Class A Preferred Shares Series F present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast constitutes the approval of the holders of the Class A Preferred Shares Series F referred. to above.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the by-laws of the Company or the resolutions passed by the Board of Directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series F as a series, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares Series F entitled to vote thereat has one vote in respect of each Class A Preferred Share Series F held.

10. Registration of Class A Preferred Shares Series F and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(a) **Global Certificate.** Subject to Sections 10(b) and 10(c) and notwithstanding any other provision of the Class A Preferred Shares Series F Provisions, the Class A Preferred Shares Series F will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series F issued by the Company and outstanding from time to time (the "Global Certificates") held by or on behalf of the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series F will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series F or to a successor Depository for the Class A Preferred Shares Series F approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversion of Class A Preferred Shares Series F will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 10(c), the beneficial owners of Class A Preferred Shares Series F will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series F, and beneficial Owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Class A Preferred Shares Series F who wish to purchase sell or otherwise transfer ownership of or other interests in Class A Preferred Shares Series F may do so only through a Participant.

(b) **Depository Is Owner of Class A Preferred Shares Series F.** For purposes of the Class A Preferred Shares Series F Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series F:

- (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series F for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series F, including payments of Dividends and the Cash Redemption Price;
- (ii) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series F, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series F, the Cash Redemption Price, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Class A Preferred Shares Series F; and
- (iii) the rights of Persons, other than Participants, having an interest in Class A preferred Shares Series F will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such

Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.

(c) **Termination of Book-Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Class A Preferred Shares Series F from the Book-Entry System, Sections 10(a), 10(b) and 10(d) will cease to apply to the Class A Preferred Shares Series F. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series F in definitive registered form equal to the aggregate number of Class A Preferred Shares Series F represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series F in definitive, registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Class A Preferred Shares Series F as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(d) **Payments etc.** Participants must look solely to the Depository in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Class A Preferred Shares Series F must look solely to Participants, for their share of payments of Dividends and other amounts in respect of Class A Preferred Shares Series F. No Person, including any Participant, will have any claim against the Company in respect of payments due on Class A Preferred Shares Series F and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as registered holder of Class A Preferred Shares Series F, in respect of each amount so paid.

11. Notices

(a) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series F must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed to the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(b) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series F to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series F in connection with the redemption of Class A Preferred Shares Series F must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(c) **Notice to Holders of Class A Preferred Shares Series F.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series F by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders

of Class A Preferred Shares Series F, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice request or other communication.

12. Tax Election

The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act or any successor or replacement provision of similar effect and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series F will not be required to pay tax on Dividends received (or deemed to be received) on the Class A Preferred Shares Series F under Part IV.1 of the Tax Act.

13. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series F, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series F. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series F for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series F, the Company will promptly arrange for the payment of such amount to the holder, subject to the provisions of Section 2(b).

14. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series F, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series F by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series F. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series F at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series F provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series E prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series E has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

ANNEX 1-8

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative 5-Year Rate Reset Class A Preferred Shares Series G

The following are the rights, privileges, restrictions and conditions (the “**Class A Preferred Shares Series G Provisions**”), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative 5-Year Rate Reset Class A Preferred Shares Series G (the “**Class A Preferred Shares Series G**”) of the Company.

1. Interpretation

(a) **Defined Terms.** In the Class A Preferred Shares Series G Provisions,

“**AMF**” means the *Autorité des marchés financiers*, established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor regulator.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.85%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Bond yields.

“**Board of Directors**” means the Board of Directors of the Company.

“**Book-Entry System**” means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures of its securities settlement service for book-entry only securities in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montreal, Québec.

“**Cash Redemption Price**” means the Cash Redemption Price as defined in Section 3(b).

“**Class A Preferred Shares**” means the Class A Preferred Shares of the Company.

“**Class A Preferred Shares Series G**” means the Class A Preferred Shares Series G as defined in the introductory paragraph to these Class A Preferred Shares Series G Provisions.

“**Class A Preferred Shares Series G Provisions**” means the Class A Preferred Shares Series G Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series G.

“**Class A Preferred Shares Series H**” means the Class A Preferred Shares Series H as defined in Section 4(a).

“Common Shares” means the Common Shares of the Company.

“Company” means Industrielle Alliance, Assurance et services financiers inc. — Industrial Alliance Insurance and Financial Services Inc.

“Conversion Right” means the conversion option as described in Section 4(a).

“Depository” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(a).

“Dividend” and **“Dividends”** means Dividend and Dividends as respectively defined in Section 2(i).

“Dividend Payment Date” means the last day of the months of March, June, September and December in each year.

“Dividend Period” means the three-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

“Fixed Rate Calculation Date” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period. **“Global Certificate”** means the Global Certificate as defined in Section 11(a).

“Government of Canada Yield” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers, other than Industrial Alliance Securities Inc., selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“Initial Fixed Rate Period” means the period from and including the Issue Date to but excluding June 30, 2017.

“Insurance Act” means *An Act respecting Insurance* (Québec) and the regulations thereunder.

“Issue Date” means the date any of the Class A Preferred Shares Series G are first issued by the Company.

“Issue Price” means the sum of \$25.00, being the issue price for each Class A Preferred Share Series G.

“MCCSR” means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

“Participant” means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Class A Preferred Shares Series G.

“Person” includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

“Preferred Shares” means the 10,000,000 preferred shares of the Company with a nominal or par value of \$25.00 per share, issuable in series.

“Redemption Date” means the Redemption Date as defined in Section 3(d). **“Redemption Notice”** means the Redemption Notice as defined in Section 3(d). **“Series G Conversion Date”** has the meaning attributed thereto in Section 4(a).

“Subsequent Fixed Rate Period” means for the initial Subsequent Fixed Rate Period, the period from and including June 30, 2017 to but excluding June 30, 2022 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding June 30 in the fifth year thereafter.

“Tax Act” means the Income Tax Act (Canada).

“Transfer Agent” means Computershare Investor Services Inc., or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series G.

“Voting Rights” means the Voting Rights as defined in Section 8.

(b) **Ranking of Shares.** The expressions “in priority to”, “on a parity with”, “ranking equally with”, “ranking junior to” and “ranking senior to” and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs.

(c) **Holder.** References to a “holder” in relation to Class A Preferred Shares Series G means a registered holder of those shares.

(d) **References to Statutes.** References to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(e) **Other Payment Matters**

(i) If any date on which any Dividend on the Class A Preferred Shares Series G is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series G Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.

(ii) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series G entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.

- (iii) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series G under the Class A Preferred Shares Series G Provisions any amount required by law to be deducted or withheld from that payment.

(f) **Currency Conversion.** If it is necessary to convert any amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(a) **Payment of Dividends**

- (i) The holders of Class A Preferred Shares Series G will be entitled to receive and the Company shall pay thereon, as and when declared by the Board of Directors of the Company, subject to the provisions of the Insurance Act, fixed, non-cumulative, preferential cash dividends payable quarterly on March 31, June 30, September 30 and December 31 in each year, at an annual rate equal to \$1.0750 (\$0.26875 on a quarterly basis) per Class A Preferred Share Series G, for the Initial Fixed Rate Period; provided that, on the first Dividend Payment Date on September 30, 2012, the Dividend payable on the Class A Preferred Shares Series G for the first Dividend Period and the period from the Issue Date to but excluding June 30, 2012, if declared by the Board of Directors, will be the sum of the amount of the quarterly Dividend (\$0.26875 per Class A Preferred Share Series G) and an amount equal to the quarterly Dividend (\$0.26875 per Class A Preferred Share Series G) multiplied by a fraction, the numerator of which is the number of calendar days from and including the Issue Date to but excluding the last day of the quarter during which the Issue Date occurs, and the denominator of which is the number of calendar days in the quarter during which the Issue Date occurs.
- (ii) During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Class A Preferred Shares Series G will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, and subject to the provisions of the Insurance Act, payable quarterly on March 31, June 30, September 30 and December 31 in each year, in the amount per Class A Preferred Share Series G per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.
- (iii) The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Company on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Class A Preferred Shares Series G. The Company will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Class A Preferred Shares Series G.
- (iv) If the Board of Directors of the Company does not declare any Dividend, or any part thereof, on the Class A Preferred Shares Series G on or before the Dividend Payment Date for a particular Dividend Period, the entitlement of the holders of the Class A Preferred Shares Series G to the Dividends, or to any part thereof, for such Dividend Period will be forever extinguished.

(b) **Method of Payment.** Dividends on the Class A Preferred Shares Series G will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada, payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series G to the address of the holder as it appears on the register of holders, or if the address of any such

holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Dividend Payment Date, will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(a) **No Redemption prior to June 30, 2017.** The Company will not redeem any of the Class A Preferred Shares Series G prior to June 30, 2017.

(b) **Redemption on and after June 30, 2017.** Subject to Section 7 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may redeem on June 30, 2017 and on June 30 every five years thereafter all or any part of the Class A Preferred Shares Series G then outstanding without the consent of the holders. The Company will effect the redemption, to be stipulated in the Redemption Notice, by the payment of an amount in cash for each Class A Preferred Share Series G redeemed of \$25.00 together with an amount equal to the sum of all declared and unpaid Dividends to, but excluding, the Redemption Date (or date of purchase for cancellation, as applicable) (the "**Cash Redemption Price**"). Should any such June 30 not be a Business Day, the Redemption Date will be the next succeeding Business Day.

(c) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series G are to be redeemed on a *pro rata* basis, disregarding fractions, or in any other equitable manner as determined by the Board of Directors, subject to obtaining any required regulatory approval.

(d) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series G to be redeemed notice in writing of the intention of the Company to redeem such shares (the "**Redemption Notice**"). The Redemption Notice must be given at least 30 days but not more than 60 days before the date on which the redemption is to occur (the "**Redemption Date**"). The Redemption Notice must set out the number of Class A Preferred Shares Series G held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series G, the Cash Redemption Price and the place at which it is to be paid and the Redemption Date.

(e) **Method of Payment.** The Company will pay to the holders of the Class A Preferred Shares Series G to be redeemed the Cash Redemption Price on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series G so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series G. Such payment will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series G represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(f), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series G called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series G will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series G, unless payment of the Cash Redemption Price is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series G.

(f) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price of any or all Class A Preferred Shares Series G

called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series G, to be paid on surrender to the Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series G. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price of the Class A Preferred Shares Series G for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price as deposited applicable to those Class A Preferred Shares Series G, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series G being redeemed. The Company will be entitled to any interest on such deposit.

4. Conversion Right

(a) **Conversion Right at the Option of the Holder.** Subject to the right of the Company to redeem the Class A Preferred Shares Series G, as described in Section 3, and subject to the requirement for prior approval of the AMF, holders of Class A Preferred Shares Series G will have the right, at their option, on June 30, 2017 and on June 30 every five years thereafter (a “**Series G Conversion Date**”), to convert (subject to the restrictions on conversion described in Section 4(d) and the payment or delivery to the Company of evidence of payment of the tax (if any) payable any or all of their Class A Preferred Shares Series G registered in their name into Non-Cumulative Floating Rate Class A Preferred Shares Series H (the “**Class A Preferred Shares Series H**”) on the basis of one Class A Preferred Share Series H for each Class A Preferred Share Series G (the “**Conversion Right**”). Should any such June 30 not be a Business Day, the Series G Conversion Date will be the next succeeding Business Day.

(b) **Conversion Notice.** Holders of Class A Preferred Shares Series G who elect to convert their Class A Preferred Shares Series G into Class A Preferred Shares Series H on the Series G Conversion Date are required to provide the Company with a written notice (a “**Conversion Notice**”) on a date not earlier than the 30th day and not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series G Conversion Date. Once received by the Company, a Conversion Notice is irrevocable.

(c) **Notice of Series G Conversion Date and next Annual Fixed Dividend Rate.** Notice of a Series G Conversion Date and a form of Conversion Notice will be given by the Company to the then registered holders of Class A Preferred Shares Series G at least 30 days and not more than 60 days prior to the Series G Conversion Date. Written notice of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period will be provided by the Company to the then registered holders of the Class A Preferred Shares Series G on the 30th day prior to each Series G Conversion Date.

(d) **Automatic Conversion.** Holders of Class A Preferred Shares Series G will not be entitled to convert their shares into Class A Preferred Shares Series H if the Company determines that there would remain outstanding on a Series G Conversion Date less than 1,000,000 Class A Preferred Shares Series H, after having taken into account all Class A Preferred Shares Series G tendered for conversion into Class A Preferred Shares Series H and all Class A Preferred Shares Series H tendered for conversion into Class A Preferred Shares Series G. The Company will give notice in writing thereof to all registered holders of Class A Preferred Shares Series G at least seven days prior to the applicable Series G Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series G Conversion Date less than 1,000,000 Class A Preferred Shares Series G, after having taken into account all Class A Preferred Shares Series G tendered for conversion into Class A Preferred Shares Series H and all Class A Preferred Shares Series H tendered for conversion into Class A Preferred Shares Series G, then, subject to the requirement for prior approval of the AMF, all, but not part, of the remaining outstanding Class A Preferred Shares Series G will automatically be converted into Class A Preferred Shares Series H on the basis of one Class A Preferred Share Series H for each Class A Preferred Share Series G on the applicable Series G Conversion Date and the Company will give notice in writing thereof to the then registered holders of such remaining Class A Preferred Shares Series G at least seven days prior to the Series G Conversion Date.

(e) **Not electing to convert and continuing to hold Class A Preferred Shares Series G.** If the Company does not receive a Conversion Notice from a holder of Class A Preferred Shares Series G during the time fixed therefor, then the Class A Preferred Shares Series G shall be deemed not to have been converted (except in the case of an automatic conversion as described in Section 4(d)).

(f) **Effect of Notice of Redemption.** If the Company gives notice to the registered holders of the Class A Preferred Shares Series G of the redemption of all the Class A Preferred Shares Series G, the Company will not be required to give notice as provided hereunder to the registered holders of the Class A Preferred Shares Series G of an Annual Fixed Dividend Rate or of the Conversion Right of holders of Class A Preferred Shares Series G and the right of any holder of Class A Preferred Shares Series G to convert such Class A Preferred Shares Series G will cease and terminate in that event.

5. Purchase for Cancellation

Subject to Section 7, the provisions of the Insurance Act and the requirement for prior approval of the AMF, the Company may at any time purchase for cancellation all or, from time to time, any of the Class A Preferred Shares Series G outstanding in the open market or by private contract or tender, at any price.

6. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Class A Preferred Shares Series G, the holders of the Class A Preferred Shares Series G will be entitled to receive the Issue Price for each Class A Preferred Share Series G held by them, together with Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company are distributed to the holders of any shares ranking junior to the Class A Preferred Shares Series G. After payment of those amounts, the holders of Class A Preferred Shares Series G will not be entitled to share in any further distribution of the property or assets of the Company.

7. Restrictions on Dividends and Retirement of Shares

As long as any Class A Preferred Shares Series G are outstanding, the Company will not, without the approval of the holders of the Class A Preferred Shares Series G given as provided in Section 10:

- (i) declare or pay any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series G (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series G);
- (ii) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series G (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series G);
- (iii) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Class A Preferred Shares Series G; or
- (iv) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other Preferred Shares of the Company, redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series G;

unless, in each case, all Dividends on the Class A Preferred Shares Series G up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends

then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series G up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

8. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series G will not be entitled as such to receive notice of, or to attend or to vote at, any meeting of shareholders or participating policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series G in any Dividend Period. In that event, the holders of Class A Preferred Shares Series G will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Class A Preferred Share Series G held (the “**Voting Rights**”) in the election of directors only but not in respect of any other business. The Voting Rights of the holders of the Class A Preferred Shares Series G will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series G to which the holders are entitled under the Class A Preferred Shares Series G Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series G in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

9. Issue of Additional Shares and Amendments to Class A Preferred Shares Series G

(a) **Issue of Additional Shares.** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the share capital of the Company ranking on parity with or junior to the Class A Preferred Shares without approval of the holders of the Class A Preferred Shares Series G. For greater certainty, nothing in the Class A Preferred Shares Series G Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.

(b) Amendments to Class A Preferred Shares Series G

- (i) Except for amendments of a “housekeeping” or clerical nature, on and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series G given as specified in Section 10 and any other necessary approval, delete, add to or vary any of the Class A Preferred Shares Series G Provisions.
- (ii) In addition to the approvals referred to in Section 9(b)(i), the Company will not without, but may from time to time with, the necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded the Class A Preferred Shares Series G from time to time for capital adequacy requirements pursuant to the Insurance Act or the MCCSR.

10. Approval of Holders or Class A Preferred Shares Series G

The approval of holders of the Class A Preferred Shares Series G to change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares Series G as a series or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares Series G may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Class A Preferred Shares Series G duly called for that purpose at which the holders of at least one-fourth ($\frac{1}{4}$) of the outstanding Class A Preferred Shares Series G are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth ($\frac{1}{4}$) of the outstanding Class A Preferred Shares Series G are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not

less than 15 days thereafter and to such time and place as may be appointed by the chairman of the meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Class A Preferred Shares Series G present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast constitutes the approval of the holders of the Class A Preferred Shares Series G referred to above.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the by-laws of the Company or the resolutions passed by the Board of Directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series G as a series, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares Series G entitled to vote thereat has one vote in respect of each Class A Preferred Share Series G held.

11. Registration of Class A Preferred Shares Series G and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(a) **Global Certificate.** Subject to Sections 11(b) and 11(c) and notwithstanding any other provision of the Class A Preferred Shares Series G Provisions, the Class A Preferred Shares Series G will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series G issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series G will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series G or to a successor Depository for the Class A Preferred Shares Series G approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversion of Class A Preferred Shares Series G will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 11(c), the beneficial owners of Class A Preferred Shares Series G will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series G, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Class A Preferred Shares Series G who wish to purchase, sell or otherwise transfer ownership of or other interests in Class A Preferred Shares Series G or to exercise Conversion Rights with respect to Class A Preferred Shares Series G may do so only through a Participant.

(b) **Depository is Owner of Class A Preferred Shares Series G.** For purposes of the Class A Preferred Shares Series G Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series G:

- (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series G for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series G, including payments of Dividends and the Cash Redemption Price;
- (ii) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series G, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series G, the Cash Redemption Price, and certificates for Class A Preferred Shares Series H issued pursuant to Section 4, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Class A Preferred Shares Series G; and

- (iii) the rights of Persons, other than Participants, having an interest in Class A Preferred Shares Series G will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.

(c) **Termination of Book-Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Class A Preferred Shares Series G from the Book-Entry System, Sections 11(a), 11(b) and 11(d) will cease to apply to the Class A Preferred Shares Series G. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series G in definitive registered form equal to the aggregate number of Class A Preferred Shares Series G represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series G in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Class A Preferred Shares Series G as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(d) **Payments etc.** Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Class A Preferred Shares Series G must look solely to Participants, for their share of payments of Dividends and other amounts and the issuance and delivery of Class A Preferred Shares Series H in respect of Class A Preferred Shares Series G. No Person, including any Participant, will have any claim against the Company in respect of payments due on Class A Preferred Shares Series G or the issuance and delivery of Class A Preferred Shares Series H and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as registered holder of Class A Preferred Shares Series G, in respect of each amount so paid or Class A Preferred Share Series H so issued and delivered.

(e) **Inconsistent Provisions.** The provisions of Section 4 and the exercise of the Conversion Right are subject to the provisions of this Section 11, and in the event of any inconsistency between those provisions and the provisions of Section 11, the provisions of Section 11 will prevail to the extent of the inconsistency.

12. Notices

(a) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series G must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(b) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series G to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series G in connection with the redemption of Class A Preferred Shares Series G must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(c) **Notice to Holders of Class A Preferred Shares Series G.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series G by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A Preferred Shares Series G, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

13. Tax Election

The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series G will not be required to pay tax on Dividends received (or deemed to be received) on the Class A Preferred Shares Series G under Part IV.1 of the Tax Act.

14. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series G, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series G. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series G for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series G, the Company will promptly arrange for the payment of such amount to the holder, subject to the provisions of Section 2(b).

15. Non-Residents

On the conversion of Class A Preferred Shares Series G, the Company reserves the right not to issue Class A Preferred Shares Series H to any Person whose address is in, or whom the Company or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where such issuance would require compliance by the Company with the securities, insurance or analogous laws of such jurisdiction, including registration, prospectus, filing or other similar requirements under the applicable laws of such jurisdiction. In addition, the Company may require from any such Person, as a condition to the issuance to it of Class A Preferred Shares Series H, a written declaration as to its residence and share ownership status and any other matter requested by the Company in order to determine the entitlement of such Person to Class A Preferred Shares Series H, including under the Insurance Act.

16. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series G, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series G by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series G. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series G at the address of such holder as it appears in the securities register of the Company.

Such notice by the Company will request that each holder of Class A Preferred Shares Series G provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series G prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series G has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

ANNEX 1-9

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative Floating Rate Class A Preferred Shares Series H

The following are the rights, privileges, restrictions and conditions (the “**Class A Preferred Shares Series H Provisions**”), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative Floating Rate Class A Preferred Shares Series H (the “**Class A Preferred Shares Series H**”) of the Company.

1. Interpretation

(a) **Defined Terms.** In the Class A Preferred Shares Series H Provisions,

“**AMF**” means the *Autorité des marchés financiers*, established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor regulator.

“**Board of Directors**” means the Board of Directors of the Company.

“**Book-Entry System**” means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures of its securities settlement service for book-entry only securities in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montreal, Québec.

“**Cash Redemption Price**” means the Cash Redemption Price as defined in Section 3(a).

“**Class A Preferred Shares**” means the Class A Preferred Shares of the Company.

“**Class A Preferred Shares Series G**” means the Class A Preferred Shares Series G as defined in Section 4(a).

“**Class A Preferred Shares Series H**” means the Class A Preferred Shares Series H as defined in the introductory paragraph to these Class A Preferred Shares Series H Provisions.

“**Class A Preferred Shares Series H Provisions**” means the Class A Preferred Shares Series H Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series H.

“**Common Shares**” means the Common Shares of the Company.

“**Company**” means Industrielle Alliance, Assurance et services financiers inc. — Industrial Alliance Insurance and Financial Services Inc.

“**Conversion Date**” means the Conversion Date as defined in Section 4(a). “**Conversion Right**” means the conversion option as described in Section 4(a).

“Depository” means CDS Clearing and the Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(a).

“Dividend” and **“Dividends”** means Dividend and Dividends as respectively defined in Section 2(i).

“Dividend Payment Date” means the last day of the months of March, June, September and December in each year.

“Dividend Period” means the three-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

“Floating Quarterly Dividend Rate” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T Bill Rate on the applicable Floating Rate Calculation Date plus 2.85% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“Floating Rate Calculation Date” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“Global Certificate” means the Global Certificate as defined in Section 11(a).

“Insurance Act” means *An Act respecting Insurance* (Québec) and the regulations thereunder.

“Issue Date” means the date any of the Class A Preferred Shares Series H are first issued by the Company.

“Issue Price” means the sum of \$25.00, being the issue price for each Class A Preferred Share Series H.

“MCCSR” means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

“Participant” means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Class A Preferred Shares Series H.

“Person” includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

“Preferred Shares” means the 10,000,000 preferred shares of the Company with a nominal or par value of \$25.00 per share, issuable in series.

“Quarterly Commencement Date” means March 31, June 30, September 30 and December 31 in each year.

“Quarterly Floating Rate Period” means, for the initial Quarterly Floating Rate Period, the period from and including June 30, 2017 to but excluding September 30, 2017, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“Redemption Date” means the Redemption Date as defined in Section 3(d).

“Redemption Notice” means the Redemption Notice as defined in Section 3(d). “Series H Conversion Date” has the meaning attributed in Section 4(a).

“T-Bill Rate” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date and which appears on the Reuters page BOCBILL (or such other page as may replace the BOCBILL page on that service for purposes of displaying Government of Canada Treasury Bill yields) for such date.

“Tax Act” means the Income Tax Act (Canada).

“Transfer Agent” means Computershare Investor Services Inc., or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series H.

“Voting Rights” means the Voting Rights as defined in Section 8.

(b) **Ranking of Shares.** The expressions “in priority to”, “on a parity with”, “ranking equally with”, “ranking junior to” and “ranking senior to” and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs.

(c) **Holder.** References to a “holder” in relation to Class A Preferred Shares Series H means a registered holder of those shares.

(d) **References to Statutes.** References to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(e) **Other Payment Matters**

(i) If any date on which any Dividend on the Class A Preferred Shares Series H is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series H Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.

(ii) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series H entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.

(iii) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series H under the Class A Preferred Shares Series H Provisions any amount required by law to be deducted or withheld from that payment.

(f) **Currency Conversion.** If it is necessary to convert any amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(a) *Payment of Dividends*

- (i) The holders of Class A Preferred Shares Series H will be entitled to receive and the Company shall pay thereon, as and when declared by the Board of Directors of the Company, subject to the provisions of the Insurance Act, non-cumulative, preferential cash dividends payable quarterly on March 31, June 30, September 30, and December 31 in each year (the “**Quarterly Dividend Payment Date**”) in an amount per Class A Preferred Share Series H determined by multiplying the applicable Floating Quarterly Dividend Rate by the Issue Price.
- (ii) The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Company on the 30th day prior to the first day of each Quarterly Floating Rate Period. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Class A Preferred Shares Series H. The Company will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Class A Preferred Shares Series H.
- (iii) If the Board of Directors of the Company does not declare any Dividend, or any part thereof, on the Class A Preferred Shares Series H on or before the Dividend Payment Date for a particular Quarterly Floating Rate Period, the entitlement of the holders of the Class A Preferred Shares Series H to receive such Dividend, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished.

(b) **Method of Payment.** Dividends on the Class A Preferred Shares Series H will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada, payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series H to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Quarterly Dividend Payment Date, will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Quarterly Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(a) **Redemption on June 30, 2022 and Every Five Years Thereafter.** Subject to Section 7 and to the provisions of the Insurance Act, including the prior approval of the AMF, the Company may redeem, on June 30, 2022 and on June 30 every five years thereafter, all or any part of the Class A Preferred Shares Series H then outstanding without the consent of the holders, by the payment of an amount in cash for each Class A Preferred Share Series H redeemed of \$25.00 together with an amount equal to the sum of all declared and unpaid Dividends to, but excluding, the Redemption Date (the “**Cash Redemption Price**”). Should any such June 30 not be a Business Day, the Redemption Date will be the next succeeding Business Day.

(b) **Redemption after June 30, 2017.** Subject to Section 7 and to the provisions of the Insurance Act, including the prior approval of the AMF, the Company may redeem on any date after June 30, 2017 which is not a Series H Conversion Date, all or any part of the Class A Preferred Shares Series H then

outstanding without the consent of the holders, by the payment for each Class A Preferred Share Series H redeemed of the sum of the Cash Redemption Price plus an amount of \$0.50 per Class A Preferred Share Series H redeemed (the “**Additional Amount**”). Should any such Redemption Date not be a Business Day, the Redemption Date will be the next succeeding Business Day.

(c) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series H are to be redeemed on a *pro rata* basis, disregarding fractions, or in any other equitable manner as determined by the Board of Directors, subject to obtaining any required regulatory approval.

(d) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series H to be redeemed notice in writing of the intention of the Company to redeem such shares (the “**Redemption Notice**”). The Redemption Notice must be given at least 30 days but not more than 60 days before the date on which the redemption is to occur (the “**Redemption Date**”). The Redemption Notice must set out the number of Class A Preferred Shares Series H held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series H, the Cash Redemption Price, the Additional Amount, if any, and the place at which such Cash Redemption Price and the Additional Amount, if any, are to be paid and the Redemption Date.

(e) **Method of Payment.** The Company will pay to the holders of the Class A Preferred Shares Series H to be redeemed the Cash Redemption Price and the Additional Amount, if any, on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series H so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series H. Such payment will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series H represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(f), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series H called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series H will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series H, unless payment of the Cash Redemption Price and the Additional Amount, if any, are not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series H.

(f) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the

(g) Company will have the right to deposit the Cash Redemption Price and the Additional Amount, if any, of any or all Class A Preferred Shares Series H called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series H, to be paid on surrender to the Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series H. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price and the Additional Amount, if any, of the Class A Preferred Shares Series H for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price and the Additional Amount, if any, as deposited applicable to those Class A Preferred Shares Series H, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series H being redeemed. The Company will be entitled to any interest on such deposit.

4. Conversion Right

(a) **Conversion Right at the Option of the Holder.** Subject to the right of the Company to redeem the Class A Preferred Shares Series H described in Section 3, and subject to the requirement for prior approval of the AMF, holders of Class A Preferred Shares Series H will have the right, at their option, on

June 30, 2022 and on June 30 of every five years thereafter (a “**Series H Conversion Date**”), to convert (subject to the restrictions on conversion described in Section 4(d) and the payment or delivery to the Company of evidence of payment of the tax (if any) payable any or all of their Class A Preferred Shares Series H into Non-Cumulative 5-year Rate Reset Class A Preferred Shares Series G (the “**Class A Preferred Shares Series G**”) on the basis of one Class A Preferred Share Series G for each Class A Preferred Share Series H (the “**Conversion Right**”). Should any such June 30 not be a Business Day, the Series H Conversion Date will be the next succeeding Business Day.

(b) **Conversion Notice.** Holders of Class A Preferred Shares Series H who elect to convert their Class A Preferred Shares Series H into Class A Preferred Shares Series G on the Series H Conversion Date are required to provide the Company with written notice (a “**Conversion Notice**”) on a date not earlier than the 30th day and not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series H Conversion Date. Once received by the Company, a Conversion Notice is irrevocable.

(c) **Notice of Series H Conversion Date and next Annual Fixed Dividend Rate.** Notice of a Series H Conversion Date and a form of Conversion Notice will be given by the Company to the then registered holders of Class A Preferred Shares Series H at least 30 days and not more than 60 days prior to the Series H Conversion Date. Written notice of the Annual Fixed Dividend Rate on the Class A Preferred Shares Series G (the “**Annual Fixed Dividend Rate**”) for the next succeeding five-year period, after the initial period ending on June 29, 2017 will be provided by the Company to the then registered holders of the Class A Preferred Shares Series H on the 30th day prior to each Series H Conversion Date.

(d) **Automatic Conversion.** Holders of Class A Preferred Shares Series H will not be entitled to convert their shares into Class A Preferred Shares Series G if the Company determines that there would remain outstanding on a Series H Conversion Date less than 1,000,000 Class A Preferred Shares Series G, after having taken into account all Class A Preferred Shares Series H tendered for conversion into Class A Preferred Shares Series G and all Class A Preferred Shares Series G tendered for conversion into Class A Preferred Shares Series H. The Company will give notice in writing thereof to all registered holders of the Class A Preferred Shares Series H at least seven days prior to the applicable Series H Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series H Conversion Date less than 1,000,000 Class A Preferred Shares Series H, after having taken into account all Class A Preferred Shares Series H tendered for conversion into Class A Preferred Shares Series G and all Class A Preferred Shares Series G tendered for conversion into Class A Preferred Shares Series H, then, subject to the requirement for prior approval of the AMF, all, but not part, of the remaining outstanding Class A Preferred Shares Series H will automatically be converted into Class A Preferred Shares Series G on the basis of one Class A Preferred Share Series G for each Class A Preferred Share Series H on the applicable Series H Conversion Date and the Company will give notice in writing thereof to the then registered holders of such remaining Class A Preferred Shares Series H at least seven days prior to the Series H Conversion Date.

(e) **Not electing to convert and continuing to hold Class A Preferred Shares Series H.** If the Company does not receive a Conversion Notice from a holder of Class A Preferred Shares Series H during the time fixed therefor, then the Class A Preferred Shares Series H shall be deemed not to have been converted (except in the case of an automatic conversion as described in Section 4(d)).

(f) **Effect of Notice of Redemption.** If the Company gives notice to the registered holders of the Class A Preferred Shares Series H of the redemption of all the Class A Preferred Shares Series H, the Company will not be required to give notice as provided hereunder to the registered holders of the Class A Preferred Shares Series H of an Annual Fixed Dividend Rate or of the Conversion Right of holders of Class A Preferred Shares Series H and the right of any holder of Class A Preferred Shares Series H to convert such Class A Preferred Shares Series H will cease and terminate in that event.

5. Purchase for Cancellation

Subject to Section 7, the provisions of the Insurance Act and the requirement for prior approval of the AMF, the Company may at any time purchase for cancellation all or, from time to time, any Class A Preferred Shares Series H outstanding in the open market or by private contract or tender, at any price.

6. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding up its affairs, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Class A Preferred Shares Series H, the holders of the Class A Preferred Shares Series H will be entitled to receive the Issue Price for each Class A Preferred Share Series H held by them, plus any Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company are distributed to the holders of any shares ranking junior to the Class A Preferred Shares Series H. After payment of those amounts, the holders of Class A Preferred Shares Series H will not be entitled to share in any further distribution of the property or assets of the Company.

7. Restrictions on Dividends and Retirement of Shares

As long as any Class A Preferred Shares Series H are outstanding, the Company will not, without the approval of the holders of the Class A Preferred Shares Series H given as provided in Section 10:

- (i) declare or pay any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series H (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series H);
- (ii) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series H (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series H);
- (iii) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Class A Preferred Shares Series H; or
- (iv) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class A Preferred Shares or other Preferred Shares of the Company, redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series H;

unless, in each case, all Dividends on the Class A Preferred Shares Series H up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series H up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

8. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series H will not be entitled as such to receive notice of, or to attend or to vote at, any meeting of shareholders or participating policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series H in any Dividend Period. In that event, the holders of Class A Preferred Shares Series H will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each

Class A Preferred Share Series H held (the “**Voting Rights**”) in the election of directors only but not in respect of any other business. The Voting Rights of the holders of the Class A Preferred Shares Series H will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series H to which the holders are entitled under the Class A Preferred Shares Series H Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series H in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

9. Issue of Additional Shares and Amendments to Class A Preferred Shares Series H

(a) **Issue of Additional Shares.** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the share capital of the Company ranking on a parity with or junior to the Class A Preferred Share without approval of the holders of the Class A Preferred Shares Series H. For greater certainty, nothing in the Class A Preferred Shares Series H Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.

(b) Amendments to Class A Preferred Shares Series H

- (i) Except for amendments of a “housekeeping” or clerical nature, on and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series H given as specified in Section 10 and any other necessary approval (including without limitation the Toronto Stock Exchange), delete, add to or vary any of the Class A Preferred Shares Series H Provisions.
- (ii) In addition to the approvals referred to in Section 9(b)(i), the Company will not without, but may from time to time with, the necessary consent of the AMF, make any such deletion, addition or variation which might affect the classification afforded the Class A Preferred Shares Series H from time to time for capital adequacy requirements pursuant to the Insurance Act or the MCCSR.

10. Approval of Holders of Class A Preferred Shares Series H

The approval of holders of the Class A Preferred Shares Series H to change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares Series H as a series or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares Series H may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Class A Preferred Shares Series H duly called for that purpose at which the holders of at least one-fourth ($\frac{1}{4}$) of the outstanding Class A Preferred Shares Series H are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth ($\frac{1}{4}$) of the outstanding Class A Preferred Shares Series H are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than 15 days thereafter and to such time and place as may be appointed by the chairman of the meeting. A notice of not less than seven days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Class A Preferred Shares Series H present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast constitutes the approval of the holders of the Class A Preferred Shares Series H referred to above.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the by-laws of the Company or the resolutions passed by the Board of Directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Class A Preferred Shares Series H as a series, or at any joint meeting of the holders of two or more series of Class A Preferred

Shares, each holder of Class A Preferred Shares Series H entitled to vote thereat has one vote in respect of each Class A Preferred Share Series H held.

11. Registration of Class A Preferred Shares Series H and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(a) **Global Certificate.** Subject to Sections 11(b) and 11(c) and notwithstanding any other provision of the Class A Preferred Shares Series H Provisions, the Class A Preferred Shares Series H will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series H issued by the Company and outstanding from time to time (the “Global Certificate”) held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of “CDS & Co.” (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series H will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series H or to a successor Depository for the Class A Preferred Shares Series H approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversion of Class A Preferred Shares Series H will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 11(c), the beneficial owners of Class A Preferred Shares Series H will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series H, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Class A Preferred Shares Series H who wish to purchase, sell or otherwise transfer ownership of or other interests in Class A Preferred Shares Series H or to exercise Conversion Rights with respect to Class A Preferred Shares Series H may do so only through a Participant.

(b) **Depository is Owner of Class A Preferred Shares Series H.** For purposes of the Class A Preferred Shares Series H Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series H:

- (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series H for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series H, including payments of Dividends and the Cash Redemption Price and the Additional Amount, if any;
- (ii) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series H, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series H, the Cash Redemption Price and the Additional Amount, if any, and certificates for the Class A Preferred Shares Series G issued pursuant to Section 4, as the case may be, against delivery, if applicable, to the Company’s account with the Depository, or its nominee, of such holder’s Class A Preferred Shares Series H; and
- (iii) the rights of Persons, other than Participants, having an interest in Class A Preferred Shares Series H will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.

(c) **Termination of Book-Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or

the rules of any securities exchange, to withdraw the Class A Preferred Shares Series H from the Book-Entry System, Sections 11(a), 11(b) and 11(d) will cease to apply to the Class A Preferred Shares Series H. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series H in definitive registered form equal to the aggregate number of Class A Preferred Shares Series H represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series H in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Class A Preferred Shares Series H as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(d) **Payments etc.** Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Class A Preferred Shares Series H must look solely to Participants, for their share of payments of Dividends and other amounts and the issuance and delivery of Class A Preferred Shares Series G in respect of Class A Preferred Shares Series H. No Person, including any Participant, will have any claim against the Company in respect of payments due on Class A Preferred Shares Series H or the issuance and delivery of Class A Preferred Shares Series G and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as registered holder of Class A Preferred Shares Series H, in respect of each amount so paid or Class A Preferred Share Series G so issued and delivered.

(e) **Inconsistent Provisions.** The provisions of Section 4 and the exercise of the Conversion Right are subject to the provisions of this Section 11, and in the event of any inconsistency between those provisions and the provisions of Section 11, the provisions of Section 11 will prevail to the extent of the inconsistency.

12. Notices

(a) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series H must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(b) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series H to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series H in connection with the redemption of Class A Preferred Shares Series H must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(c) **Notice to Holders of Class A Preferred Shares Series H.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series H by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A

Preferred Shares Series H, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

13. Tax Election

The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series H will not be required to pay tax on Dividends received (or deemed to be received) on the Class A Preferred Shares Series H under Part IV.1 of the Tax Act.

14. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series H, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series H. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series H for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series H, the Company will promptly arrange for the payment of such amount to the holder, subject to the provisions of Section 2(b).

15. Non-Residents

On the conversion of Class A Preferred Shares Series H, the Company reserves the right not to issue Class A Preferred Shares Series G to any Person whose address is in, or whom the Company or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where such issuance would require compliance by the Company with the securities, insurance or analogous laws of such jurisdiction, including registration, prospectus, filing or other similar requirements under the applicable laws of such jurisdiction. In addition, the Company may require from any such Person, as a condition to the issuance to it of Class A Preferred Shares Series G, a written declaration as to its residence and share ownership status and any other matter requested by the Company in order to determine the entitlement of such Person to Class A Preferred Shares Series G, including under the Insurance Act.

16. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series H, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series H by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series H. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series H at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series H provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series H prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series H has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to

constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

ANNEX 1-10

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative Class A Preferred Shares Series YY

The following are the rights, privileges, restrictions and conditions (the "Class A Preferred Shares Series YY Provisions"), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative Class A Preferred Shares Series YY (the "Class A Preferred Shares Series YY") of the Company.

1. Interpretation

(1) **Defined Terms.** In the Class A Preferred Shares Series YY Provisions,

"**AMF**" means the *Autorité des marchés financiers* established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor agency.

"**Board of Directors**" means the Board of Directors of the Company.

"**Book-Entry System**" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montréal, Québec.

"**Cash Conversion Price**" means the Cash Conversion Price as defined in Section 4(1).

"**Cash Redemption Price**" means the Cash Redemption Price as defined in Section 3(2)(i).

"**Class A Preferred Shares**" means the Class A Preferred Shares of the Company.

"**Class A Preferred Shares Series YY**" means the Class A Preferred Shares Series YY as defined in the introductory paragraph to the Class A Preferred Shares Series YY Provisions.

"**Class A Preferred Shares Series YY Provisions**" means the Class A Preferred Shares Series YY Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series YY.

"**Common Shares**" means the Common Shares of the Company.

"**Company**" means Industrielle Alliance, Assurance et services financiers inc. - Industrial Alliance Insurance and Financial Services Inc.

"**Company Purchase Right**" means the Company Purchase Right as defined in Section 4(6)(a).

"**Company Purchase Right Notice**" means the Company Purchase Right Notice as defined in Section 4(6)(b).

"**Conversion Date**" means the Conversion Date as defined in Section 4(1).

"Conversion Notice" means the Conversion Notice as defined in Section 4(2).

"Conversion Right" means the Conversion Right as defined in Section 4(1).

"Depository" means The Canadian Depository for Securities Limited and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(1).

"Dividend" and **"Dividends"** means Dividend and Dividends as respectively defined in Section 2(1)(a).

"Dividend Payment Date" means the last day of the months of June and December in each year.

"Dividend Period" means the six-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

"Global Certificate" means the Global Certificate as defined in Section 11(1).

"Holder Exchange Right" means the right of any holder of IATS - Series A to exchange IATS - Series A for Class A Preferred Shares Series YY pursuant to the rights, privileges, restrictions and conditions attached to IATS - Series A.

"IATS - Series A" means the Industrial Alliance Trust Securities - Series A issued by Fiducie de capital Industrielle Alliance - Industrial Alliance Capital Trust.

"Ineligible Person" means any Person whose address is in, or whom the Company or the Transfer Agent for the Class A Preferred Shares Series YY has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that Person of Class A Preferred Shares Series YY would require the Company to take any action to comply with insurance, securities or analogous laws of that jurisdiction.

"Insurance Act" means *An Act respecting insurance* (Québec).

"Issue Date" means the date any of the Class A Preferred Shares Series YY are first issued by the Company.

"Loss Absorption Event" means the occurrence of any one of the following events: (i) a winding-up order in respect of the Company pursuant to the Winding-Up Act is granted by a court; (ii) the AMF advises the Company in writing that the AMF or a Person designated by the Minister of Finance (Québec) has taken provisional administration of the Company or its assets pursuant to the Insurance Act; (iii) the AMF advises the Company in writing that the Company has a net Tier 1 capital ratio of less than 75% or an MCCSR ratio of less than 120%; (iv) the Board of Directors advises the AMF in writing that the Company has a net Tier 1 capital ratio of less than 75% or an MCCSR ratio of less than 120%; or (v) the AMF directs the Company, pursuant to the Insurance Act, to increase its capital or provide additional liquidity and the Company elects to cause the Automatic Exchange as a consequence of the issuance of such direction or the Company does not comply with such direction to the satisfaction of the AMF within the time specified.

"MCCSR" means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

"Participant" means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds

Class A Preferred Shares Series YY.

"**Person**" includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

"**Preferred Shares**" means the Preferred Shares of the Company.

"**Redemption Date**" means the Redemption Date as defined in Section 3(4).

"**Redemption Notice**" means the Redemption Notice as defined in Section 3(4).

"**Saleable Preferred Shares**" means the Saleable Preferred Shares as defined in Section 4(6)(d).

"**Share Redemption Price**" means the Share Redemption Price as defined in Section 3(2)(ii).

"**Significant Shareholder**" means any Person who beneficially owns directly, or indirectly through entities controlled by such Person or Persons associated with or acting jointly or in concert with such Person, voting shares of any class of the Company representing 10% or more of the total number of outstanding shares of that class of the Company.

"**Substituted Purchaser**" means the Substituted Purchaser as defined in Section 4(6)(a)(ii).

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Trading Day**" with respect to any stock exchange or over-the-counter market, means a day on which shares may be traded through the facilities of such stock exchange or in such over-the-counter market, and otherwise means a day on which shares may be traded through the facilities of the principal stock exchange on which the Common Shares are listed (or, if the Common Shares are not listed on any stock exchange, then in the over-the-counter market).

"**Transfer Agent**" means Computershare Trust Company of Canada, or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series YY.

"**Transferee**" and "**Transferees**" means Transferee or Transferees as respectively defined in Section 3(4).

"**Voting Rights**" means the Voting Rights as defined in Section 8.

"**Winding-Up Act**" means the *Winding-up and Restructuring Act* (Canada).

(2) **Ranking of Shares.** The expressions "on a parity with", "ranking junior to" and "ranking senior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs.

(3) **Holder.** References to a "holder" in relation to Class A Preferred Shares Series YY means a registered holder of those shares.

(4) **References to Statutes.** Reference to any statute is to that statute as in force from time to time,

including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(5) **Other Payment Matters**

- (a) If any date on which any Dividend on the Class A Preferred Shares Series YY is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series YY Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.
- (b) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series YY entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.
- (c) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series YY under the Class A Preferred Shares Series YY Provisions any amount required by law to be deducted or withheld from that payment.

(6) **Currency Conversion.** If it is necessary to convert the Share Redemption Price or any other amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(1) **Payment of Dividends**

- (a) The holders of Class A Preferred Shares Series YY will be entitled to receive, and the Company will pay on the Class A Preferred Shares Series YY, as and when declared by the Board of Directors, but subject to the provisions of the Insurance Act, semi-annual non-cumulative preferential cash dividends payable on each Dividend Payment Date in each year equal to \$0.450 per share (representing an annual yield of 3.60%) (each, a "Dividend" and, collectively, the "Dividends").
- (b) If the Board of Directors does not declare the Dividends, or any part thereof, on the Class A Preferred Shares Series YY on or before the Dividend Payment Date for a particular Dividend Period, the entitlement of the holders of the Class A Preferred Shares Series YY to the Dividends, or to any part thereof, for such Dividend Period will be forever extinguished.

(2) **Method of Payment.** Dividends on the Class A Preferred Shares Series YY will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series YY to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Dividend Payment Date will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a

period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(1) **No Redemption Before December 31, 2008.** The Company will not redeem any Class A Preferred Shares Series YY before December 31, 2008.

(2) **Redemption On and After December 31, 2008.** On and after December 31, 2008, but subject to Section 7 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may redeem at any time all or from time to time any part of the Class A Preferred Shares Series YY then outstanding without the consent of the holders. The Company, at its option, may effect the redemption, to be stipulated in the Redemption Notice, by either:

- (i) the payment of an amount in cash for each Class A Preferred Shares Series YY so redeemed equal to \$25, plus any declared and unpaid Dividends to the Redemption Date (the "Cash Redemption Price"); or
- (ii) subject to the approval of any applicable regulatory authorities, including any applicable stock exchange, by the delivery of that number of fully-paid and freely tradeable Common Shares listed on a recognized stock exchange in Canada for each such Class A Preferred Share Series YY so redeemed determined by dividing the Cash Redemption Price by the greater of (A) \$1.00 and (B) 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange (or, if not then listed on that exchange, on another exchange or market chosen by the Board of Directors on which the Common Shares are then traded) during the 20 consecutive Trading Day period ending on the fourth Trading Day immediately before the Redemption Date; in any case where the aggregate number of Common Shares to be issued to a holder on a redemption of Class A Preferred Shares Series YY pursuant to this Section 3(2)(ii) includes a fraction of a Common Share, the Company, in lieu of delivering a fractional share, will adjust the fractional interest by the payment by cheque of an amount equal to the balance of the Cash Redemption Price not otherwise satisfied by the delivery of Common Shares (the "Share Redemption Price").

(3) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series YY to be redeemed will be selected by lot (in single shares or in units of 10 shares or less) or in any other manner that the Board of Directors may determine.

(4) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series YY to be redeemed a notice in writing of the intention of the Company to redeem such shares (the "Redemption Notice"). The Redemption Notice must be given at least 30 days but not more than 60 days before the Redemption Date. The Redemption Notice must set out the number of Class A Preferred Shares Series YY held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series YY, the Cash Redemption Price or Share Redemption Price (if applicable), the date on which the redemption is to occur (the "Redemption Date") and, where the redemption is by way of the delivery of Common Shares, the Redemption Notice must advise the holder that the Common Shares will be registered in the name of the holder of Class A Preferred Shares Series YY to be redeemed unless the Transfer Agent receives from the holder, at least 10 Business Days before the Redemption Date, at any principal office of the Transfer Agent, written notice in form and execution satisfactory to the Transfer Agent directing the Company to arrange for the registration of such Common Shares in some other name or names (the "Transferee" or the "Transferees") and stating the name or names (with addresses), accompanied by payment to the Transfer Agent of any transfer tax which may be payable by reason of the transfer and a written declaration, if required by the Insurance Act or any other applicable law or by the Company, as to the

residence and share ownership status of the Transferee(s) and such other matters as may be required by law or requested by the Company in order to determine the entitlement of the Transferee(s) to such Common Shares, in which case such Common Shares will be registered in the name or names so directed in the written notice. In addition to the Redemption Notice, the Company will publish a single notice, in the manner in which it publishes dividend notices, of its intention to redeem less than all the Class A Preferred Shares Series YY at any time outstanding.

(5) **Method of Payment.** Where the redemption is by way of cash, the Company will pay to the holders of the Class A Preferred Shares Series YY to be redeemed the Cash Redemption Price or, where the redemption is by way of the delivery of Common Shares, the Company will deliver certificates representing the Common Shares registered in the names of the holders of the Class A Preferred Shares Series YY to be redeemed, or in the name of the Transferee(s), if applicable, together with payment of any fractional interest, as the case may be, in either case on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series YY so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series YY. In the case of any payment by cash, it will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series YY represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(6), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series YY called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series YY will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series YY, unless payment of the Cash Redemption Price or delivery of the Share Redemption Price, as the case may be, is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series YY.

(6) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price or the Share Redemption Price, as the case may be, of any or all Class A Preferred Shares Series YY called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series YY, to be paid on surrender to the Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series YY. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price or the Share Redemption Price, as the case may be, of the Class A Preferred Shares Series YY for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price or Share Redemption Price, as the case may be, so deposited applicable to those Class A Preferred Shares Series YY, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series YY being redeemed. The Company will be entitled to any interest on such deposit.

(7) **Right Not to Deliver Common Shares**

- (a) Notwithstanding anything in Section 3, on exercise by the Company of its right to redeem Class A Preferred Shares Series YY for Common Shares, the Company reserves the right not to deliver Common Shares to any Ineligible Person or any Person who, by virtue of that redemption, would become a Significant Shareholder.
- (b) In those circumstances, the Company will hold, as agent of any such Person, all Common Shares for which the relevant number of Class A Preferred Shares Series YY were exchanged, and the Company will attempt to sell or procure the sale of such Common Shares to parties other than the Company and its affiliates on behalf of any such Person. Such sales (if any) will be made at such times and at such prices, as the Company, in its sole discretion, may determine. The Company will not be subject to any

liability for failure to sell any such Common Shares on behalf of any such Person or at any particular price on any particular day. The net proceeds received by the Company from the sale of any such Common Shares will be delivered to any such Person, after deducting the costs of sale, net of any applicable withholding taxes. The Company will provide a cheque representing the aggregate net proceeds to the Depository (if the Common Shares are then held in the Book-Entry System) or in all other cases to any such Person in accordance with the regular practices and procedures of the Depository or otherwise.

4. Conversion Right

(1) **Right to Convert.** On and after June 30, 2014, but subject to the Company Purchase Right and to the provisions of the Insurance Act, and provided that any Loss Absorption Event that has occurred is not then continuing, the holders of Class A Preferred Shares Series YY will have the right, at the option of the holders, on the last day of June and December in each year (each, a "Conversion Date"), upon prior Conversion Notice, to convert each Class A Preferred Share Series YY held by them into that number of fully-paid and freely tradable Common Shares determined by dividing \$25, together with any declared and unpaid dividends on the Class A Preferred Shares Series YY, as the case may be, to the date of conversion (the "Cash Conversion Price") by the greater of \$1.00 and 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange (or, if not then listed on that exchange, on another exchange or market chosen by the Board of Directors on which the Common Shares are then traded), during the 20 consecutive Trading Day period ending on the fourth Trading Day immediately prior to the Conversion Date (the "Conversion Right"). The Company will not issue fractional Common Shares on any conversion of the Class A Preferred Shares Series YY but, instead, the Company will make a cash payment equal to the balance of the Cash Conversion Price not otherwise satisfied by the delivery of Common Shares.

(2) **Notice of Conversion.** The holders of Class A Preferred Shares Series YY who wish to exercise their Conversion Right will give a notice in writing to the Transfer Agent of the holders' intention to convert Class A Preferred Shares Series YY (the "Conversion Notice"). The Conversion Notice is irrevocable and must be given at least 60 days but not more than 90 days before the Conversion Date. The Conversion Notice must set out the number of Class A Preferred Shares Series YY held by the holder which are to be converted, the Conversion Date on which the conversion is to occur and, where the Common Shares will be registered in some other name than that of the holder of Class A Preferred Shares Series YY, the Conversion Notice must so direct the Transfer Agent, and state the name or names (with addresses) of the Transferee(s), accompanied by payment to the Transfer Agent of any transfer tax which may be payable by reason of the transfer and a written declaration, if required by the Insurance Act or any other applicable law or by the Company, as to the residence and share ownership status of the Transferee(s) and such other matters as may be required by law or requested by the Company in order to determine the entitlement of the Transferee(s) to such Common Shares, in which case such Common Shares will be registered in the name or names so directed in the Conversion Notice. The holder of IATS — Series A exercising the Holder Exchange Right with an effective Conversion Date on or after June 30, 2014, who wishes to immediately convert the Class A Preferred Shares Series YY to be so received into Common Shares may do so, provided that any Loss Absorption Event that has occurred is not then continuing, by completing the conversion instructions contained in the conversion panel of the IATS — Series A. In such circumstances, subject to the Class A Preferred Shares Series YY Provisions, the conversion instructions so completed will be deemed to constitute a valid Conversion Notice with the result that, upon the first Conversion Date on or after issuance and delivery of the Class A Preferred Shares Series YY pursuant to the Holder Exchange Right, such Class A Preferred Shares Series YY will be immediately converted into Common Shares.

(3) **Delivery of Common Shares.** The Company will deliver certificates representing the Common Shares registered in the names of the holders of the Class A Preferred Shares Series YY to be converted, or in the name of the Transferee(s), if applicable, together with payment of any fractional interest, as the case may be, in either case on presentation and surrender at any principal office of the Transfer Agent, of the certificate or certificates for the Class A Preferred Shares Series YY so converted,

together with such other documents as may be reasonably required to effect a transfer of Class A Preferred Shares Series YY. If a part only of the Class A Preferred Shares Series YY represented by any certificate are converted, a new certificate for the balance will be issued at the expense of the Company. From and after the date specified in any Conversion Notice, the Class A Preferred Shares Series YY converted will be deemed to be converted and the holders of those Class A Preferred Shares Series YY will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series YY, unless delivery of the Common Shares and payment of any fractional interest therein are not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series YY.

(4) **Right Not to Deliver Common Shares.** Notwithstanding anything in Section 4, on exercise by the holders of the Class A Preferred Shares Series YY of their Conversion Right, the Company reserves the right not to deliver Common Shares to any Ineligible Person or any Person who, by virtue of that conversion, would become a Significant Shareholder. In those circumstances, the Company will hold, as agent of any such Person, all Common Shares for which the relevant number of Class A Preferred Shares Series YY were converted, and the Company will attempt to sell or procure the sale of such Common Shares to parties other than the Company and its affiliates on behalf of any such Person. Such sales (if any) will be made at such times and at such prices, as the Company, in its sole discretion, may determine. The Company will not be subject to any liability for failure to sell any such Common Shares on behalf of any such Person or at any particular price on any particular day. The net proceeds received by the Company from the sale of any such Common Shares will be delivered to any such Person, after deducting the costs of sale, net of any applicable withholding taxes. The Company will provide a cheque representing the aggregate net proceeds to the Depository (if the Common Shares are then held in the Book-Entry System) or in all other cases to any such Person in accordance with the regular practices and procedures of the Depository or otherwise.

(5) **Loss Absorption Event.** Notwithstanding anything in Section 4, if a Loss Absorption Event has occurred and is continuing, on and after June 30, 2014, the right of holders of the Class A Preferred Shares Series YY to submit Notices of Conversion or exercise the Conversion Right will be suspended until the Loss Absorption Event is no longer continuing and Conversion Notices may thereafter only be submitted in respect of Conversion Dates occurring after the cessation of the Loss Absorption Event. All Conversion Notices delivered prior to the occurrence of the Loss Absorption Event in respect of any Conversion Date falling after such occurrence will be null and void. The Company will issue press releases notifying holders of the Class A Preferred Shares Series YY as to the occurrence and cessation of any event giving rise to a suspension of the Conversion Right. The holders of the Class A Preferred Shares Series YY that have submitted Conversion Notices rendered null and void by the occurrence of a Loss Absorption Event will be required to submit a further Conversion Notice in order to subsequently exercise their Conversion Right and convert their Class A Preferred Shares Series YY into Common Shares.

(6) **Company Purchase Right**

- (a) Subject to Section 7 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, and following receipt by the Transfer Agent of a Conversion Notice, the Company, at its option, may either:
 - (i) redeem for cash, on the first Business Day after a Conversion Date, all (but not less than all) of the Class A Preferred Shares Series YY specified in the applicable Conversion Notice, by the payment to the holder of such Class A Preferred Shares Series YY of the Cash Conversion Price; or
 - (ii) require the holder of such Class A Preferred Shares Series YY to sell on the first Business Day after the Conversion Date such Class A Preferred Shares Series YY to another purchaser or purchasers, if a purchaser or purchasers willing to purchase all (but not less than all) of such Class A Preferred Shares Series YY has or have been found (a "Substituted Purchaser", which may include

more than one Substituted Purchaser), for an amount in cash for each such share equal to the Cash Conversion Price.

The rights of the Company in this Section 4(6)(a) are referred to as the "Company Purchase Right". The holder of Class A Preferred Shares Series YY sold to a Substituted Purchaser will not be responsible for any applicable security transfer taxes in connection with that sale.

- (b) Where the Company exercises the Company Purchase Right, the Company will give to each holder of Class A Preferred Shares Series YY who has given a Conversion Notice a notice in writing of the intention of the Company either to redeem such Class A Preferred Shares Series YY or require such holder to sell such Class A Preferred Shares Series YY to the Substituted Purchaser, as the case may be, as described in Section 4(6) (the "Company Purchase Right Notice"). The Company Purchase Right Notice must be given at least 40 days before the relevant Conversion Date contemplated by any Conversion Notice.
- (c) The provisions of Sections 3(5) and (6) will apply, with such modifications as the circumstances require, in respect of the redemption of Class A Preferred Shares Series YY under Section 4(6). Where Class A Preferred Shares Series YY are called for redemption pursuant to the exercise of the Company Purchase Right, the Conversion Right applicable to those Class A Preferred Shares Series YY will cease and terminate at the close of business on the last Business Day before the applicable Conversion Date and those Class A Preferred Shares Series YY will not be converted on that Exchange Date, unless the Company fails to redeem those Class A Preferred Shares Series YY in accordance with the exercise of the Company Purchase Right on the Conversion Date, in which case the Conversion Right will be deemed to have been exercised by the holder of those Class A Preferred Shares Series YY.
- (d) Where Class A Preferred Shares Series YY are being sold to a Substituted Purchaser pursuant to the exercise of the Company Purchase Right (the "Saleable Preferred Shares"), payment of the purchase price for those Class A Preferred Shares Series YY, being the Cash Conversion Price per share, will be effectively made by the Substituted Purchaser to the holder of the Saleable Preferred Shares for all purposes on receipt by the Transfer Agent on or before the Conversion Date on behalf of and for the benefit of the holder of the Saleable Preferred Shares of an amount in immediately available funds for each Saleable Preferred Share equal to the Cash Conversion Price. The Transfer Agent will make payment of the purchase price for the Saleable Preferred Shares to the holder by cheque payable at par at any branch in Canada of a bank or trust company. If the Saleable Preferred Shares comprise only part of the Class A Preferred Shares Series YY represented by any certificate, a new certificate for the balance will be issued to the holder at the expense of the Company. The Saleable Preferred Shares will be deemed for all purposes to have been sold by the holder on the first Business Day after the Conversion Date, provided payment for them has been made as provided in this Section 4(6)(d).
- (e) The Conversion Right applicable to the Saleable Preferred Shares will cease and terminate at the close of business on the last Business Day before the applicable Conversion Date and those Saleable Preferred Shares will not be converted on that Conversion Date unless the Substituted Purchaser fails to pay the purchase price for the Saleable Preferred Shares in accordance with Section 4(6)(d), in which case the Conversion Right will be deemed to have been exercised by the holder of those Saleable Preferred Shares.

5. Purchase for Cancellation

On and after December 31, 2008, but subject to Section 7 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may purchase for cancellation at any time all or from time to time any part of the Class A Preferred Shares Series YY then outstanding in the open market or by private contract or tender at any price.

6. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding up its affairs, the holders of the Class A Preferred Shares Series YY will be entitled to receive \$25 for each Class A Preferred Share Series YY held by them, plus any Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company distributed to the holders of the Common Shares or any shares ranking junior to the Class A Preferred Shares Series YY. After payment of those amounts, the holders of Class A Preferred Shares Series YY will not be entitled to share in any further distribution of the property or assets of the Company.

7. Restrictions on Dividends and Retirement of Shares

So long as any Class A Preferred Shares Series YY are outstanding, the Company will not at any time, without the approval of the holders of the Class A Preferred Shares Series YY given as provided in Section 10:

- (a) declare any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series YY (other than stock dividends payable in the form of shares ranking junior to the Class A Preferred Shares Series YY);
- (b) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Share Series YY (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series YY);
- (c) redeem, purchase or otherwise retire less than all the Class A Preferred Shares Series YY; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Class A Preferred Shares (or Preferred Shares), redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series YY;

unless, in each case, all Dividends on the Class A Preferred Shares Series YY up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series YY up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

8. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series YY will not be entitled as such to receive notice of or to attend or to vote at any meeting of shareholders or policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series YY in any Dividend Period. In that event, the holders of Class A Preferred Shares Series YY will be entitled to receive notice of and to attend only a meeting of shareholders at which directors are to be elected and will be entitled to elect one director at such meeting and, for that purpose, will have one vote for each Class A Preferred Share Series YY held (the "Voting

Rights"). The Voting Rights of the holders of the Class A Preferred Shares Series YY will forthwith cease on payment by the Company of the first Dividend on the Class A Preferred Shares Series YY to which the holders are entitled under the Class A Preferred Shares Series YY Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series YY in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

9. Issue of Additional Shares and Amendments to Class A Preferred Shares Series YY

(1) **Issue of Additional Shares.** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the Company without authorization of the holders of the Class A Preferred Shares Series YY. For greater certainty, nothing in the Class A Preferred Shares Series YY Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.

(2) Amendments to Class A Preferred Shares Series YY

- (a) Before the Issue Date and for so long as any IATS - Series A are outstanding, the Company will not without, but may from time to time with, the approval of holders of the IATS - Series A given as specified in Section 10, delete or vary any of the Class A Preferred Shares Series YY Provisions and, for that purpose only, including Section 10, the holders of IATS - Series A will be deemed to be and considered as if they were holders of Class A Preferred Shares Series YY.
- (b) On and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series YY given as specified in Section 10 delete, amend or vary any of the Class A Preferred Shares Series YY Provisions.
- (c) In addition to the approvals referred to in Sections 9(2)(a) and (b), the Company will not without, but may from time to time with, the prior approval of the AMF make any such deletion, amendment or variation which might affect the classification afforded the Class A Preferred Shares Series YY from time to time for capital adequacy purposes pursuant to the Insurance Act or the MCCSR.

10. Approval of Holders of Class A Preferred Shares Series YY

Any approval given by the holders of Class A Preferred Shares Series YY will be deemed to have been sufficiently given if given by a resolution passed at a meeting of the holders of Class A Preferred Shares Series YY duly called and held on not less than 21 days' notice at which the holders of at least 25% of the outstanding Class A Preferred Shares Series YY are present or are represented by proxy and carried by the affirmative vote of not less than $66\frac{2}{3}\%$ of the votes cast at the meeting. If at the meeting the holders of 25% of the outstanding Class A Preferred Shares Series YY are not present or represented by proxy within 30 minutes after the time appointed for the meeting, the meeting will be adjourned to such date, not less than 15 days afterwards, and to such time and place as the chairman of the meeting may designate, and no notice need be given of the adjourned meeting. At the adjourned meeting, at which no quorum requirement applies, the holders of Class A Preferred Shares Series YY present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed at the adjourned meeting by the affirmative vote of not less than $66\frac{2}{3}\%$ of the votes cast at the meeting will constitute the approval of the holders of Class A Preferred Shares Series YY. On every poll taken at any meeting or adjourned meeting, every holder of Class A Preferred Shares Series YY will be entitled to one vote in respect of each Class A Preferred Share Series YY held. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any meeting or adjourned meeting and the conduct of any such meeting will be those from time to time as may be prescribed in the by-laws of the Company with respect to meetings of shareholders or under the Insurance Act.

11. Registration of Class A Preferred Shares Series YY and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(1) **Global Certificate.** Subject to Sections 11(2) and 11(3) and notwithstanding any other provision of the Class A Preferred Shares Series YY Provisions, the Class A Preferred Shares Series YY will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series YY issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series YY will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series YY or to a successor Depository for the Class A Preferred Shares Series YY approved by the Company or to a nominee of such successor Depository. Accordingly, subject to Section 11(3), the beneficial owners of Class A Preferred Shares Series YY will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series YY, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner.

(2) **Depository is Owner of Class A Preferred Shares Series YY.** For purposes of the Class A Preferred Shares Series YY Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series YY:

- (a) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series YY for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series YY, including payments of Dividends, the Cash Redemption Price, the Share Redemption Price or the Cash Conversion Price, and the delivery of Common Shares and certificates for those shares on the exercise of the Conversion Right; and
- (b) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series YY or the Company Purchase Right, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series YY, the Cash Redemption Price, the Share Redemption Price or the Cash Conversion Price, and certificates for the Common Shares, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Class A Preferred Shares Series YY.

(3) **Termination of Book Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Class A Preferred Shares Series YY from the Book-Entry System, Sections 11(1) and 11(2), will cease to apply to the Class A Preferred Shares Series YY. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series YY in definitive registered form equal to the aggregate number of Class A Preferred Shares Series YY represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series YY in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Class A Preferred Shares Series YY as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(4) **Inconsistent Provisions.** The provisions of Section 4 and the exercise of the Conversion Right and the Company Purchase Right are subject to the provisions of this Section 11 and, in the event of any

inconsistency between those provisions and the provisions of Section 11, the provisions of Section 11 will prevail to the extent of the inconsistency.

12. Capital Reorganization and Amalgamation

If there is a capital reorganization, merger or amalgamation of the Company, the holders of the Class A Preferred Shares Series YY will be entitled to receive, after the capital reorganization, merger or amalgamation, the number of Common Shares or consideration of the Company or of a corporation resulting, surviving or continuing from the capital reorganization, merger or amalgamation that such holders would have received had their Class A Preferred Shares Series YY been converted into Common Shares immediately prior to the record date of the capital reorganization, merger or amalgamation.

13. Notices

(1) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series YY must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed to the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(2) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series YY to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series YY in connection with the redemption or conversion of Class A Preferred Shares Series YY must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(3) **Notice to Holders of Class A Preferred Shares Series YY.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series YY by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A Preferred Shares Series YY, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

14. Tax Election

The Company will elect, in the manner and within the time provided under Section 191.2 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series YY will not be required to pay tax on dividends received (or deemed to be received) on the Class A Preferred Shares Series YY under Section 187.2 of the Tax Act.

15. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series YY, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series YY. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series YY for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series YY, the Company will promptly arrange for the payment of such amount to the holder.

16. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series YY, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series YY by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series YY. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series YY at the address of such holder as it appears on the books of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series YY provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series YY prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series YY has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer.

ANNEX 1-11

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Non-Cumulative Class A Preferred Shares Series ZZ

The following are the rights, privileges, restrictions and conditions (the "Class A Preferred Shares Series ZZ Provisions"), in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares as a class, attaching to the Non-Cumulative Class A Preferred Shares Series ZZ (the "Class A Preferred Shares Series ZZ") of the Company.

1. Interpretation

(1) **Defined Terms.** In the Class A Preferred Shares Series ZZ Provisions,

"**AMF**" means the *Autorité des marchés financiers* established pursuant to *An Act respecting the Autorité des marchés financiers* (Québec) or any successor agency.

"**Board of Directors**" means the Board of Directors of the Company.

"**Book-Entry System**" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Montréal, Québec.

"**Cash Conversion Price**" means the Cash Conversion Price as defined in Section 4(1).

"**Cash Redemption Price**" means the Cash Redemption Price as defined in Section 3(2)(i).

"**Class A Preferred Shares**" means the Class A Preferred Shares of the Company.

"**Class A Preferred Shares Series ZZ**" means the Class A Preferred Shares Series ZZ as defined in the introductory paragraph to the Class A Preferred Shares Series ZZ Provisions.

"**Class A Preferred Shares Series ZZ Provisions**" means the Class A Preferred Shares Series ZZ Provisions as defined in the introductory paragraph to the rights attaching to the Class A Preferred Shares Series ZZ.

"**Common Shares**" means the Common Shares of the Company.

"**Company**" means Industrielle Alliance, Assurance et services financiers inc. - Industrial Alliance Insurance and Financial Services Inc.

"**Company Purchase Right**" means the Company Purchase Right as defined in Section 4(6)(a).

"**Company Purchase Right Notice**" means the Company Purchase Right Notice as defined in Section 4(6)(b).

"**Conversion Date**" means the Conversion Date as defined in Section 4(1).

"Conversion Notice" means the Conversion Notice as defined in Section 4(2).

"Conversion Right" means the Conversion Right as defined in Section 4(1).

"Depository" means The Canadian Depository for Securities Limited and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(1).

"Dividend" and **"Dividends"** means Dividend and Dividends as respectively defined in Section 2(1)(a).

"Dividend Payment Date" means the last day of the months of June and December in each year.

"Dividend Period" means the six-month period commencing on and including a Dividend Payment Date and ending on the day immediately preceding the next Dividend Payment Date.

"Global Certificate" means the Global Certificate as defined in Section 11(1).

"Holder Exchange Right" means the right of any holder of IATS — Series A to exchange IATS — Series A for Class A Preferred Shares Series YY pursuant to rights, privileges, restrictions and conditions attached to IATS — Series A.

"IATS - Series A" means the Industrial Alliance Trust Securities - Series A issued by Fiducie de capital Industrielle Alliance - Industrial Alliance Capital Trust.

"Ineligible Person" means any Person whose address is in, or whom the Company or the Transfer Agent for the Class A Preferred Shares Series ZZ has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that Person of Class A Preferred Shares Series ZZ would require the Company to take any action to comply with insurance, securities or analogous laws of that jurisdiction.

"Insurance Act" means *An Act respecting insurance* (Québec).

"Issue Date" means the date any of the Class A Preferred Shares Series ZZ are first issued by the Company.

"Loss Absorption Event" means the occurrence of any one of the following events: (i) a winding-up order in respect of the Company pursuant to the Winding-Up Act is granted by a court; (ii) the AMF advises the Company in writing that the AMF or a Person designated by the Minister of Finance (Québec) has taken provisional administration of the Company or its assets pursuant to the Insurance Act; (iii) the AMF advises the Company in writing that the Company has a net Tier 1 capital ratio of less than 75% or an MCCR ratio of less than 120%; (iv) the Board of Directors advises the AMF in writing that the Company has a net Tier 1 capital ratio of less than 75% or an MCCR ratio of less than 120%; or (v) the AMF directs the Company, pursuant to the Insurance Act, to increase its capital or provide additional liquidity and the Company elects to cause the Automatic Exchange as a consequence of the issuance of such direction or the Company does not comply with such direction to the satisfaction of the AMF within the time specified.

"MCCR" means the Minimum Continuing Capital Surplus Requirements (or its equivalent) for Québec regulated insurance companies.

"Participant" means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds

Class A Preferred Shares Series ZZ.

"**Person**" includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

"**Preferred Shares**" means the Preferred Shares of the Company.

"**Redemption Date**" means the Redemption Date as defined in Section 3(4).

"**Redemption Notice**" means the Redemption Notice as defined in Section 3(4).

"**Saleable Preferred Shares**" means the Saleable Preferred Shares as defined in Section 4(6)(d).

"**Share Redemption Price**" means the Share Redemption Price as defined in Section 3(2)(ii).

"**Significant Shareholder**" means any Person who beneficially owns directly, or indirectly through entities controlled by such Person or Persons associated with or acting jointly or in concert with such Person, voting shares of any class of the Company representing 10% or more of the total number of outstanding shares of that class of the Company.

"**Substituted Purchaser**" means the Substituted Purchaser as defined in Section 4(6)(a)(ii).

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Trading Day**" with respect to any stock exchange or over-the-counter market, means a day on which shares may be traded through the facilities of such stock exchange or in such over-the-counter market, and otherwise means a day on which shares may be traded through the facilities of the principal stock exchange on which the Common Shares are listed (or, if the Common Shares are not listed on any stock exchange, then in the over-the-counter market).

"**Transfer Agent**" means Computershare Trust Company of Canada, or such other Person as from time to time may be the registrar and transfer agent for the Class A Preferred Shares Series ZZ.

"**Transferee**" and "**Transferees**" means Transferee or Transferees as respectively defined in Section 3(4).

"**Voting Rights**" means the Voting Rights as defined in Section 8.

"**Winding-Up Act**" means the *Winding-up and Restructuring Act* (Canada).

(2) **Ranking of Shares.** The expressions "on a parity with", "ranking junior to" and "ranking senior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs.

(3) **Holder.** References to a "holder" in relation to Class A Preferred Shares Series ZZ means a registered holder of those shares.

(4) **References to Statutes.** Reference to any statute is to that statute as in force from time to time,

including any regulations, rules, policy statements, instruments or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(5) **Other Payment Matters**

- (a) If any date on which any Dividend on the Class A Preferred Shares Series ZZ is payable or on or by which any other action is required to be taken by the Company under the Class A Preferred Shares Series ZZ Provisions is not a Business Day, then the Dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day, without any additional amount, interest or any other compensation.
- (b) In the event of the non-receipt of a cheque by a holder of Class A Preferred Shares Series ZZ entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.
- (c) The Company will be entitled to deduct or withhold from any amount payable to a holder of Class A Preferred Shares Series ZZ under the Class A Preferred Shares Series ZZ Provisions any amount required by law to be deducted or withheld from that payment.

(6) **Currency Conversion.** If it is necessary to convert the Share Redemption Price or any other amount payable to holders into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(1) **Payment of Dividends**

- (a) The holders of Class A Preferred Shares Series ZZ will be entitled to receive, and the Company will pay on the Class A Preferred Shares Series ZZ, as and when declared by the Board of Directors, but subject to the provisions of the Insurance Act, semi-annual non-cumulative preferential cash dividends payable on each Dividend Payment Date in each year equal to \$0.5625 per share (representing an annual yield of 4.50%) (each, a "Dividend" and, collectively, the "Dividends").
- (b) If the Board of Directors does not declare the Dividends, or any part thereof, on the Class A Preferred Shares Series ZZ on or before the Dividend Payment Date for a particular Dividend Period, the entitlement of the holders of the Class A Preferred Shares Series ZZ to the Dividends, or to any part thereof, for such Dividend Period will be forever extinguished.

(2) **Method of Payment.** Dividends on the Class A Preferred Shares Series ZZ will be paid by cheque of the Company or of the Transfer Agent, in lawful money of Canada payable at par at any branch in Canada of a bank or trust company, in the amount of the applicable Dividend, rounded to the nearest whole cent (\$0.01), less any tax required to be deducted and withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Class A Preferred Shares Series ZZ to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the third Business Day before the Dividend Payment Date will be deemed to be payment and will satisfy and discharge all liabilities for Dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required to be deducted and withheld from the payment), unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within three years after it was issued or that otherwise remain unclaimed for a

period of three years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay Dividends in any other manner as it may agree with any particular holder.

3. Redemption

(1) **No Redemption Before December 31, 2008.** The Company will not redeem any Class A Preferred Shares Series ZZ before December 31, 2008.

(2) **Redemption On and After December 31, 2008.** On and after December 31, 2008, but subject to Section 7 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, the Company may redeem at any time all or from time to time any part of the Class A Preferred Shares Series ZZ then outstanding without the consent of the holders. The Company, at its option, may effect the redemption, to be stipulated in the Redemption Notice, by either:

- (i) the payment of an amount in cash for each Class A Preferred Shares Series ZZ so redeemed equal to \$25, plus any declared and unpaid Dividends to the Redemption Date (the "Cash Redemption Price"); or
- (ii) subject to the approval of any applicable regulatory authorities, including any applicable stock exchange, by the delivery of that number of fully-paid and freely tradeable Common Shares listed on a recognized stock exchange in Canada for each such Class A Preferred Share Series ZZ so redeemed determined by dividing the Cash Redemption Price by the greater of (A) \$1.00 and (B) 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange (or, if not then listed on that exchange, on another exchange or market chosen by the Board of Directors on which the Common Shares are then traded) during the 20 consecutive Trading Day period ending on the fourth Trading Day immediately before the Redemption Date; in any case where the aggregate number of Common Shares to be issued to a holder on a redemption of Class A Preferred Shares Series ZZ pursuant to this Section 3(2)(ii) includes a fraction of a Common Share, the Company, in lieu of delivering a fractional share, will adjust the fractional interest by the payment by cheque of an amount equal to the balance of the Cash Redemption Price not otherwise satisfied by the delivery of Common Shares (the "Share Redemption Price").

(3) **Partial Redemptions.** In the case of partial redemptions, Class A Preferred Shares Series ZZ to be redeemed will be selected by lot (in single shares or in units of 10 shares or less) or in any other manner that the Board of Directors may determine.

(4) **Notice of Redemption.** The Company will give to each holder of Class A Preferred Shares Series ZZ to be redeemed a notice in writing of the intention of the Company to redeem such shares (the "Redemption Notice"). The Redemption Notice must be given at least 30 days but not more than 60 days before the Redemption Date. The Redemption Notice must set out the number of Class A Preferred Shares Series ZZ held by the Person to whom it is addressed which are to be redeemed, the manner in which the Company intends to redeem the Class A Preferred Shares Series ZZ, the Cash Redemption Price or Share Redemption Price (if applicable), the date on which the redemption is to occur (the "Redemption Date") and, where the redemption is by way of the delivery of Common Shares, the Redemption Notice must advise the holder that the Common Shares will be registered in the name of the holder of Class A Preferred Shares Series ZZ to be redeemed unless the Transfer Agent receives from the holder, at least 10 Business Days before the Redemption Date, at any principal office of the Transfer Agent, written notice in form and execution satisfactory to the Transfer Agent directing the Company to arrange for the registration of such Common Shares in some other name or names (the "Transferee" or the "Transferees") and stating the name or names (with addresses), accompanied by payment to the Transfer Agent of any transfer tax which may be payable by reason of the transfer and a written declaration, if required by the Insurance Act or any other applicable law or by the Company, as to the

residence and share ownership status of the Transferee(s) and such other matters as may be required by law or requested by the Company in order to determine the entitlement of the Transferee(s) to such Common Shares, in which case such Common Shares will be registered in the name or names so directed in the written notice. In addition to the Redemption Notice, the Company will publish a single notice, in the manner in which it publishes dividend notices, of its intention to redeem less than all the Class A Preferred Shares Series ZZ at any time outstanding.

(5) **Method of Payment.** Where the redemption is by way of cash, the Company will pay to the holders of the Class A Preferred Shares Series ZZ to be redeemed the Cash Redemption Price or, where the redemption is by way of the delivery of Common Shares, the Company will deliver certificates representing the Common Shares registered in the names of the holders of the Class A Preferred Shares Series ZZ to be redeemed, or in the name of the Transferee(s), if applicable, together with payment of any fractional interest, as the case may be, in either case on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Class A Preferred Shares Series ZZ so called for redemption, together with such other documents as may be reasonably required to effect the transfer and the redemption of Class A Preferred Shares Series ZZ. In the case of any payment by cash, it will be made by cheque payable at par at any branch in Canada of a bank or trust company. If a part only of the Class A Preferred Shares Series ZZ represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(6), from and after the Redemption Date specified in any Redemption Notice, the Class A Preferred Shares Series ZZ called for redemption will be deemed to be redeemed and the holders of those Class A Preferred Shares Series ZZ will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series ZZ, unless payment of the Cash Redemption Price, as the case may be, or delivery of the Share Redemption Price is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series ZZ.

(6) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price or the Share Redemption Price, as the case may be, of any or all Class A Preferred Shares Series ZZ called for redemption with the Company or with any bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent, to the credit of a special account or accounts in trust for the respective holders of those Class A Preferred Shares Series ZZ, to be paid on surrender to the Company or that bank or trust company of the certificate or certificates representing the Class A Preferred Shares Series ZZ. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price or the Share Redemption Price, as the case may be, of the Class A Preferred Shares Series ZZ for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required to be deducted or withheld) of the Cash Redemption Price or Share Redemption Price, as the case may be, so deposited applicable to those Class A Preferred Shares Series ZZ, without interest, on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series ZZ being redeemed. The Company will be entitled to any interest on such deposit.

(7) **Right Not to Deliver Common Shares**

- (a) Notwithstanding anything in Section 3, on exercise by the Company of its right to redeem Class A Preferred Shares Series ZZ for Common Shares, the Company reserves the right not to deliver Common Shares to any Ineligible Person or any Person who, by virtue of that redemption, would become a Significant Shareholder.
- (b) In those circumstances, the Company will hold, as agent of any such Person, all Common Shares for which the relevant number of Class A Preferred Shares Series ZZ were exchanged, and the Company will attempt to sell or procure the sale of such Common Shares to parties other than the Company and its affiliates on behalf of any such Person. Such sales (if any) will be made at such times and at such prices, as the Company, in its sole discretion, may determine. The Company will not be subject to any

liability for failure to sell any such Common Shares on behalf of any such Person or at any particular price on any particular day. The net proceeds received by the Company from the sale of any such Common Shares will be delivered to any such Person, after deducting the costs of sale, net of any applicable withholding taxes. The Company will provide a cheque representing the aggregate net proceeds to the Depository (if the Common Shares are then held in the Book-Entry System) or in all other cases to any such Person in accordance with the regular practices and procedures of the Depository or otherwise.

4. Conversion Right

(1) **Right to Convert.** On and after June 30, 2014, but subject to the Company Purchase Right and to the provisions of the Insurance Act, and provided that any Loss Absorption Event that has occurred is not then continuing, the holders of Class A Preferred Shares Series ZZ will have the right, at the option of the holders, on the last day of June and December in each year (each, a "Conversion Date"), upon prior Conversion Notice, to convert each Class A Preferred Share Series ZZ held by them into that number of fully-paid and freely tradable Common Shares determined by dividing \$25, together with any declared and unpaid dividends on the Class A Preferred Shares Series ZZ, as the case may be, to the date of conversion (the "Cash Conversion Price"), by the greater of \$1.00 and 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange (or, if not then listed on that exchange, on another exchange or market chosen by the Board of Directors on which the Common Shares are then traded), during the 20 consecutive Trading Day period ending on the fourth Trading Day immediately prior to the Conversion Date (the "Conversion Right"). The Company will not issue fractional Common Shares on any conversion of the Class A Preferred Shares Series ZZ but, instead, the Company will make a cash payment equal to the balance of the Cash Conversion Price not otherwise satisfied by the delivery of Common Shares.

(2) **Notice of Conversion.** The holders of Class A Preferred Shares Series ZZ who wish to exercise their Conversion Right will give a notice in writing to the Transfer Agent of the holders' intention to convert Class A Preferred Shares Series ZZ (the "Conversion Notice"). The Conversion Notice is irrevocable and must be given at least 60 days but not more than 90 days before the Conversion Date. The Conversion Notice must set out the number of Class A Preferred Shares Series ZZ held by the holder which are to be converted, the Conversion Date on which the conversion is to occur and, where the Common Shares will be registered in some other name than that of the holder of Class A Preferred Shares Series ZZ, the Conversion Notice must so direct the Transfer Agent, and state the name or names (with addresses) of the Transferee(s), accompanied by payment to the Transfer Agent of any transfer tax which may be payable by reason of the transfer and a written declaration, if required by the Insurance Act or any other applicable law or by the Company, as to the residence and share ownership status of the Transferee(s) and such other matters as may be required by law or requested by the Company in order to determine the entitlement of the Transferee(s) to such Common Shares, in which case such Common Shares will be registered in the name or names so directed in the Conversion Notice. The holder of IATS — Series A exercising the Holder Exchange Right with an effective Conversion Date on or after June 30, 2014, who wishes to immediately convert the Class A Preferred Shares Series ZZ to be so received into Common Shares may do so, provided that any Loss Absorption Event that has occurred is not then continuing, by completing the conversion instructions contained in the conversion panel of the IATS — Series A. In such circumstances, subject to the Class A Preferred Shares Series ZZ Provisions, the conversion instructions so completed will be deemed to constitute a valid Conversion Notice with the result that, upon the first Conversion Date on or after issuance and delivery of the Class A Preferred Shares Series ZZ pursuant to the Holder Exchange Right, such Class A Preferred Shares Series ZZ will be immediately converted into Common Shares.

(3) **Delivery of Common Shares.** The Company will deliver certificates representing the Common Shares registered in the names of the holders of the Class A Preferred Shares Series ZZ to be converted, or in the name of the Transferee(s), if applicable, together with payment of any fractional interest, as the case may be, in either case on presentation and surrender at any principal office of the Transfer Agent, of the certificate or certificates for the Class A Preferred Shares Series ZZ so converted, together with such

other documents as may be reasonably required to effect a transfer of Class A Preferred Shares Series ZZ. If a part only of the Class A Preferred Shares Series ZZ represented by any certificate are converted, a new certificate for the balance will be issued at the expense of the Company. From and after the date specified in any Conversion Notice, the Class A Preferred Shares Series ZZ converted will be deemed to be converted and the holders of those Class A Preferred Shares Series ZZ will cease to be entitled to Dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Class A Preferred Shares Series ZZ, unless delivery of the Common Shares and payment of any fractional interest therein are not duly made by the Company on presentation and surrender of the certificate or certificates representing the Class A Preferred Shares Series ZZ.

(4) **Right Not to Deliver Common Shares.** Notwithstanding anything in Section 4, on exercise by the holders of the Class A Preferred Shares Series ZZ of their Conversion Right, the Company reserves the right not to deliver Common Shares to any Ineligible Person or any Person who, by virtue of that conversion, would become a Significant Shareholder. In those circumstances, the Company will hold, as agent of any such Person, all Common Shares for which the relevant number of Class A Preferred Shares Series ZZ were converted, and the Company will attempt to sell or procure the sale of such Common Shares to parties other than the Company and its affiliates on behalf of any such Person. Such sales (if any) will be made at such times and at such prices, as the Company, in its sole discretion, may determine. The Company will not be subject to any liability for failure to sell any such Common Shares on behalf of any such Person or at any particular price on any particular day. The net proceeds received by the Company from the sale of any such Common Shares will be delivered to any such Person, after deducting the costs of sale, net of any applicable withholding taxes. The Company will provide a cheque representing the aggregate net proceeds to the Depository (if the Common Shares are then held in the Book-Entry System) or in all other cases to any such Person in accordance with the regular practices and procedures of the Depository or otherwise.

(5) **Loss Absorption Event.** Notwithstanding anything in Section 4, if a Loss Absorption Event has occurred and is continuing, on and after June 30, 2014, the right of holders of the Class A Preferred Shares Series ZZ to submit Notices of Conversion or exercise the Conversion Right will be suspended until the Loss Absorption Event is no longer continuing and Conversion Notices may thereafter only be submitted in respect of Conversion Dates occurring after the cessation of the Loss Absorption Event. All Conversion Notices delivered prior to the occurrence of the Loss Absorption Event in respect of any Conversion Date falling after such occurrence will be null and void. The Company will issue press releases notifying holders of the Class A Preferred Shares Series ZZ as to the occurrence and cessation of any event giving rise to a suspension of the Conversion Right. The holders of the Class A Preferred Shares Series ZZ that have submitted Conversion Notices rendered null and void by the occurrence of a Loss Absorption Event will be required to submit a further Conversion Notice in order to subsequently exercise their Conversion Right and convert their Class A Preferred Shares Series ZZ into Common Shares.

(6) **Company Purchase Right**

- (a) Subject to Section 7 and to the provisions of the Insurance Act, including the requirement for prior approval of the AMF, and following receipt by the Transfer Agent of a Conversion Notice, the Company, at its option, may either:
 - (i) redeem for cash, on the first Business Day after a Conversion Date, all (but not less than all) of the Class A Preferred Shares Series ZZ specified in the applicable Conversion Notice, by the payment to the holder of such Class A Preferred Shares Series ZZ of the Cash Conversion Price; or
 - (ii) require the holder of such Class A Preferred Shares Series ZZ to sell on the first Business Day after the Conversion Date such Class A Preferred Shares Series ZZ to another purchaser or purchasers, if a purchaser or purchasers willing to purchase all (but not less than all) of such Class A Preferred Shares Series ZZ has or have been found (a "Substituted Purchaser", which may include

more than one Substituted Purchaser), for an amount in cash for each such share equal to the Cash Conversion Price.

The rights of the Company in this Section 4(6)(a) are referred to as the "Company Purchase Right". The holder of Class A Preferred Shares Series ZZ sold to a Substituted Purchaser will not be responsible for any applicable security transfer taxes in connection with that sale.

- (b) Where the Company exercises the Company Purchase Right, the Company will give to each holder of Class A Preferred Shares Series ZZ who has given a Conversion Notice a notice in writing of the intention of the Company either to redeem such Class A Preferred Shares Series ZZ or require such holder to sell such Class A Preferred Shares Series ZZ to the Substituted Purchaser, as the case may be, as described in Section 4(6) (the "Company Purchase Right Notice"). The Company Purchase Right Notice must be given at least 40 days before the relevant Conversion Date contemplated by any Conversion Notice.
- (c) The provisions of Sections 3(5) and (6) will apply, with such modifications as the circumstances require, in respect of the redemption of Class A Preferred Shares Series ZZ under Section 4(6). Where Class A Preferred Shares Series ZZ are called for redemption pursuant to the exercise of the Company Purchase Right, the Conversion Right applicable to those Class A Preferred Shares Series ZZ will cease and terminate at the close of business on the last Business Day before the applicable Conversion Date and those Class A Preferred Shares Series ZZ will not be converted on that Exchange Date, unless the Company fails to redeem those Class A Preferred Shares Series ZZ in accordance with the exercise of the Company Purchase Right on the Conversion Date, in which case the Conversion Right will be deemed to have been exercised by the holder of those Class A Preferred Shares Series ZZ.
- (d) Where Class A Preferred Shares Series ZZ are being sold to a Substituted Purchaser pursuant to the exercise of the Company Purchase Right (the "Saleable Preferred Shares"), payment of the purchase price for those Class A Preferred Shares Series ZZ, being the Cash Conversion Price per share, will be effectively made by the Substituted Purchaser to the holder of the Saleable Preferred Shares for all purposes on receipt by the Transfer Agent on or before the Conversion Date on behalf of and for the benefit of the holder of the Saleable Preferred Shares of an amount in immediately available funds for each Saleable Preferred Share equal to the Cash Conversion Price. The Transfer Agent will make payment of the purchase price for the Saleable Preferred Shares to the holder by cheque payable at par at any branch in Canada of a bank or trust company. If the Saleable Preferred Shares comprise only part of the Class A Preferred Shares Series ZZ represented by any certificate, a new certificate for the balance will be issued to the holder at the expense of the Company. The Saleable Preferred Shares will be deemed for all purposes to have been sold by the holder on the first Business Day after the Conversion Date, provided payment for them has been made as provided in this Section 4(6)(d).
- (e) The Conversion Right applicable to the Saleable Preferred Shares will cease and terminate at the close of business on the last Business Day before the applicable Conversion Date and those Saleable Preferred Shares will not be converted on that Conversion Date unless the Substituted Purchaser fails to pay the purchase price for the Saleable Preferred Shares in accordance with Section 4(6)(d), in which case the Conversion Right will be deemed to have been exercised by the holder of those Saleable Preferred Shares.

5. Purchase for Cancellation

On and after December 31, 2008, but subject to Section 7 and to the provisions of the Insurance

Act, including the requirement for prior approval of the AMF, the Company may purchase for cancellation at any time all or from time to time any part of the Class A Preferred Shares Series ZZ then outstanding in the open market or by private contract or tender at any price.

6. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding up its affairs, the holders of the Class A Preferred Shares Series ZZ will be entitled to receive \$25 for each Class A Preferred Share Series ZZ held by them, plus any Dividends declared and unpaid to the date of payment, before any amounts are paid or any assets of the Company distributed to the holders of the Common Shares or any shares ranking junior to the Class A Preferred Shares Series ZZ. After payment of those amounts, the holders of Class A Preferred Shares Series ZZ will not be entitled to share in any further distribution of the property or assets of the Company.

7. Restrictions on Dividends and Retirement of Shares

So long as any Class A Preferred Shares Series ZZ are outstanding, the Company will not at any time, without the approval of the holders of the Class A Preferred Shares Series ZZ given as provided in Section 10:

- (a) declare any dividend on its Common Shares or any other shares ranking junior to the Class A Preferred Shares Series ZZ (other than stock dividends payable in the form of shares ranking junior to the Class A Preferred Shares Series ZZ);
- (b) redeem, purchase or otherwise retire any of its Common Shares or any other shares ranking junior to the Class A Preferred Share Series ZZ (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series ZZ);
- (c) redeem, purchase or otherwise retire less than all the Class A Preferred Shares Series ZZ; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Class A Preferred Shares (or Preferred Shares), redeem, purchase or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series ZZ;

unless, in each case, all Dividends on the Class A Preferred Shares Series ZZ up to and including those payable on the Dividend Payment Date for the last completed period for which Dividends are payable and in respect of which the rights of holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series ZZ up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

8. Voting Rights

Subject to applicable law, the holders of Class A Preferred Shares Series ZZ will not be entitled as such to receive notice of or to attend or to vote at any meeting of shareholders or policyholders of the Company, unless and until the first time at which the Board of Directors has not declared the Dividend in full on the Class A Preferred Shares Series ZZ in any Dividend Period. In that event, the holders of Class A Preferred Shares Series ZZ will be entitled to receive notice of and to attend only a meeting of shareholders at which directors are to be elected and will be entitled to elect one director at such meeting and, for that purpose, will have one vote for each Class A Preferred Share Series ZZ held (the "Voting Rights"). The Voting Rights of the holders of the Class A Preferred Shares Series ZZ will forthwith cease

on payment by the Company of the first Dividend on the Class A Preferred Shares Series ZZ to which the holders are entitled under the Class A Preferred Shares Series ZZ Provisions after the time the Voting Rights first arose until such time as the Company may again fail to declare the Dividend in full on the Class A Preferred Shares Series ZZ in any Dividend Period, in which event the Voting Rights will become effective again and so on from time to time.

9. Issue of Additional Shares and Amendments to Class A Preferred Shares Series ZZ

(1) **Issue of Additional Shares.** The Company may issue shares of any other series of Class A Preferred Shares or shares of any other class or series of the Company without authorization of the holders of the Class A Preferred Shares Series ZZ. For greater certainty, nothing in the Class A Preferred Shares Series ZZ Provisions will affect or restrict the right of the Company to increase the number of the Common Shares or to issue additional Common Shares from time to time.

(2) Amendments to Class A Preferred Shares Series ZZ

- (a) Before the Issue Date and for so long as any IATS - Series A are outstanding, the Company will not without, but may from time to time with, the approval of holders of the IATS - Series A given as specified in Section 10, delete or vary any of the Class A Preferred Shares Series ZZ Provisions and, for that purpose only, including Section 10, the holders of IATS - Series A will be deemed to be and considered as if they were holders of Class A Preferred Shares Series ZZ.
- (b) On and after the Issue Date, the Company will not without, but may from time to time with, the approval of the holders of Class A Preferred Shares Series ZZ given as specified in Section 10 delete, amend or vary any of the Class A Preferred Shares Series ZZ Provisions.
- (c) In addition to the approvals referred to in Sections 9(2)(a) and (b), the Company will not without, but may from time to time with, the prior approval of the AMF make any such deletion, amendment or variation which might affect the classification afforded the Class A Preferred Shares Series ZZ from time to time for capital adequacy purposes pursuant to the Insurance Act or the MCCSR.

10. Approval of Holders of Class A Preferred Shares Series ZZ

Any approval given by the holders of Class A Preferred Shares Series ZZ will be deemed to have been sufficiently given if given by a resolution passed at a meeting of the holders of Class A Preferred Shares Series ZZ duly called and held on not less than 21 days' notice at which the holders of at least 25% of the outstanding Class A Preferred Shares Series ZZ are present or are represented by proxy and carried by the affirmative vote of not less than $66\frac{2}{3}\%$ of the votes cast at the meeting. If at the meeting the holders of 25% of the Outstanding Class A Preferred Shares Series ZZ are not present or represented by proxy within 30 minutes after the time appointed for the meeting, the meeting will be adjourned to such date, not less than 15 days afterwards, and to such time and place as the chairman of the meeting may designate, and no notice need be given of the adjourned meeting. At the adjourned meeting, at which no quorum requirement applies, the holders of Class A Preferred Shares Series ZZ present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed at the adjourned meeting by the affirmative vote of not less than $66\frac{2}{3}\%$ of the votes cast at the meeting will constitute the approval of the holders of Class A Preferred Shares Series ZZ. On every poll taken at any meeting or adjourned meeting, every holder of Class A Preferred Shares Series ZZ will be entitled to one vote in respect of each Class A Preferred Share Series ZZ held. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any meeting or adjourned meeting and the conduct of any such meeting will be those from time to time as may be prescribed in the by-laws of the Company with respect to meetings of shareholders or under the Insurance Act.

11. Registration of Class A Preferred Shares Series ZZ and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

(1) **Global Certificate.** Subject to Sections 11(2) and 11(3) and notwithstanding any other provision of the Class A Preferred Shares Series ZZ Provisions, the Class A Preferred Shares Series ZZ will be represented in the form of a single fully-registered global certificate in the aggregate number of Class A Preferred Shares Series ZZ issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Class A Preferred Shares Series ZZ will be made only through the Book-Entry System to another nominee of the Depository for the Class A Preferred Shares Series ZZ or to a successor Depository for the Class A Preferred Shares Series ZZ approved by the Company or to a nominee of such successor Depository. Accordingly, subject to Section 11(3), the beneficial owners of Class A Preferred Shares Series ZZ will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Class A Preferred Shares Series ZZ, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner.

(2) **Depository is Owner of Class A Preferred Shares Series ZZ.** For purposes of the Class A Preferred Shares Series ZZ Provisions, so long as the Depository, or its nominee, is the registered holder of the Class A Preferred Shares Series ZZ:

- (a) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series ZZ for the purpose of receiving notices or payments on or in respect of the Class A Preferred Shares Series ZZ, including payments of Dividends, the Cash Redemption Price, the Share Redemption Price or the Cash Conversion Price, and the delivery of Common Shares and certificates for those shares on the exercise of the Conversion Right; and
- (b) the Company, pursuant to the exercise by the Company of its right to redeem Class A Preferred Shares Series ZZ or the Company Purchase Right, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Class A Preferred Shares Series ZZ, the Cash Redemption Price, the Share Redemption Price or the Cash Conversion Price, and certificates for the Common Shares, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Class A Preferred Shares Series ZZ.

(3) **Termination of Book-Entry System.** If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Class A Preferred Shares Series ZZ from the Book-Entry System, Sections 11(1) and 11(2) will cease to apply to the Class A Preferred Shares Series ZZ. In that event, the Company will execute and deliver certificates for the Class A Preferred Shares Series ZZ in definitive registered form equal to the aggregate number of Class A Preferred Shares Series ZZ represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Class A Preferred Shares Series ZZ in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Class A Preferred Shares Series ZZ as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

(4) **Inconsistent Provisions.** The provisions of Section 4 and the exercise of the Conversion Right and the Company Purchase Right are subject to the provisions of this Section 11 and, in the event of any inconsistency between those provisions and the provisions of Section 11, the provisions of Section 11 will

prevail to the extent of the inconsistency.

12. Capital Reorganization and Amalgamation

If there is a capital reorganization, merger or amalgamation of the Company, the holders of the Class A Preferred Shares Series ZZ will be entitled to receive, after the capital reorganization, merger or amalgamation, the number of Common Shares or consideration of the Company or of a corporation resulting, surviving or continuing from the capital reorganization, merger or amalgamation that such holders would have received had their Class A Preferred Shares Series ZZ been converted into Common Shares immediately prior to the record date of the capital reorganization, merger or amalgamation.

13. Notices

(1) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Class A Preferred Shares Series ZZ must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed to the attention of the Secretary of the Company. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(2) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Class A Preferred Shares Series ZZ to the Company or the Transfer Agent of certificates representing Class A Preferred Shares Series ZZ in connection with the redemption or conversion of Class A Preferred Shares Series ZZ must be made by registered mail (postage prepaid) or by delivery to the head office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Secretary of the Company. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the certificates.

(3) **Notice to Holders of Class A Preferred Shares Series ZZ.** Subject to applicable law, any notice, request or other communication to be given to a holder of Class A Preferred Shares Series ZZ by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Class A Preferred Shares Series ZZ, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

14. Tax Election

The Company will elect, in the manner and within the time provided under Section 191.2 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI.1 of the Tax Act at a rate such that holders of the Class A Preferred Shares Series ZZ will not be required to pay tax on dividends received (or deemed to be received) on the Class A Preferred Shares Series ZZ under Section 187.2 of the Tax Act.

15. Return of Unclaimed Funds to the Company

The Company will have the right, with respect to any funds deposited by the Company to any

bank or trust company in respect of amounts due to holders of Class A Preferred Shares Series ZZ, on or after the first anniversary date of the deposit of such funds to any bank or trust company, to require that such bank or trust company return to the Company any funds which remain unclaimed by holders of the Class A Preferred Shares Series ZZ. If at any time following the return of the unclaimed funds to the Company, either the Company or the bank or trust company receives a request from a holder of Class A Preferred Shares Series ZZ for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Class A Preferred Shares Series ZZ, the Company will promptly arrange for the payment of such amount to the holder.

16. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Class A Preferred Shares Series ZZ, the Company may, at its option, make any payment due to a holder of Class A Preferred Shares Series ZZ by way of a wire or electronic transfer of funds to each holder of Class A Preferred Shares Series ZZ. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Class A Preferred Shares Series ZZ at the address of such holder as it appears on the books of the Company. Such notice by the Company will request that each holder of Class A Preferred Shares Series ZZ provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Class A Preferred Shares Series ZZ prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Class A Preferred Shares Series ZZ has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer.

ANNEX 2

TO THE ARTICLES OF AMALGAMATION OF

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. /
INDUSTRIELLE ALLIANCE, ASSURANCE ET SERVICES FINANCIERS INC.

Restrictions on the transfer of instruments or shares

The holding of voting shares of the Company is subject to any restrictions that would apply under law, including those described in Division IV of *An Act respecting Industrial Alliance, Life Insurance Company*, S.Q. 1999, c. 106.

Other provisions

Subject to the provisions of *An Act Respecting Insurance*, R.S.Q., c. A-32 (the **Insurance Act**), the board of directors may appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders meeting, provided that the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual shareholders meeting.

Share conversion and cancellation

1. Upon the amalgamation date, shares of the share capital of each of the amalgamating companies issued and outstanding immediately prior to the issuance of the certificate of amalgamation shall be converted or cancelled as follows:
 - 1.1 all of the issued and outstanding common shares of Industrielle Alliance Pacifique, Assurance et Services Financiers inc. / Industrial Alliance Pacific Insurance and Financial Services inc. (**IAP**) held by Industrielle Alliance, Assurance et Services Financiers inc. / Industrial Alliance Insurance and Financial Services Inc. (**IA**) immediately prior to the amalgamation date shall, on and from that date, be cancelled without any repayment of capital in respect thereof and such shares are not to be converted into shares of the Company;
 - 1.2 each of the issued and outstanding common shares of IAP other than those held by IA shall, on and from that date, be converted into the Exchange Number of fully paid and non-assessable Company's Common Shares, being the number of Company's Common Shares obtained when dividing, in respect of each common share, the amount of \$630 (the **Fair Value Amount**) by the volume weighted average price of the common shares of IA on the Toronto Stock Exchange (**TSX**) for the five (5) trading days immediately preceding the amalgamation date, calculated in accordance with the rules and policies of the TSX (the **VWAP**) of the IA common shares, as represented by the formula below:

$$\text{Exchange Number} = \frac{\text{Fair Value Amount}}{\text{VWAP of one common share of IA}}$$

- 1.3 all of the issued and outstanding common shares of IA shall, on and from that date, be converted into fully paid and non-assessable Company's Common Shares, on the basis of one issued, fully paid and non-assessable Company's Common Share for each issued and outstanding common share of IA;
 - 1.4 all of the issued and outstanding Class A Preferred Shares, Series A of IA shall, on and from that date, be converted into fully paid and non-assessable Company's Class A Preferred Shares, Series A, on the basis of one issued, fully paid and non-assessable Company's Class A Preferred Share, Series A for each issued and outstanding Class A Preferred Share, Series A of IA;
 - 1.5 all of the issued and outstanding Class A Preferred Shares, Series B of IA shall, on and from that date, be converted into fully paid and non-assessable Company's Class A Preferred Shares, Series B, on the basis of one issued, fully paid and non-assessable Company's Class A Preferred Share, Series B for each issued and outstanding Class A Preferred Share, Series B of IA;
 - 1.6 all of the issued and outstanding Class A Preferred Shares, Series C of IA shall, on and from that date, be converted into fully paid and non-assessable Company's Class A Preferred Shares, Series C, on the basis of one issued, fully paid and non-assessable Company's Class A Preferred Share, Series C for each issued and outstanding Class A Preferred Share, Series C of IA;
 - 1.7 all of the issued and outstanding Class A Preferred Shares, Series E of IA shall, on and from that date, be converted into fully paid and non-assessable Company's Class A Preferred Shares, Series E, on the basis of one issued, fully paid and non-assessable Company's Class A Preferred Share, Series E for each issued and outstanding Class A Preferred Share, Series E of IA;
 - 1.8 all of the issued and outstanding Class A Preferred Shares, Series F of IA shall, on and from that date, be converted into fully paid and non-assessable Company's Class A Preferred Shares, Series F, on the basis of one issued, fully paid and non-assessable Company's Class A Preferred Share, Series F for each issued and outstanding Class A Preferred Share, Series F of IA; and
 - 1.9 all of the issued and outstanding Class A Preferred Shares, Series G of IA shall, on and from that date, be converted into fully paid and non-assessable Company's Class A Preferred Shares, Series G, on the basis of one issued, fully paid and non-assessable Company's Class A Preferred Share, Series G for each issued and outstanding Class A Preferred Share, Series G of IA.
2. Holding of Voting Shares. For greater certainty, the amalgamation will not result in any person holding, alone or with its associates within the meaning of section 49 of the Insurance Act, 10% or more of the voting rights attached to the Company's Common Shares.
 3. No Fractions. No fraction of a Company's Common Share; Company's Class A Preferred Share, Series A; Company's Class A Preferred Share, Series B; Company's Class A Preferred Share, Series C; Company's Class A Preferred Share, Series E, Company's Class A Preferred Share, Series F or Company's Class A Preferred Share, Series G will be issued upon the amalgamation contemplated hereby; instead, the number of Company's Common Shares, Company's Class A Preferred Shares, Series A, Company's Class A Preferred Shares, Series B, Company's Class A Preferred Shares, Series C, Company's Class A Preferred Shares, Series E, Company's Class A Preferred Shares, Series F and Company's Class A Preferred Shares, Series G so issuable, shall be rounded up or down, as the case may be, to the nearest whole number of Company's Common Shares, Company's Class A Preferred Shares, Series A, Company's Class A Preferred Shares, Series B, Company's Class A Preferred Shares, Series C, Company's Class

A Preferred Shares, Series E, Company's Class A Preferred Shares, Series F and Company's Class A Preferred Shares, Series G, as applicable.

4. Share Certificates and Registers. Shares certificates representing shares of IAP issued and outstanding shall be returned for exchange as directed by IA on the amalgamation date (except those share certificates issued by IAP in the name of IA which will be cancelled). Share certificates representing shares of IA issued and outstanding shall be deemed to be share certificates issued by the Company on the amalgamation date.