

Acquisition of Clarington

Achieving Scale in Wealth Management

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November 7, 2005

Forward-Looking Statements

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Highlights

- Offer to acquire 100% of the outstanding shares of Clarington Corporation ("Clarington")
 - Unanimous support by the Clarington Board of Directors
 - Senior management and other shareholders have signed lock-up agreements
- Exceptional complementary fit between IA and Clarington in terms of capabilities and culture
- Combined company will rank 17th in terms of retail fund AUM in Canada with over \$10.2 billion
- Continuing role of Clarington senior management to maintain sales momentum and maximize revenue synergies
- Offer based on extensive discussions and full due diligence review
- Take-Over and Directors Circulars expected to be mailed as soon as possible

Transaction Details

Offer:	100% of the shares of Clarington Corporation by way of a take-over bid
Consideration Offered:	<p>\$14.25 per Clarington share, payable in cash or IA shares at the option of the holder, as follows:</p> <ol style="list-style-type: none">1. \$14.25 per share in cash, or2. the equivalent amount of IA shares based on the volume weighted average price in the five (5) trading days, one (1) day prior to the expiry of the take-over bid <p>or any combination of the above subject to a limit of 25% of the consideration to be in the form of IA shares</p> <p>Total consideration of \$273 million (including debt assumed of \$62 million)</p>
Acquisition Multiples:	6.9% of AUM and 7.7x LTM Adjusted EBITDA
Support Agreement:	<p>The Board of Clarington is unanimously recommending the transaction</p> <p>Break-up fee of \$7.0 million</p> <p>Right to match competing transactions</p>
Lock-up Agreement:	Over 25% of the fully diluted shares outstanding are subject to Lock-up Agreements including shares held by senior management
Timing:	Expected closing in early January

Compelling Strategic and Financial Transaction

- Creates a scale player with more than \$10.2 billion in retail fund AUM
...allows IA to generate margins in line with the largest companies and provide benefits for unitholders
- Provides a national platform
...brings wealth management in-line with IA's national life insurance presence
- Evolution of IA's growth initiatives in wealth management
... IA is an experienced acquirer in wealth management with expertise
- Puts "product" on IA's growing "shelf"
... revenue synergies from the ability to increase sales through extensive network of affiliated distributors with approximately \$8 billion of AUA
- Leverages IA's infrastructure
... cost synergies from back office services, IT, investment management and financing
- Efficient use of IA's excess capital
...accretive to EPS and ROE in the first year

Achieving Scale

Total Market

Company	Rank	AUM (\$MM)	Market Share
IG/Mackenzie/Counsel	1	\$91,883	15.3%
RBC Asset Management Inc.	2	\$56,339	9.4%
C.I. Investments	3	\$52,717	8.8%
CIBC Asset Management	4	\$44,746	7.5%
AIM Trimark Investments	5	\$44,581	7.4%
TD Asset Management Inc.	6	\$42,311	7.1%
Fidelity Investments Canada Limited	7	\$33,657	5.6%
BMO/GGOF	8	\$29,397	4.9%
Manulife Investments	9	\$23,669	3.9%
AGF Management Limited	10	\$22,381	3.7%
Franklin Templeton Investments	11	\$21,945	3.7%
Dynamic Mutual Funds	12	\$17,132	2.9%
Phillips Hager & North Ltd.	13	\$15,442	2.6%
Scotia Securities Inc.	14	\$15,410	2.6%
MD Management	15	\$11,034	1.8%
National / Altamira	16	\$11,023	1.8%
Industrial Alliance/Clarington Combined	(17)	\$10,223	1.7%
AIC Limited	17	\$9,016	1.5%
Desjardins/Northwest/Maestral	18	\$8,331	1.4%
Industrial Alliance	19	\$5,853	1.0%
Clarington Corporation	20	\$4,370	0.7%
Other		\$38,341	6.4%
Total		\$599,577	100.0%

Independent Advisor Channel

Company	Rank	AUM (\$MM)	Market Share
C.I. Investments	1	\$52,717	15.8%
AIM Trimark Investments	2	\$44,581	13.4%
Mackenzie	3	\$41,517	12.5%
Fidelity Investments Canada Limited	4	\$33,657	10.1%
Manulife Investments	5	\$23,669	7.1%
AGF Management Limited	6	\$22,381	6.7%
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AIC Limited	10	\$9,016	2.7%
Industrial Alliance	11	\$5,853	1.8%
GGOF	12	\$5,566	1.7%
Clarington Corporation	13	\$4,370	1.3%
Brandes Investment Partners	14	\$4,294	1.3%
Acuity Funds Ltd.	15	\$3,770	1.1%
Standard Life Mutual Funds Ltd.	16	\$2,930	0.9%
AEGON Fund Management	17	\$2,703	0.8%
Northwest Mutual Funds - Maestral Funds	18	\$1,768	0.5%
Ethical Funds Inc.	19	\$1,711	0.5%
Maver Investment Management	20	\$1,389	0.4%
Other		\$16,304	4.9%
Total		\$332,713	100.0%

Source: IFIC, Pooled Fund Survey, September 30, 2005

Acquisition of Clarington

Industrial Alliance Insurance and Financial Services Inc.
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Exceptional Fit for Both Organizations



Clarington Corporation

Growing distribution platform	Established mutual fund brand
Strong investment performance	Track record of sales success
Integration expertise	National mutual fund platform
Diversified financial service provider	Experience and innovation
Entrepreneurial culture	Entrepreneurial culture

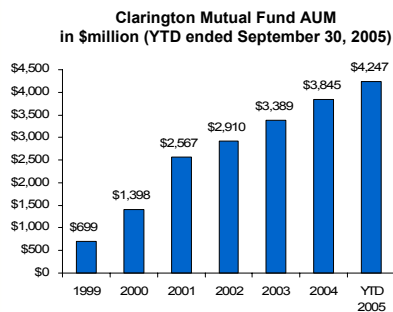
Overview of Clarington

What Clarington Brings to IA

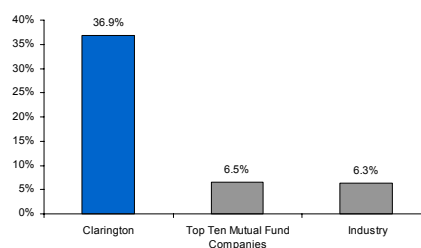
- A platform with a strong and recognized brand
- More diversified sources of distribution
- Facilitates greater sales through IA's distribution network
- Combined scale to compete as a top 10 firm in the independent fund channel
- Demonstrated and proven track record for growth
- A seasoned management and wholesaling team with a strong reputation in the industry
- Experience in developing and marketing innovative products
- Growing presence in the structured product market with 2 successful closed-end/linked note funds

AUM Growth Track Record

Outgrowing the Industry



5-Yr Compound Annual Growth in Mutual Fund AUM (To period ended September 30, 2005)



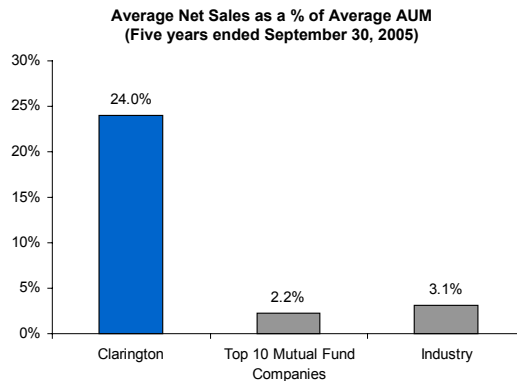
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Net Sales Track Record

Sales Leader

- Since inception, Clarington has experienced only 3 months of net redemptions



Operations Plan

- Joint branding approach – “IA Clarington” brings the strength of both brands
- Headquarters to remain in Toronto
- Senior management team will remain to continue focusing on growing the business
 - Current President of IA Fund Management, David Scandiffio to become the President of the combined operations
- Focus on achieving cost savings through leveraging back office services and information technology, as well as strong investment performance
- Complementary product line to remain largely intact, with targeted fund mergers to eliminate duplication

Strategic Rationale

Accelerates Growth in AUM

Significant Presence in Wealth Manufacturing and Distribution

Assets (\$Million)	Dec. 31, 2003	Sept. 30, 2005	Sept. 30, 2005 (Pro forma)	
General Funds	10,308	11,688	11,688	} \$25.1 Billion in AUM
Segregated Funds	5,042	7,027	7,027	
Mutual fund manufacturer	94	1,221	5,591	
Private and Instit. wealth management	–	783	783	} \$11.7 Billion in AUA
Mutual fund distribution	1,011	6,859	6,859	
Securities distribution	455	1,406	1,406	
Other ALIA	2,664	3,431	3,431	
Total	19,574	32,415	36,785	

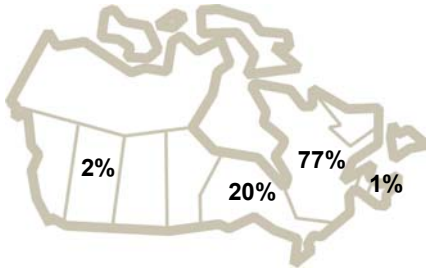
Wealth management has become a significant driver for company growth

Combination Creates a National Platform

- Clarington realizes our goal to be a national player in the retail fund business
- Brings this business segment more in-line with our well-recognized national presence in the life insurance business

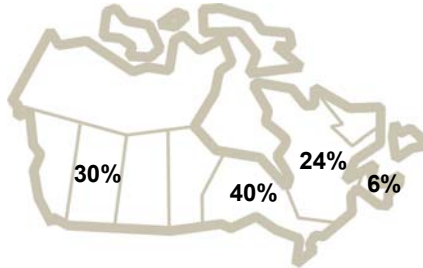
Current Mutual Fund Business

Assets Under Management



Post-transaction Mutual Fund Business

Assets Under Management



* Data as of September 30, 2005

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Successful Acquisition Track Record

Ten Acquisitions over Last Five Years

Assets (\$Million)	Acquisition date	Dec. 31, 2003	Sept. 30, 2005
Mutual fund manufacturers			
Cooperators	2003	94	1,221
BLCER	2004		
Mutual fund broker-dealers			
Concorde	2001	1,011	6,859
FundEX	2002/04		
Global Allocation	2003		
Securities			
ISL-Lafferty	2002	455	1,406
BNP (Canada)	2002		
Leduc	2002		
Lynch Investments	2004		
KingsGate	2005		

Acquisitions have been accretive, strategic and efficiently done

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Steadily Expanding “Shelf Space”

Network	Number	Created
Career (Dedicated life agents)	1,400	Traditional network
MGAs (Life brokers)	12,000	Traditional network
National Accounts (Securities brokers)	200	Since 1998
Independent mutual fund brokers	1,450	Since 2001
IA securities brokers	100	Since 2002
Laurentian Bank mutual fund brokers	500	Since 2004

An integrated approach to all retail distributors

Outstanding Investment Management Performance

Current Retail Seg Fund Line-Up

- IA offers 100 segregated funds
- IA manages core domestic equities and fixed income (74% of assets)
- Strong performance across all mandates:
 - 75% of assets above median over 1 yr
 - 85% of assets above median over 3 yrs
 - 89% of assets above median over 5 yrs
- Strong capabilities in Dividend Equity
 - IA Dividend – 5 star Morningstar rating; top quartile over all periods

Current Mutual Fund Line-Up

- IA offers 20 stand-alone funds; 5 portfolios
- Distributed under the IA, R, and Distinction brands
- Strong offerings in select areas:
 - IA Canadian Conservative Equity – 5 star Morningstar rating; one of the lowest risk in category; top quartile 50 yr track record
 - R Dividend Income - 4 star rating; above average performer at significantly lower risk
 - R Canadian Smaller Companies – 5 star rating; #6 ranked Canadian equity fund over 5 years

IA has significant investment management strengths and is a believer in ‘best of breed’ portfolio management

Financial Highlights

Financial Highlights

Share Buyback: IA intends to repurchase the shares issued under the share option, through the company's NCIB within 2 months (2% limitation imposed by the TSX)

Proposed Financing:	Uses of Cash:	
	Minimum Cash Consideration ¹	\$155 million
	Maximum repurchase of IA shares ¹	\$52 million
	Shares of Clarington owned by IA ²	<u>\$4 million</u>
	Cash required	\$211 million

Sources of Cash:	
Available Cash	\$111 million
Preferred Shares (New Issue)	<u>\$100 million</u>
	\$211 million

Leverage Impact (post buy-back): Pro-forma Debt-to-Capital ratio of 9.2%
Pro-forma Debt+Hybrids+Preferred-to-Capital ratio of 24.3%

MCCSR Impact: Pro-forma MCCSR at approximately 200% (top of target range)

¹ Consideration offered subject to a maximum of 25% in the form of IA shares

² IA owns 500,000 (3.8% of the basic shares outstanding)

Accretion / Dilution Analysis

Immediate EPS Accretion

	<u>2006</u>	<u>2007</u>
First Call Consensus Net Income (\$Million)		
Industrial Alliance	\$203.9	\$233.4
Clarington	<u>(\$3.6)</u>	<u>(\$2.8)</u>
Combined Net Income	\$200.3	\$230.6
Adjustments (after-tax)		
Adjustments and Synergies	\$14.0	\$16.4
Financing Cost	(\$8.0)	(\$8.0)
Consolidated Earnings	<u>\$206.3</u>	<u>\$239.0</u>
Shares Outstanding	79.7	79.7
EPS		
First Call Consensus ¹	\$2.56	\$2.93
Pro Forma	\$2.59	\$3.00
Accretion (\$)	\$0.03	\$0.07

¹ 2007 First Call consensus for IA consists of 2 estimates

Summary

Compelling Strategic and Financial Transaction

- Larger presence in the growing wealth management market
... complements IA's strength in the individual life and annuity segments
- Becoming a more significant player in retail funds sold through advisors
... transaction achieves significant scale in the wealth management business
- Gives IA a strong brand presence and platform from which to grow
... accelerating the ability to increase sales through FundEX and Investia and improving wealth management margins
- Adds distribution penetration
... creating one of the most diverse distribution networks in the industry
- Accretive to EPS and ROE
... efficient use of IA's excess capital

Questions & Answers