

NEWS RELEASE

Industrial Alliance Announces Closing of Common Share and Preferred Share Offerings

Not for distribution to U.S. news wire services or dissemination in the United States.

Quebec City, February 26, 2010 – Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance" or the "Company") announces today the closing of its previously announced offerings of 2,950,000 Common Shares (the "Common Shares") at a price of \$34.00 per Common Share representing aggregate gross proceeds of \$100 million, and 4,000,000 5.90% Non-Cumulative Class A Preferred Shares Series F (the "Series F Preferred Shares") at a price of \$25.00 per Series F Preferred Share, representing aggregate gross proceeds of \$100 million.

The offerings were underwritten, on a bought deal basis, by a syndicate of underwriters co-led by BMO Nesbitt Burns Inc. and RBC Dominion Securities Inc. and which includes National Bank Financial Inc., Scotia Capital Inc., CIBC World Markets Inc., TD Securities Inc., Desjardins Securities Inc., Casgrain & Company Limited, Dundee Securities Corporation, HSBC Securities (Canada) Inc., Industrial Alliance Securities Inc. and Laurentian Bank Securities Inc. These offerings were made under the terms of prospectus supplements dated February 19, 2010 to the short form base shelf prospectus dated April 30, 2009. The prospectus supplements are available on the SEDAR website at www.sedar.com and on the Company's website at www.inalco.com.

The proceeds of the offerings will be added to the Company's general funds and will be used for general corporate purposes, which may include provision for acquisition activities.

Preferred Shares

The Series F Preferred Shares yield 5.90% per annum, payable quarterly, as and when declared by the Board of Directors of the Company. The Series F Preferred Shares commence trading on the Toronto Stock Exchange today under the symbol IAG.PR.F.

The Series F Preferred Shares will not be redeemable prior to March 31, 2015. Subject to regulatory approval, on or after March 31, 2015, Industrial Alliance may, on no less than 30 or more than 60 days' notice, redeem the Series F Preferred Shares in whole or in part, at the Company's option, by the payment in cash of \$26.00 per Series F Preferred Share if redeemed prior to March 31, 2016, at \$25.75 per Series F Preferred Share if redeemed on or after March 31, 2016 but prior to March 31, 2017, at \$25.50 per Series F Preferred Share if redeemed on or after March 31, 2017 but prior to March 31, 2018, at \$25.25 per Series F Preferred Share if redeemed on or after March 31, 2018 but prior to March 31, 2019 and at \$25.00 per Series F Preferred Share if redeemed on or after March 31, 2019, in each case together with all declared and unpaid dividends up to but excluding the date fixed for redemption.

Notice

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

Forward-Looking Statements

This news release may contain forward-looking statements about the operations, objectives and strategies of Industrial Alliance, as well as its financial situation and performance. The forward-looking nature of these statements can generally, though not always, be identified by the use of words such as "may," "expect," "anticipate," "intend," "believe," "estimate," "feel," "continue," or other similar expressions, in the affirmative, negative or conditional. Unless otherwise indicated, any forward-looking information that presents prospective results of operations, financial position or cash

flows was approved by management on the date of this news release. Forward-looking statements entail risks and uncertainties that may cause the actual results, performance or achievements of Industrial Alliance to differ materially from the future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the Company's actual results to differ from expected results include changes in government regulations or tax laws, competition, technological changes, global capital market activity, interest rates, changes in demographic data, changes in consumer behaviour and demand for the Company's products and services, catastrophic events, and general economic conditions in Canada or elsewhere in the world. A description of significant factors that could affect forward-looking statements is contained in the Management's Discussion and Analysis section of the Company's most recent annual report. This list is not exhaustive of the factors that may affect any of Industrial Alliance's forward-looking statements. These and other factors must be examined carefully and readers should not place undue reliance on Industrial Alliance's forward-looking statements. Where the forward-looking statements are presented as guidance regarding the future financial results of Industrial Alliance, they are provided to help investors understand the impact on earnings of the Company's current plans and objectives. The Company may also provide objectives from time to time. An objective should be interpreted as a statement of management's goals in managing the Company, and not necessarily as a forecast that the objective will be met. Industrial Alliance is not obligated to revise or update these forward-looking statements to reflect events, circumstances or situations that occur after the date of this news release, whether foreseeable or not, except as required by applicable securities legislation.

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 across Canada as well as in the Western United States. Industrial Alliance contributes to the financial wellbeing of over 3 million Canadians, employs more than 3,300 people and manages and administers over \$58 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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Information: Jacques Carrière, Vice-President, Investor Relations
Office: 418 684-5275; cell: 418 576-3624
Email: jacques.carriere@inalco.com; website: www.inalco.com