

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement, together with the short form base shelf prospectus dated April 10, 2013 to which it relates, as amended or supplemented, and each document incorporated by reference in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities have not been and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state of the United States of America and may not be offered, sold or delivered, directly or indirectly, within the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act), except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States.

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus dated April 10, 2013 from documents filed with securities commissions or similar authorities in Canada. See "Documents Incorporated by Reference". Copies of the documents incorporated herein or therein 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, G1S 1C7, telephone (418) 684-5000 or fax (418) 684-5185, and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT
(To the Short Form Base Shelf Prospectus dated April 10, 2013)

New Issue

February 18, 2015



INSURANCE AND FINANCIAL SERVICES INC.

\$250,000,000
2.64% Fixed/Floating Subordinated Debentures

Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance" or the "Corporation") is offering \$250,000,000 aggregate principal amount of 2.64% fixed/floating subordinated debentures (the "Debentures"). The Debentures will be dated February 23, 2015 and will mature on February 23, 2027. Interest on the Debentures at the rate of 2.64% per annum will be payable in arrears in equal semi-annual installments on August 23 and February 23, in each year, commencing on August 23, 2015 and continuing until February 23, 2022. Thereafter, interest on the Debentures will be payable at a rate per annum equal to the 3-month CDOR (as defined herein) plus 1.08% payable quarterly in arrears on the 23rd day of each of February, May, August and November in each year, commencing May 23, 2022. Assuming a Closing Date (as defined herein) of February 23, 2015 the initial interest payment on August 23, 2015 will be \$13.20 per \$1,000 principal amount of Debentures. See "Details of the Offering".

Subject to the provisions of *An Act respecting Insurance* (Québec), including the regulations, rules, policy statements, instruments and guidelines thereunder (collectively, the "Insurance Act") and to the prior consent of the *Autorité des marchés financiers* (the "AMF") Industrial Alliance may, at its option, redeem the Debentures in whole or in part on not less than 30 days' nor more than 60 days' prior notice to the registered holder, on or after February 23, 2022 at a redemption price equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption. Further particulars concerning the attributes and the distribution of the Debentures are set out under the heading "Details of the Offering".

	<u>Price to the Public</u>	<u>Agents' Fee⁽¹⁾</u>	<u>Net Proceeds to Industrial Alliance⁽²⁾</u>
Per \$1,000 principal amount of Debentures	\$999.75	\$3.70	\$996.05
Total	\$249,937,500	\$925,000	\$249,012,500

- 1) Agents' fee consists of a fee equal to \$3.70 for each \$1,000 principal amount of Debentures sold.
- 2) Before deduction of expenses of this offering payable by Industrial Alliance estimated at \$585,000. See "Plan of Distribution".

TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., CIBC World Markets Inc. and Industrial Alliance Securities Inc. (the "Agents"), as agents, conditionally offer the Debentures, on a best efforts basis at 99.975% of the principal amount of Debentures subject to prior sale, if, as and when issued by Industrial Alliance in accordance with an agency agreement dated February 18, 2015 by and among the Corporation and the Agents (the "Agency Agreement"), the whole as more fully described under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of Industrial Alliance by Norton Rose Fulbright Canada LLP and on behalf of the Agents by McCarthy Tétrault LLP.

Industrial Alliance Securities Inc., one of the Agents, is a wholly-owned subsidiary of Industrial Alliance. Therefore, Industrial Alliance is a "related issuer" of Industrial Alliance Securities Inc. under applicable securities legislation by virtue of Industrial Alliance's interest in Industrial Alliance Securities Inc. See "Plan of Distribution".

The Debentures will not be listed on any security exchange. There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus Supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

Industrial Alliance's head and registered office is located at 1080 Grande Allée West, Québec City, Québec, G1S 1C7.

Subscriptions for the Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of this offering will take place on February 23, 2015 (the "Closing Date") or on such other date as Industrial Alliance and the Agents may agree but not later than March 2, 2015. The Debentures will be issued in "book-entry form" through the facilities of CDS Clearing and Depository Services Inc. ("CDS").

The Debentures offered by this Prospectus Supplement will be Industrial Alliance's direct unsecured obligations constituting subordinated indebtedness for the purposes of the Insurance Act and will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act (Canada)* (the "CDIC Act"), the *Deposit Insurance Act (Québec)* (the "QDI Act") or any other deposit insurance scheme. In the event of the insolvency or winding-up of Industrial Alliance, the Debentures will be subordinated in right of payment to all policy liabilities of Industrial Alliance and all other liabilities of Industrial Alliance, except those other liabilities that, by their terms, rank equally with or are subordinated to subordinated indebtedness of Industrial Alliance, including the Debentures. See "Details of the Offering".

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PRESENTATION OF INFORMATION

In this prospectus supplement (the “Prospectus Supplement”), unless otherwise indicated, capitalized terms which are defined in the accompanying short form base shelf prospectus of the Corporation dated April 10, 2013 (the “Prospectus”) are used herein with the meaning defined therein. If information in this Prospectus Supplement is inconsistent with the accompanying Prospectus, investors should rely on the information in this Prospectus Supplement. All references to “dollars” in this Prospectus Supplement are to Canadian dollars unless otherwise indicated.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Prospectus Supplement, the Prospectus or in documents incorporated by reference herein, 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, information concerning the Corporation’s possible or assumed future operating results. These statements are not historical facts; they represent only the Corporation’s expectations, estimates and projections regarding future events. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of Industrial Alliance, including market guidance for 2015 and sensitivity analysis. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), 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 their 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;
- accuracy of accounting policies and actuarial methods used by Industrial Alliance;
- ability to market and distribute products through current and future distribution channels;
- 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 in this Prospectus Supplement and in the Prospectus under “Risk Factors”, 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.

The forward-looking statements in this Prospectus Supplement or the documents incorporated by reference in this Prospectus Supplement reflect, unless otherwise indicated, Industrial Alliance’s expectations as of the date of this Prospectus Supplement or the documents incorporated by reference in this Prospectus Supplement. 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 Supplement or to reflect the occurrence of unanticipated events, except as required by law.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference, as of the date hereof, into the Prospectus solely for the purpose of this offering of Debentures. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof. The following documents have been filed by Industrial Alliance with the securities commissions or similar authorities in each province of Canada and are incorporated by reference into the Prospectus and this Prospectus Supplement:

- (a) Industrial Alliance's audited comparative consolidated financial statements and the notes thereto for the years ended December 31, 2014 and 2013, together with the independent auditors' report thereon and the report of the appointed actuary for the years ended December 31, 2014 and 2013, as set out on page 3 of the audited comparative consolidated financial statements;
- (b) Industrial Alliance's management's discussion and analysis dated February 12, 2015 for the audited comparative consolidated financial statements referred to in paragraph (a);
- (c) Industrial Alliance's information circular for the solicitation of proxies dated February 28, 2014 in connection with the annual meeting of shareholders and participating policyholders held on May 8, 2014;
- (d) Industrial Alliance's Annual Information Form dated March 31, 2014 for the year ended December 31, 2013;
- (e) the material change report of Industrial Alliance dated November 10, 2014 with respect to the redemption, on December 31, 2014, of all of Industrial Alliance's Non-Cumulative Class A Preferred Shares Series E then outstanding;
- (f) the template version of the indicative term sheet (the "Indicative Term Sheet") prepared for potential investors in connection with this offering of Debentures dated February 18, 2015, and filed on SEDAR by the Corporation on February 18, 2015; and
- (g) the template final term sheet (the "Final Term Sheet") prepared for potential investors in connection with this offering of Debentures dated February 18, 2015, and filed on SEDAR by the Corporation on February 18, 2015.

Any documents of the types referred to above, any business acquisition reports and any material change reports (excluding confidential material change reports if any) and any marketing materials (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed by Industrial Alliance with the securities regulatory authorities in Canada after the date of this Prospectus Supplement and prior to the completion or withdrawal of the distribution of the Debentures, shall be deemed to be incorporated by reference into the Prospectus and this Prospectus Supplement.

Any statement in this Prospectus Supplement, the Prospectus or contained in a document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or in the Prospectus is deemed to be modified or superseded, for purposes of this Prospectus Supplement or of the Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein 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 will 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 will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Prospectus.

MARKETING MATERIALS

The Indicative Term Sheet and the Final Term Sheet may be considered marketing materials for purposes of applicable securities legislation. The Indicative Term Sheet and the Final Term Sheet are not part of the Prospectus Supplement to the extent that the contents of the Indicative Term Sheet and the Final Term Sheet have been modified or superseded by a statement contained in this Prospectus Supplement.

Any “template version” of “marketing materials” (as such terms are defined in National Instrument 41-101 - *General Prospectus Requirements*) filed on SEDAR after the date of this Prospectus Supplement and before the termination of the distribution under this offering will be deemed to be incorporated into this Prospectus Supplement.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Fulbright Canada LLP, counsel to Industrial Alliance, and McCarthy Tétrault LLP, counsel to the Agents, the Debentures, if issued on the date of this Prospectus Supplement, would be, on such date, qualified investments under the *Income Tax Act* (Canada) (the “Tax Act”) and the regulations thereunder for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered disability savings plans, registered education savings plans, deferred profit sharing plans (other than a trust governed by a deferred profit sharing plan for which any employer is Industrial Alliance or is an employer with whom Industrial Alliance does not deal at arm's length within the meaning of the Tax Act), and tax-free savings accounts (“TFSA”).

Notwithstanding the foregoing, if the Debentures are “prohibited investments” for a particular TFSA, RRSP or RRIF for purposes of the Tax Act, the holder of the TFSA or annuitant under the RRSP or RRIF, as the case may be, will be subject to a penalty tax under the Tax Act. The Debentures, if issued on the date of this Prospectus Supplement, would not be, on such date, a “prohibited investment” for these purposes unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as the case may be, (i) does not deal at arm's length with Industrial Alliance for purposes of the Tax Act, or (ii) has a “significant interest”, as defined in the Tax Act, in Industrial Alliance. Prospective purchasers should consult their own tax advisors regarding their particular circumstances.

DETAILS OF THE OFFERING

The following is a summary of certain of the material attributes and characteristics of the Debentures offered hereby, which does not purport to be complete. Reference should be made to the Trust Indenture (as defined below) for further particulars of the attributes and characteristics applicable to the Debentures.

General

The Debentures will be issued under and pursuant to the provisions of a trust indenture (the “Trust Indenture”) to be dated as of the Closing Date between Industrial Alliance and Computershare Trust Company of Canada, as trustee (the “Trustee”). The debentures issuable under the Trust Indenture will be unlimited in aggregate principal amount, with Debentures in the aggregate principal amount of \$250,000,000 issued as of the Closing Date. The Debentures will mature on February 23, 2027. The Debentures will be issued in denominations of \$1,000 and integral multiples thereof. The principal and interest on the Debentures will be paid in lawful money of Canada in the manner and on terms set out in the Trust Indenture.

Ranking

The Debentures will constitute subordinated indebtedness for the purpose of the Insurance Act, ranking equally and rateably with all other subordinated indebtedness of Industrial Alliance from time to time issued and outstanding. The Trust Indenture will provide that in the event of the insolvency or winding-up of Industrial Alliance, the indebtedness evidenced by the Debentures will be subordinated in right of payment to all policy liabilities of Industrial Alliance and all other liabilities of Industrial Alliance except those other liabilities that, by their terms, rank equally with, or are subordinated to, subordinated indebtedness of Industrial Alliance, including the Debentures.

The Debentures are Unsecured Obligations

The Debentures will be direct unsecured obligations of Industrial Alliance. **The Debentures will not constitute deposits that are insured under the CDIC Act or the QDI Act.**

Definitions

The Trust Indenture will contain definitions substantially to the following effect:

“3-month CDOR” will mean, for any quarterly floating rate interest period, the average bid rate of interest (expressed as an annual percentage rate) rounded to the nearest one-hundred-thousandth of 1.00% (with .000005 per cent being rounded up) for Canadian dollar bankers’ acceptances with maturities of three months which appears on the Reuters Screen CDOR Page as of 10:00 a.m., Montréal time, on the first Business Day of such quarterly interest period. If such rate does not appear on the Reuters Screen CDOR Page on such day, the 3-month CDOR for such period shall be the average of the bid rates of interest (expressed and rounded as set forth above) for Canadian dollar bankers’ acceptances with maturities of 90 days for same-day settlement as quoted by such of the Schedule I banks (as defined in the *Bank Act* (Canada)) as may quote such a rate as of 10:00 a.m., Montréal time, on the first Business Day of such quarterly interest period;

“Business Day” will mean a day on which Canadian chartered banks are open for business in Montréal and which is not a Saturday or Sunday;

“Extraordinary Resolution” will be defined in the Trust Indenture to mean a resolution passed by the affirmative vote of the holders of not less than 66⅔% of the principal amount of Debentures represented and voted at a meeting duly called and held in accordance with the Trust Indenture or as a resolution contained in one or more instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the then outstanding Debentures; and

“Reuters Screen CDOR Page” will mean the display designated as page “CDOR” on the Reuters Monitor Money Rates Service (or such other page as may replace the CDOR page on that service) for purposes of displaying Canadian dollar bankers’ acceptance rates.

Interest

The Debentures will be dated February 23, 2015 and will mature on February 23, 2027. Interest on the Debentures at the rate of 2.64% per annum will be payable in arrears in equal semi-annual installments on August 23 and February 23, in each year, commencing on August 23, 2015 and continuing until February 23, 2022. Thereafter, interest on the Debentures will be payable at a rate per annum equal to the 3-month CDOR plus 1.08% payable quarterly in arrears on the 23rd day of each of February, May, August and November, in each year, commencing May 23, 2022. Assuming a Closing Date of February 23, 2015, the initial interest payment on August 23, 2015 will be \$13.20 per \$1,000 principal amount of Debentures.

During the floating rate period, interest will be calculated on the basis of the actual number of days elapsed in such quarterly interest period, divided by 365, or 366 in leap years, as the case may be.

Redemption at the Option of Industrial Alliance

Subject to the provisions of the Insurance Act and the prior consent of the AMF, Industrial Alliance may, at its option, redeem the Debentures on not less than 30 nor more than 60 days’ prior notice to the registered holder, in whole or in part on or after February 23, 2022 at a redemption price equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption. In cases of partial redemption, the Debentures to be redeemed will be selected by the Trustee on a pro rata basis according to the principal amount of the Debentures registered in the respective name of each holder of the Debentures or in such other manner as the Trustee may consider equitable, provided that such selection is proportionate.

Unless Industrial Alliance defaults in payment of the redemption price, the Debentures will cease to accrue interest on their respective redemption date.

Any Debentures that are redeemed by Industrial Alliance will be cancelled and will not be reissued.

Market for Securities

There is no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased hereunder. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and the extent of issuer regulation. See “Risk Factors”.

Depository Services

The Debentures will be issued in “book-entry only” form and must be purchased, transferred or redeemed through “participants” in the depository service of CDS or its nominee. At the Closing Date, Industrial Alliance will cause a global certificate representing the Debentures to be delivered to, and registered in the name of, CDS or its nominee. So long as CDS or its nominee is the registered holder of the global certificate representing the Debentures, CDS or its nominee, as the case may be, will be the sole holder of Debentures for all purposes under the Trust Indenture. No purchaser of Debentures will be (i) entitled to a certificate or other instrument from Industrial Alliance or CDS evidencing that purchaser’s ownership thereof, (ii) considered the holder of the Debenture for any purpose under the Trust Indenture, or (iii) shown on the records maintained by CDS except through a book-entry account of a participant acting on behalf of such purchaser. CDS will be responsible for establishing and maintaining book-entry accounts for its participants having interests in the Debentures. Accordingly, each person owning a beneficial interest in Debentures must rely on the procedures of CDS and, if such person is not a participant, on the procedures of the participant through which such person owns its interest in order to exercise any rights of a holder under the Trust Indenture. Rights of purchasers of Debentures will be governed by the standard agreement to be entered into between Industrial Alliance and CDS regarding the use of the book-entry system in respect of the Debentures (as amended from time to time), by the agreements, service rules and procedures entered into between CDS and each participant, by the agreements between purchasers of Debentures and the participants and by applicable law. The practices of participants may vary, but generally customer confirmations are issued promptly after execution of a customer order.

Reference in this Prospectus Supplement to a holder of Debentures means, unless the context otherwise requires, the owner of the beneficial interest in the Debentures.

Use of the book-entry system for the Debentures may be terminated in certain circumstances including, if Industrial Alliance determines in accordance with the terms of the Trust Indenture, or if CDS notifies Industrial Alliance in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Debentures and Industrial Alliance is unable to locate a qualified successor, or if Industrial Alliance at its option elects, or is required by law, to terminate the book-entry system. If use of the book entry system is terminated, then Debentures will be issued in fully registered form to holders or their nominees.

Transfer or Redemption

Transfer of ownership or redemptions of Debentures will be effected through records maintained by CDS or its nominee for such Debentures with respect to interests of participants, and on the records of participants with respect to interests of persons other than participants. Holders who desire to purchase, sell or otherwise transfer ownership of or other interests in the Debentures, may do so only through participants.

The ability of a holder to pledge a Debenture or otherwise take action with respect to such holder’s interest in a Debenture (other than through a participant) may be limited due to the lack of a physical certificate evidencing ownership of a Debenture.

Payments and Notices

As long as CDS or its nominee is the registered holder of the Debentures, payments of principal, premium, if

any, interest and redemption price, if any, on the Debentures will be made by Industrial Alliance to CDS or its nominee, as the case may be, as the registered holder of the Debentures and Industrial Alliance understands that such payments will be credited by CDS or its nominee in the appropriate amounts to the relevant participants. Payments to beneficial holders of Debentures of amounts so credited will be the responsibility of the participants.

CDS or its nominee, as the case may be, will be considered the sole owner of the Debentures for the purposes of receiving notices or payments on the Debentures. In such circumstances, Industrial Alliance's responsibility and liability in respect of notices or payments on the Debentures is limited to giving notice or making payment of any principal, premium, if any, redemption price, if any, and interest due on the Debentures to CDS or its nominee.

Each holder must rely on the procedures of CDS and, if such holder is not a participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights with respect to the Debentures. Industrial Alliance understands that under existing policies of CDS and industry practices, if Industrial Alliance requests any action of holders or if a holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect to the Debentures, CDS would authorize the participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by Industrial Alliance, the Trustee and CDS. Any holder that is not a participant must rely on the contractual arrangement it has directly, or indirectly through its financial intermediary, with its participant to give such notice or take such action.

None of Industrial Alliance, the Agents or the Trustee identified in this Prospectus Supplement, as applicable, will have any liability or responsibility for (i) records maintained by CDS relating to beneficial ownership interests in book-entry notes that are Debentures held by CDS or the book-entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interests, or (iii) any advice or representation made by or with respect to CDS and contained herein or in the Trust Indenture with respect to the rules and regulations of CDS or at the direction of the participants.

Events of Default

The Trust Indenture will provide that an event of default in respect of the Debentures (an "Event of Default") will occur if Industrial Alliance becomes bankrupt or insolvent, acknowledges its insolvency, consents to the institution of bankruptcy or insolvency proceedings against it, resolves to wind-up or liquidate, is ordered wound-up or liquidated, makes a general assignment for the benefit of its creditors, or a receiver of a substantial portion of Industrial Alliance's property is appointed.

The *Winding-Up and Restructuring Act* (Canada) provides that Industrial Alliance will be deemed insolvent if it is unable to pay its debts as they become due, which would include, for example, if it is unable to pay amounts due on the Debentures pursuant to its obligations under the Trust Indenture, or it is unable to pay an undisputed claim arising under an insurance policy, for 60 days after the service of a written demand on Industrial Alliance in the manner in which process may legally be served on it. Other circumstances under which the *Winding-Up and Restructuring Act* (Canada) would deem Industrial Alliance insolvent and which would result in an Event of Default include the calling of a meeting of creditors by Industrial Alliance for the purposes of compounding with them and any general conveyance or assignment by Industrial Alliance of its property for the benefit of its creditors.

Effect of an Event of Default

If an Event of Default has occurred and is continuing, the Trustee may, in its discretion and shall, upon request of holders of not less than 25% of the principal amount of the Debentures, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. However, the holders of a majority in principal amount of the Debentures by written notice to the Trustee may, under certain circumstances, instruct the Trustee to waive any Event of Default and/or to cancel any such declaration. There is no right of acceleration in the case of a default in the performance of any covenant of Industrial Alliance in the Trust Indenture, although a legal action could be brought by the Trustee to enforce such covenant.

Holders of the Debentures may, by an Extraordinary Resolution, direct, control or authorize the actions of the Trustee or of any holder of Debentures bringing an action after the failure of the Trustee to act in any proceedings against Industrial Alliance. Whenever an Event of Default has occurred, the Trustee, in the exercise of its discretion, may proceed to enforce the rights of the Trustee and the holders of the Debentures by any action, suit, remedy or proceeding authorized or permitted by law or by equity and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and holders of the Debentures lodged in any bankruptcy, insolvency, winding-up or other judicial proceedings relative to Industrial Alliance.

Legal Proceedings and Enforcement of Right of Payment

You will not have any right to institute any proceeding in connection with the Trust Indenture or for any remedy under the Trust Indenture, unless

- you have previously given to the Trustee written notice of the occurrence of an Event of Default with respect to the Debentures;
- the holders of Debentures, by Extraordinary Resolution, have made a request to the Trustee to take action and the Trustee has been offered a reasonable opportunity to exercise its powers or to institute a proceeding in its name on behalf of the holders;
- the holders of Debentures have provided the Trustee, when requested, with sufficient funds and an indemnity; and
- the Trustee has failed to act within a reasonable time thereafter.

Open Market Purchases

Subject to the provisions of the Insurance Act and the prior consent of the AMF and provided that it is not in default under the Trust Indenture, Industrial Alliance will have the right at any time, to purchase Debentures on the market or by tender (available to all holders of Debentures) or by private contract at any price. All Debentures that are purchased by Industrial Alliance will be cancelled and will not be reissued. Notwithstanding the foregoing, any direct or indirect subsidiary of Industrial Alliance may purchase Debentures in the ordinary course of its business of dealing in securities.

Amalgamation, Merger, Consolidation or Sale of Assets

Industrial Alliance may from time to time be involved in corporate reorganizations or other transactions which could involve the acquisition or divestiture of material subsidiaries or material assets. Industrial Alliance may not, however, enter into any transaction by way of amalgamation (except by way of a vertical short-form amalgamation with one or more wholly-owned subsidiaries pursuant to the *Business Corporations Act* (Québec) and the Insurance Act), merger, reconstruction, reorganization, consolidation, transfer, sale, lease or otherwise, where by all or substantially all of its property and assets would become the property of another person, or in the case of an amalgamation, of the continuing corporation resulting therefrom, or the transaction, unless:

- that other person or successor entity, a successor entity, is organized and validly existing under the laws of Canada, the United States or any political subdivision of the foregoing;
- the successor entity assumes the liability for, and agrees to perform, all of Industrial Alliance's obligations under the Debentures and the Trust Indenture;
- such transaction is, to the satisfaction of the Trustee and in the opinion of counsel, upon such terms as substantially to preserve and not to impair any of the rights and powers of the Trustee or of the holders of Debentures and upon such terms as are not in any way prejudicial to the interests of the holders of Debentures (including, where the successor entity is not organized under the laws of Canada or a province or territory thereof, would not cause any material adverse tax consequences to the holders of Debentures); and
- no condition or event exists in respect of Industrial Alliance or the successor entity, either at the time of such transaction or immediately after giving full effect to such transaction, which constitutes or would, after the giving of notice or the lapse of time or both, constitute an Event of Default under the Trust Indenture.

Modification and Waiver

Modification

Subject to the voting rights discussed below, the Trust Indenture and the rights of the holders of Debentures may, in certain circumstances, be modified, including by way of an Extraordinary Resolution of the holders of Debentures. For that purpose, among others, the Trust Indenture will contain provisions making Extraordinary Resolutions binding upon all holders of Debentures.

Waiver

The holders of at least 50% of the principal amount of the affected Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default under the Trust Indenture or, if possible, rescind or cancel any enforcement proceedings initiated by the Trustee, as each case relates to the Debentures and the consequences of such default.

Voting Rights

Holders of Debentures will be entitled to vote as a group on all matters affecting the Debentures in general and must exercise their rights through Participants in accordance with the rules and procedures of CDS.

Repayment of Unclaimed Money

Any amount paid by Industrial Alliance to the Trustee or CDS that remains unclaimed at the end of three years after the amount is due to holders of Debentures, will, subject to applicable law, be repaid to Industrial Alliance at its request. After that time, the holder of the Debentures will be able to seek from Industrial Alliance any payment (without interest) to which that holder may be entitled.

Governing Law

The Debentures will be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

USE OF PROCEEDS

The estimated net proceeds to Industrial Alliance from the sale of the Debentures offered under this Prospectus Supplement, after deducting the Agents' fee and the estimated expenses of issue, will amount to \$248,427,500 (assuming the Agents' fee is \$925,000 and the expenses are \$585,000), and will be added to its

general funds and will be used for general corporate purposes (including, subject to the prior approval of the AMF, the redemption of Industrial Alliance's 4,000,000 outstanding 5.90% Non-Cumulative Class A Preferred Shares Series F representing \$100,000,000, which Industrial Alliance currently intends to effect on March 31, 2015 (the "Series F Redemption")).

This issue will increase Industrial Alliance's Tier 2 capital determined in accordance with the capital adequacy guidelines established by the AMF. All expenses relating to the offering of the Debentures, including the fee paid to the Agents, will be paid out of Industrial Alliance's general funds.

RATINGS

It is a condition of closing of the offering that a final rating of at least "A" from DBRS Limited ("DBRS") and "A" from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") using S&P's global scale for long-term debt obligations be obtained.

The "A" rating category used by DBRS denotes "good credit quality" and is the third highest of rating categories granted by DBRS for long-term debt obligations which range from AAA to D. A reference to "high" or "low" reflects the relative strength within the rating category.

The "A" rating category used by S&P denotes "strong" and is the third highest of the rating categories used by S&P for long-term debt obligations, which range from AAA to D. In addition, the "plus" and "minus" designations indicate relative strength within the respective rating categories.

Credit ratings are intended to provide investors with an independent measure of credit quality of any issue of securities. The credit ratings accorded to securities by the rating agencies are not recommendations to purchase, hold or sell the securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant, and if any such rating is so revised or withdrawn, Industrial Alliance is under no obligation to update this Prospectus Supplement. Prospective purchasers of Debentures should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings.

The Corporation has paid customary rating fees to each of DBRS and S&P (the "Rating Agencies") in connection with the provision of ratings for the Debentures. The Corporation has paid customary fees to each of the Rating Agencies in connection with the provision of ratings for other securities and for certain other services provided during the last two years.

EARNINGS COVERAGE

For the twelve months ended December 31, 2014

Industrial Alliance's pro forma interest requirements for subordinated debentures and capital instrument liabilities amounted to \$63.2 million for the 12 months ended December 31, 2014 after giving effect to this offering, the Series F Redemption and the other indebtedness of Industrial Alliance. The Corporation's earnings before interest and income tax for the 12 months ended December 31, 2014 were \$460.7 million, which was 7.3 times the Corporation's aggregate interest requirements for this period after giving effect to this offering, the Series F Redemption and the other indebtedness of Industrial Alliance.

The earnings of Industrial Alliance before the deduction of interest and amortization for discounts and premiums and issue expenses on the Debentures and income taxes for the 12 months ended December 31, 2014 amounted to \$460.7 million. This amount is approximately 7.9 times Industrial Alliance's interest expense for the 12 months ended December 31, 2014.

Other than amounts giving effect to this offering and to the Series F Redemption, all amounts appearing under this heading, “Earnings Coverage”, for the 12 months ended December 31, 2014 are derived from financial information which is audited.

CONSOLIDATED CAPITAL AND INDEBTEDNESS

Certain related financial data set forth below has been derived from Industrial Alliance’s audited consolidated financial statements and the notes thereto for the year ended December 31, 2014.

The following table sets forth the consolidated capitalization of Industrial Alliance as of December 31, 2014, before and after giving effect to the sale by Industrial Alliance of the Debentures offered by this Prospectus Supplement and the Series F Redemption. This table should be read in conjunction with the detailed information and financial statements appearing in the documents incorporated by reference in the Prospectus and this Prospectus Supplement.

	December 31, 2014	December 31, 2014 as adjusted for the Debentures and the Series F Redemption
	(\$ millions)	(\$ millions)
Direct Unsecured 4.75% Fixed/Floating Subordinated Debentures ⁽¹⁾	248.7	248.7
Subordinated Debentures bearing interest between 5.63% and 7% ⁽²⁾	100.0	100.0
Direct Unsecured 2.80% Fixed/Floating Subordinated Debentures ⁽³⁾	248.5	248.5
Direct Unsecured 2.64% Fixed/Floating Subordinated Debentures (this offering of Debentures) ⁽⁴⁾	Nil	248.5
Participating Policyholders’ Account	49.4	49.4
Class A Preferred Shares Series B	125.0	125.0
Class A Preferred Shares Series F	100.0	Nil
Class A Preferred Shares Series G	250.0	250.0
Common Shareholders’ Equity	1,243.5	1,243.5
Total Capital and Indebtedness	2,365.1	2,513.6

1) The debentures were issued on December 14, 2011 under a prospectus supplement dated December 13, 2011.

2) The debenture was issued on August 1, 2008.

3) The debentures were issued on May 16, 2014 under a prospectus supplement dated May 13, 2014.

4) Nominal amount of \$250,000,000 less transaction costs of \$1,510,000.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Norton Rose Fulbright Canada LLP, counsel to Industrial Alliance, and McCarthy Tétrault LLP, counsel to the Agents, the following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Debentures, who acquires Debentures pursuant to this offering and who, at all relevant times, for purposes of the Tax Act, is resident in Canada, holds the Debentures as capital property, deals with Industrial Alliance at arm’s length and is not affiliated with Industrial Alliance, which we refer to as a Holder. Generally, the Debentures will be considered capital property to a holder

provided that the holder does not acquire, use or hold the Debentures in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders whose Debentures might not otherwise qualify as capital property may make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Debentures and every “Canadian security” (as defined in the Tax Act) owned by such holder in the taxation year of election and all subsequent taxation years deemed to be capital property.

This summary is not applicable to a Holder (i) that is a “financial institution” (as defined in the Tax Act), for purposes of the mark-to-market rules, (ii) an interest in which would be a “tax shelter investment” (as defined in the Tax Act), (iii) that makes or has made a “functional currency” election under the Tax Act to determine its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency or (iv) that has entered into or will enter into a “derivative forward agreement” (as defined in the Tax Act) in respect of the Debentures. Any such Holder to which this summary does not apply should consult its own tax advisor with respect to the tax consequences of acquiring, holding and disposing of the Debentures.

This summary is based upon the facts set out in the Prospectus and this Prospectus Supplement, the provisions of the Tax Act and the regulations thereunder, which we refer to as the Regulations, in force at the date of this Prospectus Supplement, all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, which we refer to as Proposed Amendments, and counsel’s understanding of the current administrative policies and assessment practices of the Canada Revenue Agency, which we refer to as the CRA, published in writing by it prior to the date hereof. There can be no assurance that the Proposed Amendments will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action or changes in the administration policies or assessment practices of the CRA, nor does it take into account other federal tax legislation or consideration or the tax legislation or considerations of any province or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

This summary is not exhaustive of all Canadian federal income tax considerations that may be relevant to a particular Holder. This summary is not intended to be, and should not be interpreted as, legal or tax advice to any particular Holder. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Debentures, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

A Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on a Debenture (or amount that is considered for the purposes of the Tax Act to be interest on a Debenture) that accrues or is deemed to accrue to such Holder to the end of that taxation year or that becomes receivable or is received by such Holder before the end of that taxation year, to the extent that such interest (or amount considered to be interest) was not otherwise included in computing the Holder’s income for a preceding taxation year.

Any other Holder, including an individual or a trust (other than a trust described in the preceding paragraph), will be required to include in computing its income for a taxation year all interest on the Debentures that is received or receivable by such Holder in that taxation year (depending on the method regularly followed by the Holder in computing income) to the extent that such interest (or amount considered to be interest) was not otherwise included in computing the Holder’s income for a preceding taxation year.

On a disposition or deemed disposition of a Debenture, whether on maturity, redemption, purchase for cancellation or otherwise, a Holder will generally be required to include in computing its income for the taxation year in which the disposition occurs the amount of interest (including amounts considered to be interest) accrued on the Debenture from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder’s income for that taxation year or a preceding taxation year.

In addition, the disposition or deemed disposition of a Debenture will generally give rise to a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any amount included in the Holder's income as interest, exceed (or are less than) the aggregate of the adjusted cost base of the Debenture to the Holder immediately before the disposition and any reasonable costs of disposition. Generally, one-half of a capital gain (a "taxable capital gain") will be included in the Holder's income, and one-half of a capital loss (an "allowable capital loss") must be deducted against taxable capital gains realized by such Holder in the same taxation year. Any excess of allowable capital losses over taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation years and applied against net taxable capital gains realized in such years in accordance with the detailed rules contained in the Tax Act. Capital gains realized by an individual or by most trusts may give rise to liability for alternative minimum tax.

A Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional 6 2/3% tax (refundable in certain circumstances) on its "aggregate investment income," which generally includes interest income and taxable capital gains.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, Industrial Alliance has agreed to sell and the Agents have agreed to use their reasonable best efforts to obtain purchasers to purchase on February 23, 2015, or on such other date not later than March 2, 2015 as may be agreed upon, subject to the terms and conditions contained therein, \$250,000,000 principal amount of Debentures at a price of \$999.75 per \$1,000 principal amount for a total consideration of \$249,937,500 plus accrued interest, if any, from February 23, 2015 to the date of delivery, payable in cash to Industrial Alliance against delivery of the Debentures. The Agency Agreement provides that the Agents will be paid an agency fee per \$1,000 principal amount of Debentures equal to \$3.70 for each \$1,000 principal amount of Debentures sold. In the event the full amount of the Debentures are not sold, the fee paid to the Agents will be reduced accordingly.

The obligations of the Agents under the Agency Agreement may be terminated at their discretion upon the occurrence of certain stated events.

While the Agents have agreed to use their reasonable best efforts to sell the Debentures offered hereby, they are not obligated to purchase any Debentures which are not sold.

The Agency Agreement does not contain a minimum offering restriction on the sale of the Debentures to the public.

Pursuant to policy statements of the Ontario Securities Commission and the AMF, the Agents may not, throughout the period of distribution under this Prospectus Supplement, bid for or purchase the Debentures. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Debentures. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution.

The decision to distribute the Debentures and the determination of the terms of the distribution were made through negotiations between Industrial Alliance and the Agents.

Industrial Alliance Securities Inc., one of the Agents, is a wholly-owned subsidiary of Industrial Alliance. Therefore, Industrial Alliance is a "related issuer" of Industrial Alliance Securities Inc. under applicable securities legislation by virtue of Industrial Alliance's interest in Industrial Alliance Securities Inc. The terms of the offering were negotiated at arm's length among Industrial Alliance and the Agents. Industrial Alliance Securities Inc. will not receive any benefit in connection with the offering other than as described herein.

Under applicable securities legislation, TD Securities Inc. is an independent dealer acting as agent in connection with this offering and is not related or connected to Industrial Alliance. In that capacity, TD Securities Inc. has participated with all other Agents in due diligence meetings relating to this Prospectus Supplement with Industrial Alliance and its representatives, has reviewed this Prospectus Supplement and has had the opportunity to propose such changes to this Prospectus Supplement as it considered appropriate. In addition, TD Securities Inc. has participated, together with the other Agents, in the structuring and pricing of this offering.

Industrial Alliance reserves the right to accept or reject any subscription in whole or in part. While the Agents have agreed to use their reasonable best efforts to sell the Debentures, they are not obligated to purchase any Debentures which are not sold.

Each of the Agents has represented and agreed that it will not solicit offers to purchase or sell the Debentures so as to require registration thereof or filing of a prospectus with respect thereto under the laws of any jurisdiction including, without limitation, the United States, except as set forth in the Agency Agreement.

The offering is being made concurrently in all provinces of Canada. The Debentures have not been and will not be registered under the *Securities Act of 1933* of the United States of America, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered, sold or delivered, directly or indirectly, within the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Debentures in the United States. In addition, until 40 days after the commencement of this offering, an offer or sale of Debentures within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

RISK FACTORS

An investment in the Debentures is subject to various risks, including those risks inherent in investing in a diversified financial institution. Before deciding whether to invest in the Debentures, investors should consider carefully the risks relating to Industrial Alliance described below and in the information incorporated by reference in the Prospectus and this Prospectus Supplement (including subsequently filed documents incorporated by reference).

General

Prospective investors should consider the categories of risks identified and discussed under “Risk Factors” in the 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. These sections discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on Industrial Alliance’s business, financial condition or results of operations.

Credit Ratings

The value of the Debentures will be affected by the general creditworthiness of Industrial Alliance. Real or anticipated changes in credit ratings on the Debentures may affect the market value of the Debentures. No assurance can be given that any credit rating assigned to the Debentures will not be lowered or withdrawn entirely

by the relevant rating agency. In addition, real or anticipated changes in credit ratings could adversely impact the marketability of the insurance and wealth management products offered by Industrial Alliance and could affect the cost at which Industrial Alliance obtains funding, thereby affecting Industrial Alliance's liquidity, business, financial condition or results of operations.

Market Value Fluctuation

Prevailing interest rates on similar debt instruments will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures would be expected to decline as prevailing interest rates for comparable debt instruments rise, and would be expected to increase as prevailing interest rates for comparable debt instruments decline.

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Debentures for reasons unrelated to Industrial Alliance's performance. The continuing volatility in financial markets may adversely affect Industrial Alliance and the market price of the Debentures. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect Industrial Alliance and the market price of the Debentures. Additionally, the value of the Debentures is subject to market value fluctuations based upon factors which influence Industrial Alliance's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

Absence of Trading Market

There is currently no market through which the Debentures may be sold. No assurance can be given as to whether an active trading market will develop or be maintained for the Debentures. To the extent that an active trading market for the Debentures does not develop, the liquidity and trading prices for the Debentures may be adversely affected. If the Debentures are traded after their initial issuance, they may trade at a discount from their initial public offering price depending on prevailing interest rates, the market for similar securities, the performance of Industrial Alliance and other factors.

Redemption of Debentures

The Debentures are redeemable at Industrial Alliance's option, as set forth in this Prospectus Supplement, and Industrial Alliance may choose to redeem the Debentures from time to time, in accordance with its rights under the Trust Indenture, including when prevailing interest rates are lower than the rate borne by the Debentures. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Debentures being redeemed. Industrial Alliance's redemption right also may adversely impact a purchaser's ability to sell Debentures as the optional redemption date or period approaches.

The redemption of the Debentures is subject to the consent of the AMF and other restrictions contained in the Insurance Act.

Floating Rate Debentures

Investments in the Debentures, given their floating interest component, entail significant risks not associated with investments in fixed rate debentures. The resetting of the applicable rate on a floating rate Debenture may result in lower interest compared to a fixed rate debenture issued at the same time. The applicable rate on a floating rate Debenture will fluctuate in accordance with fluctuations in the instrument or obligation on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which Industrial Alliance has no control.

No Limit on Debt / No Event Risk Protection

The Debentures are direct unsecured obligations of Industrial Alliance, constituting subordinated indebtedness for the purposes of the Insurance Act, ranking equally and rateably with all other subordinated indebtedness of Industrial Alliance from time to time issued and outstanding. In the event of insolvency or winding up of Industrial Alliance, the indebtedness evidenced by debentures issued by Industrial Alliance, including the Debentures, will be subordinated in right of payment to the prior payment in full of all policy liabilities of Industrial Alliance and all other liabilities of Industrial Alliance except liabilities which by their terms rank in right of payment equally with or subordinate to indebtedness evidenced by such Debentures. Except to the extent regulatory capital requirements affect Industrial Alliance's decisions to issue subordinated or more senior debt, there is no limit on Industrial Alliance's ability to incur additional subordinated or more senior debt.

The Trust Indenture does not contain any provision limiting the ability of Industrial Alliance to incur indebtedness generally or that would afford holders protection should Industrial Alliance be involved in a highly leveraged, change of control or similar transaction.

Changes in Regulatory Framework and Prudential Regulatory Supervision

The operations of the Corporation and its regulated subsidiaries are subject to a variety of insurance and other laws and regulations as well as supervision by regulators. As a result of the global financial crisis, financial authorities and regulators, including the AMF, are reviewing (and in some cases, enhancing) their requirements and considering potential changes. Insurance company prudential regulators in Canada are currently focused on insurance company's compliance with their requirements relating to risk management systems and procedures and appropriate corporate governance procedures, among others. Failure to comply with laws or to conduct the Corporation's business consistent with changing regulatory expectations and requirements could adversely affect the Corporation and may also lead to regulatory steps, proceedings, penalties and litigation.

From time to time, regulators raise issues during examinations or audits of Industrial Alliance and its regulated subsidiaries that could have a material adverse impact on the Corporation. The Corporation cannot predict whether or when regulatory actions may be taken that could adversely affect Industrial Alliance's operations. In addition, the application of regulations by regulators may change and laws may be enacted with retroactive effect, and new and revised guidelines and other regulatory requirements may be adopted, particularly in areas such as corporate risk management, capital requirements, corporate governance, accounting or statutory reserve requirements. For further discussion of legal and regulatory compliance risk, please refer to "Legal and Regulatory Compliance Risk" in Industrial Alliance's management's discussion and analysis for the most recent audited comparative consolidated financial statements.

TRUSTEE

The Trustee for the Debentures is Computershare Trust Company of Canada at its office in Montréal, Québec.

LEGAL MATTERS

Certain legal matters in connection with the issue and sale of the Debentures will be passed upon by Norton Rose Fulbright Canada LLP on behalf of Industrial Alliance and by McCarthy Tétrault LLP on behalf of the Agents. As of the date of this Prospectus Supplement, the partners, associates and counsel of Norton Rose Fulbright Canada LLP, as a group, and McCarthy Tétrault LLP, as a group, respectively, beneficially own, directly or indirectly, less than 1% of the outstanding securities of Industrial Alliance.

INDEPENDENT AUDITOR

Deloitte LLP, Quebec, Quebec, is the external independent auditor who prepared the independent auditors' report to the shareholders and policyholders of the Corporation on the consolidated financial statements of

Industrial Alliance, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated income statements, consolidated comprehensive income statements, consolidated equity statements and consolidated cash flows statements for the years then ended, and a summary of significant accounting policies and other explanatory information, incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. Deloitte LLP is independent within the meaning given to this term in the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

PURCHASERS' 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, revision 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, revision 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 THE AGENTS

Dated: February 18, 2015

To the best of our knowledge, information and belief, the short form base shelf prospectus dated April 10, 2013, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

TD SECURITIES INC.

By: *(signed)* Greg McDonald

RBC DOMINION SECURITIES INC.

By: *(signed)* John Bylaard

SCOTIA CAPITAL INC.

By: *(signed)* Graham Fry

BMO NESBITT BURNS INC.

By: *(signed)* Steve Aubé

NATIONAL BANK FINANCIAL INC.

By: *(signed)* Maxime Brunet

CIBC WORLD MARKETS INC.

By: *(signed)* Shannan M. Levere

INDUSTRIAL ALLIANCE SECURITIES INC.

By: *(signed)* Richard Legault

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.

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

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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.

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 12th 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