

*This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*This short form base shelf prospectus is not an offer to sell these securities and it is not soliciting an offer to purchase these securities in any jurisdiction where the offer or sale is not permitted.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Legal Services and Corporate Secretary, Industrial Alliance Insurance and Financial Services Inc., 1080 Grande Allée West, Québec City, Québec, G1K 7M3, telephone (418) 684-5000, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## Short Form Base Shelf Prospectus

April 10, 2013



**\$1,000,000,000**

**Debt Securities**

**Class A Preferred Shares**

**Common Shares**

**Subscription Receipts**

**Warrants**

**Share Purchase Contracts**

**Units**

Industrial Alliance Insurance and Financial Services Inc. (“Industrial Alliance”) may from time to time offer and issue the following securities: (i) senior or subordinated unsecured debt securities (collectively, the “Debt Securities”); (ii) class A preferred shares (“Class A Preferred Shares”); (iii) common shares (“Common Shares”); (iv) subscription receipts (“Subscription Receipts”); (v) warrants (“Warrants”); (vi) share purchase contracts (“Share Purchase Contracts”), and (vii) units (“Units”) comprised of one or more of the other securities described in this short form base shelf prospectus (the “Prospectus”). The Debt Securities, the Class A Preferred Shares, the Common Shares, the Subscription Receipts, the Warrants, the Share Purchase Contracts and the Units (collectively, the “Securities”) offered hereby may be offered separately or together, in separate series, in amounts, at prices and on terms to be set forth in an accompanying prospectus supplement (a “Prospectus Supplement”) to this Prospectus.

Industrial Alliance may sell up to \$1,000,000,000 in aggregate initial offering amount of Securities (or the Canadian dollar equivalent thereof if any of the Securities are denominated in a foreign currency or currency unit) or, if any Debt Securities are issued at an original issue discount, such greater amount as shall result in an aggregate issue price of \$1,000,000,000 (or the Canadian dollar equivalent thereof if the Debt Securities are denominated in a foreign currency or currency unit) at any time and from time to time during the 25 month period that this Prospectus, including any amendments thereto, remains valid.

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of the Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which such securities may be purchased, maturity, interest provisions, authorized denominations, ranking, offering price, any terms for redemption at the option of Industrial Alliance or the holder, any exchange or conversion terms and any other specific terms; (ii) in the case of the Class A Preferred Shares, the designation of the particular series, aggregate amount, the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any exchange, conversion, redemption or repurchase provisions and any other specific terms; (iii) in the case of the Common Shares, the number of shares and the offering price; (iv) in the case of Subscription Receipts, the number of

*(continued on next page)*

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Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, and any other specific terms; (v) in the case of Warrants, the designation, number and terms of the Debt Securities, Class A Preferred Shares or Common Shares purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of those numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; (vi) in the case of Share Purchase Contracts, whether the Share Purchase Contracts obligate the holder thereof to purchase or sell Common Shares or Class A Preferred Shares, as the case may be, and the nature and amount of each of those securities and any other specific terms; and (vii) in the case of Units, the designation and terms of the Units and of the Securities comprising the Units and any other specific terms. A Prospectus Supplement may include other specific terms pertaining to the Securities that are not precluded by the parameters described in this Prospectus.

This Prospectus does not qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR, EURIBOR or a U.S. Federal funds rate.

This Prospectus does not qualify for issuance Share Purchase Contracts which would constitute derivatives or hybrid products subject to derivative legislation in Canada, including the *Derivatives Act* (Québec).

All information permitted under applicable securities laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of such Prospectus Supplement but only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

Industrial Alliance's head office is located at 1080 Grande Allée West, Québec City, Québec, G1K 7M3.

The outstanding Common Shares, and the outstanding Non-Cumulative Class A Preferred Shares Series B, Non-Cumulative Class A Preferred Shares Series C, Non-Cumulative Class A Preferred Shares Series E, Non-Cumulative Class A Preferred Shares Series F and Non-Cumulative Class A Preferred Shares Series G are currently listed on the Toronto Stock Exchange. **Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, the Subscription Receipts, the Warrants, the Share Purchase Contracts and the Units will not be listed on any stock exchange or quotation system.**

The Securities may be sold through underwriters or dealers, by Industrial Alliance directly pursuant to applicable statutory exemptions, or through agents designated by Industrial Alliance from time to time. The applicable Prospectus Supplement will identify each underwriter, dealer or agent, as the case may be, engaged in connection with the offering and sale of those Securities, and will also set forth the terms of the offering of such Securities including the net proceeds to Industrial Alliance and, to the extent applicable, any fees payable to the underwriters, dealers or agents. No underwriter or dealer in Canada has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

In connection with any underwritten offering of Securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

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**The Debt Securities will be direct unsecured obligations of Industrial Alliance constituting senior or subordinated indebtedness, as identified in the relevant Prospectus Supplement, for the purposes of *An Act respecting Insurance* (Québec) (the “Insurance Act”) and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (the “CDIC Act”) or the *Deposit Insurance Act* (Québec) (the “QDI Act”).**

Unless otherwise specified in a Prospectus Supplement, an offering of Securities is subject to approval of certain legal matters on behalf of Industrial Alliance by Lavery, de Billy, L.L.P.

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### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this Prospectus, including those relating to Industrial Alliance’s strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “may”, “will”, “could”, “should”, “would”, “suspect”, “outlook”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “estimate”, “feel”, “seek” and “continue” (or the negative thereof) as well as words such as “objective” or “goal” or other similar words or expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, but are not limited to, the information concerning possible or assumed future results of operations of Industrial Alliance. In addition, any statement that may be made concerning Industrial Alliance’s expectations in connection with ongoing business strategies or prospects, and possible future action by Industrial Alliance, including statements made by Industrial Alliance with respect to the expected benefits of acquisitions or divestitures, are also forward-looking statements. These statements are not historical facts but instead represent only Industrial Alliance’s expectations, estimates and projections regarding future events. Although Industrial Alliance believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements and they should not be interpreted as confirming market or analysts’ expectations in any way.

Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Factors that could cause actual results to differ materially from expectations include, but are not limited to:

- market conditions that adversely affect Industrial Alliance’s capital position or its ability to raise capital;
- general business and economic conditions (including but not limited to performance and volatility of equity markets, interest rate fluctuations and movements in credit spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties);
- level of competition and consolidation;
- changes in laws and regulations including tax laws;
- changes in accounting standards;

- ability to execute strategic plans and changes to strategic plans;
- liquidity of Industrial Alliance, including the availability of financing to satisfy existing financial liabilities on expected maturity dates when required;
- downgrades in Industrial Alliance's financial strength or credit ratings;
- dependence on third party relationships including outsourcing arrangements;
- ability to maintain Industrial Alliance's reputation;
- impairments of goodwill or intangible assets or the establishment of valuation allowances against future tax assets;
- insurance risks including product design and pricing, mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism;
- accuracy of estimates used in applying accounting policies and actuarial methods used by Industrial Alliance;
- ability to market and distribute products through current and future distribution channels;
- accuracy of accounting policies and actuarial methods used by Industrial Alliance;
- ability to implement effective hedging strategies and unforeseen consequences arising from such strategies;
- ability to source appropriate non-fixed income assets to back Industrial Alliance's long dated liabilities;
- failure of information systems and Internet-enabled technology;
- breaches of computer security and privacy;
- the realization of losses arising from the sale of investments classified as available for sale;
- obligations to pledge additional collateral;
- the availability of letters of credit to provide capital management flexibility;
- accuracy of information received from counterparties and ability of counterparties to meet their obligations;
- the availability, affordability and adequacy of reinsurance;
- legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings and including private legal proceedings and class actions relating to practices in the mutual fund, insurance, annuity and financial product distribution industries;
- ability to adapt products and services to the changing market;
- ability to attract and retain key executives, employees and agents;
- the appropriate use and interpretation of complex models or deficiencies in models used;
- acquisitions and Industrial Alliance's ability to complete acquisitions including the availability of equity and debt financing for this purpose;
- unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses;
- the disruption of or changes to key elements of Industrial Alliance's or public infrastructure systems;
- environmental concerns; and
- Industrial Alliance's ability to protect its intellectual property and exposure to claims of infringement.

Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found under “Risk Factors” in this Prospectus, under “Risk Factors” in Industrial Alliance’s most recent annual information form, in Industrial Alliance’s most recent management’s discussion and analysis under “Risk Management”, in the “Management of Risks Associated with Financial Instruments” and “Insurance Contract Liabilities” notes to Industrial Alliance’s most recent audited consolidated financial statements, and elsewhere in Industrial Alliance’s filings with Canadian securities regulators, which are available for review at [www.sedar.com](http://www.sedar.com).

The forward-looking statements in this Prospectus or the documents incorporated by reference in this Prospectus reflect, unless otherwise indicated, Industrial Alliance’s expectations as of the date of this Prospectus or the documents incorporated by reference in this Prospectus. Industrial Alliance does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Prospectus or to reflect the occurrence of unanticipated events, except as required by law.

### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, which have been filed by Industrial Alliance with the securities commissions or similar authorities in each of the provinces of Canada, are incorporated by reference into and form an integral part of this Prospectus:

- (a) Industrial Alliance’s Annual Information Form dated March 26, 2013 for the year ended December 31, 2012;
- (b) Industrial Alliance’s audited consolidated financial statements and the notes thereto as at and for the years ended December 31, 2012 and 2011, together with the independent auditor’s report thereon and the report of the appointed actuary for the years ended December 31, 2012 and 2011, as set out on page 3 of the audited consolidated financial statements;
- (c) Industrial Alliance’s management’s discussion and analysis dated February 15, 2013 for the audited consolidated financial statements referred to in paragraph (b);
- (d) Industrial Alliance’s information circular for the solicitation of proxies dated March 1, 2013 in connection with the annual meeting of shareholders and participating policyholders to be held on May 9, 2013; and
- (e) the material change report of Industrial Alliance dated February 28, 2013 with respect to Industrial Alliance’s offering of 6,000,000 common shares for gross proceeds of approximately \$225.0 million (approximately \$250.0 million after the exercise in full of the over-allotment option in respect thereof) and the intention of Industrial Alliance to issue a redemption notice to redeem all of the outstanding 8.25% subordinated debentures due March 27, 2019, with a nominal value of \$100 million, on or about March 29, 2013 and to issue the necessary notice to redeem all of Industrial Alliance Trust Securities (IATS) – Series A (the “IATS-Series A”), with a nominal value of \$150 million, on June 30, 2013.

Any documents of the types referred to above, any unaudited interim consolidated financial statements and related management’s discussion and analysis, any business acquisition reports and any material change reports (excluding confidential material change reports if any), filed by Industrial Alliance with the securities regulatory authorities in Canada after the date of this Prospectus and prior to the completion or withdrawal of the distribution of Securities, shall be deemed to be incorporated by reference into this Prospectus. Updated earnings coverage ratios, if required, will be filed quarterly with the applicable securities regulatory authorities in Canada either as Prospectus Supplements or as exhibits to Industrial Alliance’s unaudited interim and audited annual consolidated financial statements and will be deemed to be incorporated by reference into this Prospectus for the purposes of the offering of Securities hereunder.

A Prospectus Supplement containing the specific terms in respect of any Securities will be delivered, together with this Prospectus, to purchasers of such Securities and will be deemed incorporated in this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement, but only for the purposes of the distribution of the Securities to which such Prospectus Supplement pertains.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this Prospectus, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

Upon a new annual information form and annual audited consolidated financial statements and related management's discussion and analysis being filed by Industrial Alliance with, and where required, accepted by, the applicable securities regulatory authorities during the time that this Prospectus is valid, the previous annual information form, annual audited consolidated financial statements and related management's discussion and analysis and all unaudited comparative consolidated financial statements and related management's discussion and analysis, and all material change reports and any information circular filed prior to the commencement of Industrial Alliance's financial year in which the new annual information form is filed, shall be deemed no longer incorporated by reference into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

Investors should rely only on the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. Industrial Alliance has not authorized anyone to provide investors with different or additional information. Industrial Alliance is not making an offer of Securities in any jurisdiction where the offer is not permitted by law. Investors should not assume that the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date on the front of the applicable Prospectus Supplement.

#### **CURRENCY INFORMATION**

All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise indicated.

#### **INDUSTRIAL ALLIANCE**

Industrial Alliance is a capital stock life insurance company resulting from its conversion from a mutual life insurance company into a capital stock life insurance company on February 10, 2000. The mutual life insurance company itself resulted from the amalgamation, in 1987, of Industrial Life Insurance Company, founded in 1905, and Alliance Mutual Life Insurance Company, founded in 1892. In 1996, the mutual life insurance company amalgamated with The Solidarity Life Insurance Company.

On June 11, 2003, Industrial Alliance was continued under Part 1A of the *Companies Act* (Québec) (the "Companies Act") pursuant to Articles of Continuance. As part of its continuance, Industrial Alliance changed its name to "Industrial Alliance Insurance and Financial Services Inc.", and its French version "Industrielle Alliance, Assurance et services financiers inc.", and reorganized its share capital. On June 30, 2012, Industrial Alliance amalgamated with its subsidiary, Industrial Alliance Pacific Insurance and Financial Services Inc. Industrial Alliance is governed by the Insurance Act, the *Business Corporations Act* (Québec) (which replaced the Companies Act effective as of February 14, 2011) and *An Act respecting Industrial-Alliance, Life Insurance Company* (Québec).

Industrial Alliance's head office is located at 1080 Grande Allée West, Québec City, Québec, G1K 7M3.

A list of the principal subsidiaries directly or indirectly owned or controlled by Industrial Alliance as at December 31, 2012 is included in Industrial Alliance's management's discussion and analysis dated February 15, 2013.

Industrial Alliance is a life and health insurance company that conducts activities in the insurance and financial services sector. Industrial Alliance offers a wide range of life and health insurance products, savings and retirement plans, mutual and segregated funds, securities, auto and home insurance, mortgage loans, creditor insurance and other financial products and services. The fourth largest life and health insurance company in Canada, Industrial Alliance is at the head of a large financial group, which is present in all regions of the country and in the United States. Industrial Alliance insures over three million Canadians, employs more than 4,300 individuals, and manages and administers over \$83 billion in assets. Industrial Alliance's Common Shares, Non-Cumulative Class A Preferred Shares Series B, Non-Cumulative Class A Preferred Shares Series C, Non-Cumulative Class A Preferred Shares Series E, Non-Cumulative Class A Preferred Shares Series F and Non-Cumulative Class A Preferred Shares Series G are listed on the Toronto Stock Exchange under the ticker symbols IAG, IAG.PR.A, IAG.PR.C, IAG.PR.E, IAG.PR.F and IAG.PR.G, respectively. Industrial Alliance is among the largest public companies in Canada.

## **DESCRIPTION OF SHARE CAPITAL**

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

As of April 9, 2013, 97,806,863 Common Shares, 5,000,000 Non-Cumulative Class A Preferred Shares Series B, 4,000,000 Non-Cumulative Class A Preferred Shares Series C, 4,000,000 Non-Cumulative Class A Preferred Shares Series E, 4,000,000 Non-Cumulative Class A Preferred Shares Series F and 10,000,000 Non-Cumulative Class A Preferred Shares Series G were issued and outstanding. In addition, as of April 9, 2013, (a) an unlimited number of Non-Cumulative Class A Preferred Shares, Series YY and an unlimited number of Non-Cumulative Class A Preferred Shares, Series ZZ were created and reserved for issuance upon the exchange of the IATS – Series A, (b) 4,000,000 Non-Cumulative Class A Preferred Shares Series D were created and reserved for issuance upon the conversion of the Non-Cumulative Class A Preferred Shares Series C, (c) 10,000,000 Non-Cumulative Class A Preferred Shares Series H were reserved for issuance upon the conversion of the Non-Cumulative Class A Preferred Shares Series G.

The following is a summary of certain rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares and the Common Shares. This summary is qualified in its entirety by the articles of Industrial Alliance. The particular terms and provisions of a series of the Class A Preferred Shares offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

### **Description of the Common Shares**

#### ***Dividends***

Subject to the prior rights of the holders of the Class A Preferred Shares, the Preferred Shares and any other shares ranking senior to the Common Shares with respect to payment of dividends, the holders of Common Shares will be entitled to receive dividends as and when declared by the Board of Directors out of moneys properly applicable to the payment of dividends, in such amount and in such forms as the Board of Directors may determine and all dividends which the Board of Directors may declare on the Common Shares will be declared and paid in equal amounts per share on all Common Shares outstanding at the time.

#### ***Dissolution***

In the event of the liquidation or dissolution of Industrial Alliance, whether voluntary or involuntary, or any other distribution of the assets of Industrial Alliance among its participating policyholders and shareholders for the specific purpose of winding up its affairs, subject to the prior rights of the holders of the Class A Preferred Shares, the Preferred Shares and any other shares ranking senior to the Common Shares with respect to the distribution of assets in the event of the liquidation or dissolution of Industrial Alliance, the holders of the Common Shares will be



entitled to receive the remaining property of Industrial Alliance that pertains to shareholders in equal amounts per share, without preference or priority of one share over another.

### ***Voting rights***

The holders of Common Shares will be entitled to receive notice of and to attend all meetings of the shareholders of Industrial Alliance and will have one vote for each Common Share held at all meetings of the shareholders of Industrial Alliance, except for meetings at which only holders of another specified class or series of shares of Industrial Alliance are entitled to vote separately as a class or series.

### ***Notice of meeting***

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefore and the conduct thereof will be those required by law and those, if any, prescribed by the by-laws or the administrative resolutions of Industrial Alliance with respect to meetings of shareholders.

### **Description of the Class A Preferred Shares**

#### ***Board of Directors' Authority to Issue in One or More Series***

The Board of Directors may issue the Class A Preferred Shares in one or more series. Before any shares of a series are issued, the Board of Directors will fix the number of shares that will form the series and, subject to any limitations set out in the articles of Industrial Alliance, the designation of Class A Preferred Shares series, as well as the rights, privileges, restrictions and conditions attaching thereto. Before the issue of any shares of a series of Class A Preferred Shares, the Board of Directors will amend the articles of Industrial Alliance so as to include therein the number and designation as well as the rights, privileges, restrictions and conditions of the series created by the Board of Directors, the whole subject to the authorization of the *Autorité des marchés financiers* (the "AMF") in accordance with Section 35.2 of the Insurance Act.

#### ***Ranking of the Class A Preferred Shares***

No rights, privileges, restrictions or conditions attached to a series of Class A Preferred Shares confer on the series a priority in respect of dividends or return of capital over any other series of Class A Preferred Shares.

With respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation or dissolution of Industrial Alliance, whether voluntary or involuntary, or any other distribution of the assets of Industrial Alliance among its participating policyholders and shareholders for the specific purpose of winding up its affairs, the Class A Preferred Shares: (a) rank equally with the Preferred Shares; and (b) are entitled to a preference over the Common Shares and any other shares ranking junior to the Class A Preferred Shares.

If any cumulative dividends, whether or not declared, or declared non-cumulative dividends or amounts payable on return of capital are not paid in full in respect of any series of Class A Preferred Shares, then the Class A Preferred Shares of all series participate rateably in respect of such dividends in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of such return of capital in accordance with the sums that would be payable on such return of capital if all sums so payable were paid in full; provided, however, that if there are insufficient assets to satisfy in full all such claims as aforesaid, then the claims of the holders of the Class A Preferred Shares with respect to return of capital will be paid and satisfied first and any assets remaining thereafter will be applied towards the payment and satisfaction of claims in respect of dividends. The Class A Preferred Shares of any series may also be given such other preferences not inconsistent with the rights, privileges, restrictions and conditions attached to the Class A Preferred Shares as a class over the Common Shares and any other shares ranking junior to the Class A Preferred Shares as may be determined in the case of such series of Class A Preferred Shares.

### ***Voting Rights***

Except as referred to below or as required by law or as specified in the rights, privileges, restrictions and conditions attached from time to time to any series of Class A Preferred Shares, the holders of the Class A Preferred Shares as a class are not entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders or participating policyholders of Industrial Alliance.

### ***Amendment with Approval of the Holders of Class A Preferred Shares***

The rights, privileges, restrictions and conditions attached to the Class A Preferred Shares as a class may be changed or removed but only with the approval of the holders of the Class A Preferred Shares given as specified below.

### ***Approval of the Holders of the Class A Preferred Shares***

The approval of the holders of the Class A Preferred Shares to change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares as a class or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares 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 duly called for that purpose at which the holders of at least one-fourth ( $\frac{1}{4}$ ) of the outstanding Class A Preferred Shares 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 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 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 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 Industrial Alliance 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 as a class, 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 entitled to vote thereat has one vote in respect of each Class A Preferred Share held.

## **DESCRIPTION OF DEBT SECURITIES**

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be direct unsecured obligations of Industrial Alliance. The Debt Securities will be senior or subordinated indebtedness of Industrial Alliance as described in the relevant Prospectus Supplement. If the Debt Securities are senior indebtedness for the purposes of the Insurance Act, they will rank equally and rateably with all other unsecured indebtedness of Industrial Alliance, from time to time issued and outstanding, which is not subordinated. If the Debt Securities are subordinated indebtedness for the purposes of the Insurance Act, they will rank equally and rateably with all other subordinated indebtedness of Industrial Alliance, from time to time issued and outstanding. In the event of the insolvency or winding-up of Industrial Alliance, the subordinated indebtedness of Industrial Alliance, including the subordinated Debt Securities, will be subordinate in right of payment to all policy liabilities of Industrial Alliance and all other liabilities of Industrial Alliance (including senior indebtedness), except those other liabilities that, by their terms, rank, equally with or are subordinate to such subordinated indebtedness. **The Debt Securities will not constitute deposits that are insured under the CDIC Act or the QDI Act.**

The Debt Securities will be issued under one or more indentures (each, a “Trust Indenture”), in each case between Industrial Alliance and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (each, a “Trustee”). The statements made hereunder relating to any Trust Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture.

Each Trust Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by Industrial Alliance. Any Prospectus Supplement for Debt Securities supplementing this Prospectus will contain terms and other information with respect to the Debt Securities being offered thereby, which may include the following:

- (i) the designation, aggregate principal amount, authorized denominations and ranking of such Debt Securities;
- (ii) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- (iii) the percentage of the principal amount at which such Debt Securities will be issued;
- (iv) the date or dates on which such Debt Securities will mature;
- (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- (vi) the dates on which any such interest will be payable and the record dates for such payments;
- (vii) the place or places where principal, premium and interest will be payable;
- (viii) the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued;
- (ix) any redemption term or terms under which such Debt Securities may be defeased;
- (x) whether such Debt Securities are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (xi) any exchange or conversion terms;
- (xii) any terms relating to the modification, amendment or waiver of any terms of such Debt Securities or the applicable indenture; and
- (xiii) any other specific terms.

Debt Securities may, at the option of Industrial Alliance, be issued in fully registered form, in “book-entry only” form or may be uncertificated. Debt Securities in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for a like aggregate principal amount in authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the Trustee for such Debt Securities. No charge will be made to the holder for any such exchange or transfer except for any tax or government charge incidental thereto.

Debt Securities of a single series may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

Industrial Alliance will summarize in the applicable Prospectus Supplement certain terms of the Debt Securities being offered thereby and the relevant Trust Indenture which Industrial Alliance believes will be most important to an investor's decision to invest in the Debt Securities being offered. It is the Trust Indenture, as supplemented by any applicable supplemental indenture, and not this summary, which defines the rights of a holder of Debt Securities. There may be other provisions in the Trust Indenture which are important to a purchaser of Debt Securities. Such purchaser of Debt Securities should read the Trust Indenture for a full description of the terms of the Debt Securities.

### DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following sets forth certain general terms and provisions of the Subscription Receipts. Industrial Alliance may issue Subscription Receipts that may be exchanged by the holders thereof for Debt Securities, Class A Preferred Shares or Common Shares upon the satisfaction of certain conditions. The particular terms and provisions of the Subscription Receipts offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described below apply to those Subscription Receipts, will be described in such Prospectus Supplement.

Subscription Receipts may be offered separately or together with Debt Securities, Class A Preferred Shares or Common Shares, as the case may be. The Subscription Receipts will be issued under a subscription receipt agreement. Under the subscription receipt agreement, a purchaser of Subscription Receipts will have a contractual right of rescission following the issuance of Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, to such purchaser, entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, if this Prospectus, the relevant Prospectus Supplement, and any amendment thereto, contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the date the Subscription Receipts are issued.

Any Prospectus Supplement for Subscription Receipts supplementing this Prospectus will contain the terms and conditions and other information with respect to the Subscription Receipts being offered thereby, including:

- (i) the number of Subscription Receipts;
- (ii) the price at which the Subscription Receipts will be offered and whether the price is payable in installments;
- (iii) any conditions to the exchange of Subscription Receipts into Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, and the consequences of such conditions not being satisfied;
- (iv) the procedures for the exchange of the Subscription Receipts into Debt Securities, Class A Preferred Shares or Common Shares, as the case may be;
- (v) the number of Debt Securities, Class A Preferred Shares or Common Shares, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;
- (vi) the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- (vii) the dates or periods during which the Subscription Receipts may be exchanged into Debt Securities, Class A Preferred Shares or Common Shares, as the case may be;
- (viii) whether such Subscription Receipts will be listed on any securities exchange;
- (ix) any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts; and
- (x) any other specific terms.

Subscription receipt certificates will be exchangeable for new subscription receipt certificates of different denominations at the office indicated in the applicable Prospectus Supplement. Prior to the exchange of their Subscription Receipts, holders of Subscription Receipts will not have any of the rights of holders of the securities subject to the Subscription Receipts.

## DESCRIPTION OF WARRANTS

The following sets forth certain general terms and provisions of the Warrants.

Industrial Alliance may issue Warrants for the purchase of Debt Securities, Class A Preferred Shares or Common Shares. Warrants may be issued independently or together with Debt Securities, Class A Preferred Shares or Common Shares offered by any Prospectus Supplement and may be attached to, or separate from, any such offered Securities. Warrants will be issued under one or more warrant agreements between Industrial Alliance and a warrant agent that Industrial Alliance will name in the relevant Prospectus Supplement.

Industrial Alliance has delivered an undertaking to the securities regulatory authority in each of the provinces of Canada that Industrial Alliance will not distribute Warrants that, according to the aforementioned terms as described in the Prospectus Supplement for Warrants supplementing this Prospectus, are “novel” specified derivatives or “long-term” or “stand-alone” warrants within the meaning of Canadian securities rules, separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless the Prospectus Supplement containing the specific terms of the Warrants to be distributed separately is first approved for filing by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Canada where the Warrants will be distributed.

Selected provisions of the Warrants and the warrant agreements are summarized below. This summary is not complete. The statements made in this Prospectus relating to any warrant agreement and Warrants to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement.

Any Prospectus Supplement for Warrants supplementing this Prospectus will contain the terms and other information with respect to the Warrants being offered thereby, including:

- (i) the designation of the Warrants;
- (ii) the aggregate number of Warrants offered and the offering price;
- (iii) the designation, number and terms of the Debt Securities, Class A Preferred Shares or Common Shares or other securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- (iv) the exercise price of the Warrants;
- (v) the dates or periods during which the Warrants are exercisable;
- (vi) the designation and terms of any securities with which the Warrants are issued;
- (vii) if the Warrants are issued as a unit with another security, the date on and after which the Warrants and the other security will be separately transferable;
- (viii) the currency or currency unit in which the exercise price is denominated;
- (ix) any minimum or maximum amount of Warrants that may be exercised at any one time;
- (x) whether such Warrants will be listed on any securities exchange;

- (xi) any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- (xii) any rights, privileges, restrictions and conditions attaching to the Warrants; and
- (xiii) any other specific terms.

Warrant certificates will be exchangeable for new warrant certificates of different denominations at the office indicated in the applicable Prospectus Supplement. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the securities subject to the Warrants.

### **Modifications**

Industrial Alliance may amend the warrant agreements and the Warrants, without the consent of the holders of the Warrants, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of holders of outstanding Warrants. Other amendment provisions will be as indicated in the applicable Prospectus Supplement.

### **Enforceability**

The warrant agent will act solely as Industrial Alliance's agent. The warrant agent will not have any duty or responsibility if Industrial Alliance defaults under the warrant agreements or the warrant certificates. A Warrant holder may, without the consent of the warrant agent, enforce by appropriate legal action on its own behalf the holder's right to exercise the holder's Warrants.

## **DESCRIPTION OF SHARE PURCHASE CONTRACTS**

The following sets forth certain general terms and provisions of the Share Purchase Contracts. Industrial Alliance may issue Share Purchase Contracts, representing contracts obligating holders to purchase from or sell to Industrial Alliance, and obligating Industrial Alliance to purchase from or sell to the holders, a specified number of Common Shares or Class A Preferred Shares, as applicable, at a future date or dates, and including by way of installments. Industrial Alliance has delivered an undertaking to the securities regulatory authority in each of the provinces of Canada that Industrial Alliance will not distribute Share Purchase Contracts to any member of the public in Canada unless the Prospectus Supplement containing the specific terms of the Share Purchase Contracts to be distributed is first approved for filing by the securities commissions or similar regulatory authorities in each of the provinces of Canada where the Share Purchase Contracts will be distributed.

The price per Common Share or Class A Preferred Share, as applicable, may be fixed at the time the Share Purchase Contracts are issued or may be determined by reference to a specific formula contained in the Share Purchase Contracts. Industrial Alliance may issue Share Purchase Contracts in accordance with applicable laws and in such amounts and in as many distinct series as it may determine.

Any Prospectus Supplement for Share Purchase Contracts supplementing this Prospectus will contain the terms and other information with respect to the Share Purchase Contracts being offered thereby, including:

- (i) whether the Share Purchase Contracts obligate the holder to purchase or sell, or both purchase and sell, Common Shares or Class A Preferred Shares, as applicable, and the nature and amount of each of those securities, or the method of determining those amounts;
- (ii) whether the Share Purchase Contracts are to be prepaid or not or paid in installments;
- (iii) any conditions upon which the purchase or sale will be contingent and the consequences if such conditions are not satisfied;
- (iv) whether the Share Purchase Contracts are to be settled by delivery, or by reference or linkage to the value or performance of Common Shares or Class A Preferred Shares;

- (v) any acceleration, cancellation, termination or other provisions relating to the settlement of the share purchase contracts;
- (vi) the date or dates on which the sale or purchase must be made, if any;
- (vii) whether such Share Purchase Contracts will be listed on any securities exchange;
- (viii) whether the Share Purchase Contracts will be issued in fully registered or global form;
- (ix) any rights, privileges, restrictions and conditions attaching to the Share Purchase Contracts; and
- (x) any other specific terms.

The applicable Prospectus Supplement will describe the terms of any Share Purchase Contracts. The preceding description and any description of Share Purchase Contracts in the applicable Prospectus Supplement does not purport to be complete and is subject to and is qualified in its entirety by reference to the Share Purchase Contract agreement and, if applicable, collateral arrangements and depository arrangements relating to such Share Purchase Contracts.

Share purchase contract certificates will be exchangeable for new share purchase contract certificates of different denominations at the office indicated in the applicable Prospectus Supplement. In the case of Share Purchase Contracts which obligate the holders to purchase securities from Industrial Alliance, the holders will not have any of the rights of holders of the securities to be purchased pursuant to the Share Purchase Contracts until the completion of the purchase of those securities by the relevant holder in accordance with the terms of the Share Purchase Contract.

#### **DESCRIPTION OF UNITS**

The following sets forth certain general terms and provisions of the Units.

Industrial Alliance may issue Units comprised of one or more of the other Securities described in this Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each Security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included Security. The unit agreement under which a Unit is issued may provide that the Securities included in the Unit may not be held or transferred separately, at any time or at any time before a specified date.

Industrial Alliance has delivered an undertaking to the securities regulatory authority in each of the provinces of Canada that Industrial Alliance will not distribute Units comprised of one or more of Share Purchase Contracts or Warrants that, at the time of distribution, are “novel” specified derivatives or “long-term” or “stand-alone” warrants within the meaning of Canadian securities rules, separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless the Prospectus Supplement containing the specific terms of the Units to be distributed separately is first approved for filing by the securities commissions or similar regulatory authorities in each of the provinces of Canada where the Units will be distributed.

Any Prospectus Supplement for Units supplementing this Prospectus will contain the terms and other information with respect to the Units being offered thereby, including:

- (i) the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;
- (ii) any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- (iii) whether the Units will be issued in fully registered or global form; and

- (iv) any other specific terms.

The applicable Prospectus Supplement will describe the terms of any Unit. The preceding description and any description of Units in the applicable Prospectus Supplement does not purport to be complete and is subject to and is qualified in its entirety by reference to the unit agreement and, if applicable, collateral arrangements and depositary arrangements relating to such Units.

### **INSURANCE ACT RESTRICTIONS AND APPROVALS**

Unless there are reasonable grounds for believing that Industrial Alliance is, or the payment or declaration of a dividend or the redemption or purchase of any of its shares would cause Industrial Alliance to be, in contravention of any regulation made under the Insurance Act respecting the maintenance by life insurance companies of an adequate capital base consistent with sound and prudent management and such liquid assets as are adequate to ensure sound and prudent management, or any direction to Industrial Alliance made by the AMF pursuant to subsections 275.0.0.1 or 275.3.1 of the Insurance Act regarding its capital base or its liquid assets, Industrial Alliance may pay or declare a dividend or, with the prior consent of the AMF (in accordance with Section 2.2.5.2 of the *Capital Adequacy Requirements Guideline* of the AMF adopted in accordance with Sections 325.0.1 and 325.0.2 of the Insurance Act), redeem or purchase any of its shares. As of the date of this Prospectus, no such direction to Industrial Alliance has been made and the limitation set forth hereinabove would not restrict a payment of dividends.

### **CONSTRAINTS ON VOTING SHARES**

The Insurance Act and *An Act respecting Industrial Alliance, Life Insurance Company* (Québec) contain restrictions on the acquisition, issue, transfer and voting of voting shares of Industrial Alliance. Pursuant to these restrictions, no person is permitted to acquire, directly or indirectly, any voting shares of Industrial Alliance (including Common Shares) if the acquisition would cause the person and his associates, within the meaning of Section 49 of the Insurance Act, to hold 10% or more of the voting rights attached to the shares of Industrial Alliance. In addition, Industrial Alliance is not permitted to record any transfer or issue of voting shares of Industrial Alliance (including Common Shares) if the transfer or issue would cause the person and his associates, within the meaning of Section 49 of the Insurance Act, to hold 10% or more of the voting rights attached to the shares of Industrial Alliance. No person who holds 10% or more of the voting rights attaching to the shares of Industrial Alliance together with his associates may exercise any voting rights attached to the shares held by such person.

### **ADDITIONAL RESTRICTIONS ON DECLARATION OF DIVIDENDS**

Pursuant to a share exchange agreement entered into on July 4, 2003 (the “Share Exchange Agreement”) by and among Industrial Alliance, Industrial Alliance Capital Trust (the “Trust”), an open-ended trust controlled by Industrial Alliance and established under the laws of Ontario pursuant to a declaration of trust dated as of June 16, 2003, as amended and restated from time to time, and Computershare Trust Company of Canada, as trustee for the holders of IATS — Series A, Industrial Alliance has agreed, for the benefit of the holders of IATS – Series A, that if the Trust fails on any last day of June or December of each year to pay the non-cumulative fixed cash distribution (an “Indicated Yield”) on the IATS – Series A in full, Industrial Alliance will not pay dividends on its Dividend Restricted Shares until the 12<sup>th</sup> month following the Trust’s failure to pay the Indicated Yield in full on the IATS - Series A, unless the Trust first pays such Indicated Yield (or the unpaid portion thereof) to the holders of the IATS - Series A. “Dividend Restricted Shares” means under the Share Exchange Agreement the Public Preferred Shares, the Common Shares and the Preferred Shares of Industrial Alliance. “Public Preferred Shares” means under the Share Exchange Agreement preferred shares of Industrial Alliance which (i) have been issued to the public (excluding any preferred shares of Industrial Alliance held beneficially by affiliates of Industrial Alliance), (ii) are listed on a recognized stock exchange, and (iii) have an aggregate liquidation entitlement of at least \$75 million. Industrial Alliance currently has 5,000,000 Non-Cumulative Class A Preferred Shares Series B, 4,000,000 Non-Cumulative Class A Preferred Shares Series C, 4,000,000 Non-Cumulative Class A Preferred Shares Series E, 4,000,000 Non-Cumulative Class A Preferred Shares Series F and 10,000,000 Non-Cumulative Class A Preferred Shares Series G issued and outstanding which are Public Preferred Shares. On February 19, 2013, Industrial Alliance announced its intention to cause the Trust to redeem all of its outstanding IATS – Series A on June 30, 2013.



## PLAN OF DISTRIBUTION

Industrial Alliance may sell the Securities (i) through underwriters or dealers, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions, or (iii) through agents. The Securities may be sold at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of the specified securities in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities. The Prospectus Supplement for any of the Securities being offered thereby will set forth the terms of the offering of such Securities, including the type of security being offered, the name or names of any underwriters, dealers or agents, the purchase price of such Securities, the proceeds to Industrial Alliance from such sale, any underwriting discounts and other items constituting underwriters' compensation, any public offering price and any discounts or concessions allowed or reallocated or paid to dealers. Only underwriters so named in the Prospectus Supplement are deemed to be underwriters in connection with the Securities offered thereby.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities of the series offered by the Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

The Securities may also be sold directly by Industrial Alliance at such prices and upon such terms as agreed to by Industrial Alliance and the purchaser or through agents designated by Industrial Alliance from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by Industrial Alliance to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

Industrial Alliance may agree to pay the underwriters, dealers or agents a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of the general corporate funds of Industrial Alliance. Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with Industrial Alliance to indemnification by Industrial Alliance against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

In connection with any offering of the Securities, the underwriters, dealers or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

Unless otherwise specified in a Prospectus Supplement, the Securities will not be registered under the *United States Securities Act of 1933*, as amended or the securities law of any state of the United States of America.

## RISK FACTORS

An investment in the Securities is subject to various risks including those risks inherent in investing in a diversified financial institution. Before deciding whether to invest in any Securities, investors should carefully consider the risks set out herein and described in the documents incorporated by reference in this Prospectus (including subsequently filed documents deemed to be incorporated by reference) and, if applicable, those described in a Prospectus Supplement relating to a specific offering of Securities. Prospective purchasers should consider the categories of risks identified and discussed in other filings Industrial Alliance makes with securities regulators including, without limitation, the sections entitled "Risk Factors" in Industrial Alliance's annual information form and "Risk Management" contained in Industrial Alliance's management's discussion and analysis related to the most recent audited annual consolidated financial statements and the "Management of Risks Associated with Financial Instruments" and "Insurance Contract Liabilities" notes to Industrial Alliance's most recent audited consolidated financial statements, all of which are being incorporated by reference into this Prospectus. These risks

are not the only risks facing Industrial Alliance. Additional risks and uncertainties not currently known to the Industrial Alliance, or that Industrial Alliance currently deems immaterial, may also materially and adversely affect its business.

#### **USE OF PROCEEDS**

Unless otherwise specified in a Prospectus Supplement, the net proceeds to Industrial Alliance from the sale of the Securities will be used for the general corporate purposes of Industrial Alliance.

#### **LEGAL MATTERS**

Unless otherwise specified in a Prospectus Supplement, certain legal matters relating to an issue and sale of Securities will be passed upon on behalf of Industrial Alliance by Lavery, de Billy, L.L.P. As of the date hereof, the partners and associates of Lavery, de Billy, L.L.P. owned beneficially as a group, directly or indirectly, less than 1% of the outstanding securities of Industrial Alliance.

#### **INDEPENDENT AUDITOR**

The independent auditor of Industrial Alliance is Deloitte s.e.n.c.r.l., 925 Grande Allée West, Suite 400, Québec City, Québec, G1S 4Z4.

#### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.**

Dated: April 10, 2013

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

*(Signed)* YVON CHAREST  
President and Chief Executive Officer

*(Signed)* RENÉ CHABOT  
Senior Vice President and Chief Actuary  
(as Chief Financial Officer)

On Behalf of the Board of Directors

*(Signed)* John LeBoutillier  
Director

*(Signed)* Serge Gadbois  
Director