

# NEWS RELEASE

## **Industrial Alliance Concludes Acquisition of American-Amicable**

Texas-based Life Insurance Company Expands Platform for Growth in the U.S. Market

**Quebec City, July 20, 2010** – Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance" or "the Company") announced today that it has concluded the acquisition of all the outstanding shares of American-Amicable Holding, Inc. ("American-Amicable"). The transaction was announced on April 28, 2010 and closed on July 20, 2010. American-Amicable will operate as part of the Company's wholly-owned U.S. subsidiary IA American Life Insurance Company ("IA American").

The addition of American-Amicable, which markets primarily traditional life insurance products, significantly increases the Company's scale and presence in the U.S. American-Amicable is licensed to sell life insurance in 49 states and territories, and its products are marketed through a national distribution network of more than 6,000 independent agents. IA American, which now has a total of more than 8,200 agents country-wide, will maintain both the American-Amicable platform in Waco, Texas and the IA American base in Scottsdale, Arizona.

The transaction, valued at US\$145.3 million including excess capital of US\$45 million, was financed from cash on hand. It is expected to be immediately accretive to earnings by \$0.05 per share on an annual basis. With the closing, the Company's solvency ratio now stands at 214%, compared with pro forma 223% at March 31, 2010.

### **Caution Regarding Forward-looking Statements**

This news release may contain statements relating to strategies of Industrial Alliance or 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", "expect", "anticipate", "intend", "plan", "believe", "estimate", "objective" and "continue" (or the negative thereof) or similar words or expressions. Such statements are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of the Company. These statements are not historical facts but instead represent only the Company'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. 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: general business and economic conditions (including but not limited to performance of equity markets, interest rate fluctuations, currency rates, investment losses and defaults, movements in credit spreads, market liquidity and creditworthiness of guarantors and counterparties); level of competition and consolidation; changes in laws and regulations including tax laws; liquidity of Industrial Alliance including the availability of financing to satisfy existing financial liabilities on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; accuracy of accounting policies and actuarial methods used by Industrial Alliance; insurance risks including mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism; failure of information systems and Internet-enabled technology; breaches of computer security and privacy; dependence on third-party relationships including outsourcing arrangements; ability to maintain Industrial Alliance's reputation; regulatory investigations and proceedings and private legal proceedings and class actions relating to practices in the mutual fund, insurance, annuity and financial product distribution industries; the ability to adapt products and services to the changing market; the ability to implement effective hedging strategies; the ability to attract and retain key executives; the ability to complete acquisitions including the availability of equity and debt

financing when required for this purpose; the ability to execute strategic plans; the disruption of or changes to key elements of Industrial Alliance's or public infrastructure systems; and environmental concerns. 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 Industrial Alliance's most recent Annual report, namely under the "Risk Management" section in the management's discussion and analysis and in the "Management of Risks Associated with Financial Instruments" note to Industrial Alliance's consolidated financial statements, and elsewhere in Industrial Alliance's filings with Canadian securities regulators, which are available for review at [www.sedar.com](http://www.sedar.com).

Industrial Alliance does not undertake to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this news release or to reflect the occurrence of unanticipated events, except as required by law.

### **About Industrial Alliance**

Founded in 1892, Industrial Alliance Insurance and Financial Services Inc. is a life and health insurance company that offers a wide range of life and health insurance products, savings and retirement plans, RRSPs, mutual and segregated funds, securities, auto and home insurance, mortgage loans 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 has operations in all regions of Canada, as well as in the United States. Industrial Alliance contributes to the financial wellbeing of over three million Canadians, employs more than 3,500 people and manages and administers over \$60 billion in assets. Industrial Alliance stock is listed on the Toronto Stock Exchange under the ticker symbol IAG. Industrial Alliance is among the 100 largest public companies in Canada.

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