

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

This prospectus supplement (the "Prospectus Supplement"), together with the short form base shelf prospectus dated July 5, 2011, to which it relates, as amended or supplemented (the "Shelf Prospectus"), and each document incorporated by reference into this Prospectus Supplement and into the Shelf Prospectus, 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.

Information has been incorporated by reference in this Prospectus Supplement and the Shelf Prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary's Office of Intact Financial Corporation, 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario, M5G 0A1, (416) 341-1464, ext. 45149 or 1611 Crémazie Boulevard East, 10th Floor, Montréal, Québec, H2M 2R9, (514) 985-7111 ext. 8367 and are also available electronically at [www.sedar.com](http://www.sedar.com).

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and, except as described under "Plan of Distribution", may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).

**PROSPECTUS SUPPLEMENT**  
**(to short form base shelf prospectus dated July 5, 2011)**

New Issue

August 11, 2011



**INTACT FINANCIAL CORPORATION**

**\$225,000,000**

**9,000,000 Non-cumulative Rate Reset Class A Shares Series 3**

Intact Financial Corporation ("IFC") is hereby qualifying for distribution (the "Offering") 9,000,000 Non-cumulative Rate Reset Class A Shares Series 3 (the "Series 3 Preferred Shares") at a price of \$25.00 per Series 3 Preferred Share. The Series 3 Preferred Shares are being offered pursuant to an underwriting agreement dated August 11, 2011 (the "Underwriting Agreement") between IFC and CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., GMP Securities L.P., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Macquarie Capital Markets Canada Ltd. and Raymond James Ltd. (collectively, the "Underwriters"). The terms of the Offering have been determined by negotiation between IFC and the Underwriters. See "Details of the Offering" and "Plan of Distribution".

The holders of Series 3 Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the board of directors (the "Board of Directors") of IFC, for the initial period from and including the closing date of this Offering to but excluding September 30, 2016 (the "Initial Fixed Rate Period"), payable quarterly on the last day of March, June, September and December in each year, at an annual rate equal to \$1.05 per Series 3 Preferred Share. The initial dividend, if declared, will be payable on September 30, 2011 and will be \$0.12370 per Series 3 Preferred Share, based on the anticipated closing date of August 18, 2011. See "Details of the Offering".

For each five-year period after the Initial Fixed Rate Period (each, a "Subsequent Fixed Rate Period"), the holders of Series 3 Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in an annual amount per Series 3 Preferred Share determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by IFC on the 30th day prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the date on which the Annual Fixed Dividend Rate is determined plus 2.66%. See "Details of the Offering".

**Option to Convert into Series 4 Preferred Shares**

Subject to IFC's right to redeem all the Series 3 Preferred Shares, the holders of Series 3 Preferred Shares will have the right, at their option, to convert their Series 3 Preferred Shares into Non-cumulative Floating Rate Class A Shares Series 4 (the "Series 4 Preferred Shares"), subject to certain conditions, on September 30, 2016 and on September 30 every five years thereafter. The holders of Series 4 Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year (the initial quarterly dividend period and each subsequent dividend period is referred to as a "Quarterly Floating Rate Period"), in a quarterly amount per Series 4 Preferred Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 2.66% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365 or 366, depending upon the actual number of days in the applicable year) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See "Details of the Offering".

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On September 30, 2016 and on September 30 every five years thereafter, IFC may, at its option, redeem all or any part of the then outstanding Series 3 Preferred Shares by the payment of an amount in cash for each Series 3 Preferred Share redeemed of \$25.00 plus all declared and unpaid dividends up to but excluding the date fixed for redemption. See “Details of the Offering”.

On September 30, 2021 and on September 30 every five years thereafter, IFC may, at its option, redeem all or any part of the then outstanding Series 4 Preferred Shares by the payment of an amount in cash for each Series 4 Preferred Share redeemed of \$25.00 plus all declared and unpaid dividends up to but excluding the date fixed for redemption. On any other date after September 30, 2016 that is not a Series 4 Conversion Date (as defined herein), IFC may, at its option, redeem all or any part of the then outstanding Series 4 Preferred Shares by the payment of an amount in cash for each Series 4 Preferred Share of \$25.50 plus all declared and unpaid dividends up to but excluding the date fixed for redemption. See “Details of the Offering”.

The Series 3 Preferred Shares and the Series 4 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See “Risk Factors”.

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**Price: \$25.00 per Series 3 Preferred Share to yield initially 4.20% per annum**

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	Price to the Public	Underwriters' Fee <sup>(1)</sup>	Net Proceeds to IFC <sup>(2)</sup>
Per Series 3 Preferred Share .....	\$25.00	\$0.75	\$24.25
Total <sup>(3)</sup> .....	\$225,000,000	\$6,750,000	\$218,250,000

- (1) The Underwriters' fee is \$0.25 for each Series 3 Preferred Share sold to certain institutions and \$0.75 per Series 3 Preferred Share for all other Series 3 Preferred Shares which are sold. The totals set forth in the table above represent the Underwriters' fee and net proceeds assuming no Series 3 Preferred Shares are sold to such institutions.
- (2) Before deducting the expenses of the Offering, estimated at \$250,000 which, together with the Underwriters' fee, will be paid from the proceeds of this Offering.
- (3) IFC has granted to the Underwriters an option (the “Over-Allotment Option”), exercisable at any time up to 48 hours prior to the closing of the Offering, to purchase up to 1,000,000 additional Series 3 Preferred Shares at the offering price. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' fee and the net proceeds to IFC, before expenses, will be \$250,000,000, \$7,500,000 and \$242,500,000, respectively. See “Plan of Distribution”. The grant of the Over-Allotment Option and the issuance of Series 3 Preferred Shares on the exercise of the Over-Allotment Option are also qualified under this Prospectus Supplement. A purchaser who acquires Series 3 Preferred Shares forming part of the Underwriters' over-allocation position acquires those Series 3 Preferred Shares under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

Underwriters' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	1,000,000 Series 3 Preferred Shares	at any time up to 48 hours prior to the closing of the Offering	\$25.00 per Series 3 Preferred Share

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series 3 Preferred Shares and the Series 4 Preferred Shares. Listing of the Series 3 Preferred Shares offered under this Prospectus Supplement is subject to IFC fulfilling all the listing requirements of the TSX on or before November 7, 2011. Listing of the Series 4 Preferred Shares issuable on conversion of the Series 3 Preferred Shares is subject to IFC fulfilling all the listing requirements of the TSX, including public distribution requirements for the Series 4 Preferred Shares, at the applicable time. **There is currently no market through which the Series 3 Preferred Shares or the Series 4 Preferred Shares may be sold and purchasers may not be able to resell the Series 3 Preferred Shares purchased under this Prospectus Supplement. This may affect the pricing of the Series 3 Preferred Shares and the Series 4 Preferred Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 3 Preferred Shares and the Series 4 Preferred Shares and the extent of issuer regulation. See “Risk Factors”.**

The Underwriters, as principals, conditionally offer the Series 3 Preferred Shares, subject to prior sale, if, as and when issued and delivered by IFC to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters on behalf of IFC by McMillan LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on August 18, 2011, or on such later date as may be agreed, but in any event not later than August 29, 2011. Book-entry only certificates representing the Series 3 Preferred Shares will be issued in registered form to CDS Clearing and Depository

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Services Inc. (“CDS”) or its nominee and will be deposited with CDS on the closing date of the Offering. A purchaser of Series 3 Preferred Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 3 Preferred Shares are purchased.

The Non-cumulative Rate Reset Class A Shares Series 1 (the “Series 1 Preferred Shares”) of IFC are traded on the TSX. On August 10, 2011, the closing price of the Series 1 Preferred Shares was \$24.86.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series 3 Preferred Shares at levels other than those which might otherwise prevail on the open market. **In certain circumstances, the Underwriters may offer the Series 3 Preferred Shares at a price lower than the offering price specified in this Prospectus Supplement. See “Plan of Distribution”.**

**Investing in the Series 3 Preferred Shares involves certain risks. See “Risk Factors” and “Forward-Looking Statements”.**

**CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. are wholly-owned subsidiaries of Canadian banks which are currently parties to a credit agreement with IFC. CIBC World Markets Inc. is also acting as a financial advisor to IFC in connection with the Acquisition (as defined herein) and is receiving a fee therefor. In addition, CIBC World Markets Inc. is a wholly-owned subsidiary of a Canadian bank which has agreed to provide IFC with the credit facilities described under “Recent Developments”. Accordingly, IFC may be considered a “connected issuer” of these Underwriters within the meaning of applicable securities legislation. See “Plan of Distribution”.**

DBRS Limited (“DBRS”) has assigned a rating of Pfd-2(low) with a Stable trend for the Series 3 Preferred Shares. See “Ratings”.

The registered and head office of IFC is located at 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario, Canada, M5G 0A1.

In this Prospectus Supplement, references to “IFC”, “we”, “us” and “our” refer to IFC and its operating subsidiaries unless the subject matter or context is inconsistent therewith and all references to currency amounts are to Canadian dollars unless otherwise specified. The rounding of certain figures contained in this Prospectus Supplement may cause a nonmaterial discrepancy in totals, subtotals and percentages.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference in the Shelf Prospectus for the purpose of this Offering. The following documents of IFC filed with the various securities commissions or similar authorities in Canada are incorporated by reference into the Shelf Prospectus and this Prospectus Supplement:

- (a) the annual information form of IFC dated March 30, 2011;
- (b) the audited consolidated financial statements of IFC together with the auditors' report thereon and the notes thereto as at and for the year ended December 31, 2010;
- (c) management's discussion and analysis of financial condition and results of operations of IFC for the year ended December 31, 2010;
- (d) the management proxy circular of IFC dated March 30, 2011 in respect of IFC's annual and special meeting of shareholders held on May 4, 2011;
- (e) the unaudited interim consolidated financial statements of IFC together with the notes thereto as at and for the three months ended March 31, 2011 and management's discussion and analysis relating thereto;
- (f) the unaudited interim consolidated financial statements of IFC together with the notes thereto as at and for the three-month and six-month periods ended June 30, 2011 and management's discussion and analysis related thereto; and
- (g) the material change report of IFC dated June 9, 2011 (the "Material Change Report") relating to the entering into of a share purchase agreement (the "Share Purchase Agreement") with AXA SA ("AXA") for the purchase (the "Acquisition") of all of the issued and outstanding shares of AXA Canada Inc. ("AXA Canada") and the completion of an offering of 20,125,000 subscription receipts (the "Subscription Receipts").

Any documents of the type described in section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by IFC with the securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering, will be deemed to be incorporated by reference in this Prospectus Supplement.

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

## FORWARD-LOOKING STATEMENTS

Certain of the statements included or incorporated by reference in this Prospectus Supplement and the Shelf Prospectus about IFC's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are based on estimates and assumptions made by IFC in light of IFC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that IFC believes are appropriate in the circumstances. Many factors could cause IFC's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors: IFC's ability to implement its strategy or operate its business as IFC currently expects; IFC's ability to accurately assess the risks associated with the insurance policies that IFC writes; unfavourable capital market developments or other factors which may affect its investments and its funding obligations under its pension plans; the cyclical nature of the property and casualty insurance industry; IFC's ability to accurately predict future claims frequency; government regulations designed to protect policyholders and creditors rather than investors; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; IFC's reliance on brokers and third parties to sell its products to their clients; IFC's ability to successfully pursue its acquisition strategy; IFC's ability to execute its business strategy; IFC's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools; terrorist attacks and ensuing events; the occurrence of catastrophic events; IFC's ability to maintain its financial strength and issuer credit ratings; IFC's access to debt financing and its ability to compete for large commercial business; IFC's ability to alleviate risk through reinsurance; IFC's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); IFC's reliance on information technology and telecommunications systems; IFC's dependence on key employees; general economic, financial and political conditions; IFC's dependence on the results of operations of its subsidiaries; the volatility of the stock market and other factors affecting IFC's share price; and future sales of a substantial number of the common shares.

The Material Change Report also contains additional forward-looking statements relating to the Acquisition which have been incorporated by reference in this Prospectus Supplement and the Shelf Prospectus and are qualified by the cautionary statements contained in the Material Change Report under the heading "Forward-Looking Statements".

All of the forward-looking statements included or incorporated by reference in this Prospectus Supplement and the Shelf Prospectus are qualified by these cautionary statements and the cautionary statements contained in the Material Change Report, those made in the "Risk Management" sections of the documents listed under paragraphs (c), (e) and (f) under "Documents Incorporated by Reference", those made in the "Risk Factors" section of the Material Change Report and IFC's other filings with the securities commissions or similar authorities in Canada that are incorporated by reference in this Prospectus Supplement and the Shelf Prospectus. These factors are not intended to represent a complete list of factors that could affect IFC. These factors should, however, be considered carefully, and readers should not place undue reliance on forward-looking statements made in this Prospectus Supplement and the Shelf Prospectus or in the documents incorporated by reference. IFC has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to IFC, and Stikeman Elliott LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (together, the “Tax Act”) in force on the date hereof and proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Series 3 Preferred Shares and the Series 4 Preferred Shares, if issued on the date hereof, would be qualified investments for the purposes of the Tax Act for trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“TFSA”), each as defined in the Tax Act.

Notwithstanding the foregoing, if the Series 3 Preferred Shares or Series 4 Preferred Shares are “prohibited investments” for a trust governed by a TFSA, the holder of the TFSA may be subject to a penalty tax under the Tax Act. Any such share will not be a “prohibited investment” for a particular trust governed by a TFSA provided the holder deals at arm’s length with IFC for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in IFC or any person or partnership with which IFC does not deal at arm’s length for purposes of the Tax Act. Proposed tax amendments announced in the 2011 Federal Budget provide similar rules applicable after March 22, 2011 with respect to annuitants under RRSPs and RRIFs. Prospective investors should consult their tax advisors having regard to their particular circumstances.

## INTACT FINANCIAL CORPORATION

IFC is the largest provider of property and casualty (“P&C”) insurance in Canada, insuring approximately four million individuals and businesses through our insurance subsidiaries. We are the largest private sector provider of P&C insurance in Ontario, Québec, Alberta and Nova Scotia. We distribute insurance under the Intact Insurance brand through a network of brokers and our wholly-owned subsidiary, BrokerLink. We also distribute insurance direct to customers through our belairdirect and GP Car and Home (formerly, Grey Power) brands. We manage our own investment portfolio of approximately \$8.6 billion.

### RECENT DEVELOPMENTS

On May 31, 2011, IFC entered into the Share Purchase Agreement with AXA for the purchase of all of the issued and outstanding shares of AXA Canada. The closing of the Acquisition is expected to occur in the fall of 2011 and is subject to receipt of required competition and insurance regulatory approvals and the satisfaction of certain closing conditions. IFC estimates that the aggregate cash consideration payable by IFC on the closing of the Acquisition will be approximately \$2.6 billion.

Concurrent with the execution of the Share Purchase Agreement, IFC entered into: (i) a commitment letter with a Canadian bank (the “Acquisition Lender”) pursuant to which the Acquisition Lender has agreed, on its own behalf and in its capacity as administrative agent, to provide IFC with committed senior, unsecured facilities (the “Acquisition Credit Facilities”) in an aggregate amount of up to \$1.3 billion for the purpose of funding a portion of the purchase price for the Acquisition and (ii) an agreement with a group of underwriters with respect to an offering of 20,125,000 Subscription Receipts (the “Subscription Receipt Offering”) which was completed on June 9, 2011 resulting in gross proceeds of \$961,975,000. The gross proceeds from the Subscription Receipt Offering are being held in escrow and will be used to fund a portion of the purchase price for the Acquisition subject to the terms of the Subscription Receipts and a subscription receipt agreement (the “Subscription Receipt Agreement”) dated June 9, 2011 between IFC, Computershare Trust Company of Canada, as escrow agent, and the lead underwriters of the Subscription Receipt Offering.

On July 8, 2011, IFC issued \$100 million aggregate principal amount of unsecured 50-year term notes (the “Series 3 Notes”) due July 8, 2061 in a private placement (the “MTN Private Placement”). On July 12, 2011, IFC closed an offering of 10,000,000 Series 1 Preferred Shares at a price of \$25.00 per Series 1 Preferred Share for aggregate gross proceeds of \$250 million (the “First Preferred Share Offering”). The supplemental trust indenture relating to the Series 3 Notes and the terms of the Series 1 Preferred Shares are available at our SEDAR profile at [www.sedar.com](http://www.sedar.com).

The proceeds from the Subscription Receipt Offering, together with the Acquisition Credit Facilities, and a portion of IFC’s existing cash resources, will be sufficient to fund the purchase price for the Acquisition. The net proceeds from the MTN Private Placement, the First Preferred Share Offering and this Offering are intended to be used to fund a portion of the purchase price for the Acquisition, and thereby reduce the amount that IFC will draw down under the terms of the Acquisition Credit Facilities. See “Use of Proceeds”.

A full description of the Acquisition is contained in our Material Change Report, including:

- information relating to the combined business of IFC and AXA Canada;
- information relating to the business of AXA Canada;
- a summary of the terms of the Share Purchase Agreement;
- a summary of the terms of the commitment letter relating to the Acquisition Credit Facilities and a description of the financing of the Acquisition;
- a summary of the terms of the Subscription Receipts and the Subscription Receipt Agreement;
- audited consolidated financial statements for AXA Canada as at and for the year ended December 31, 2010 and unaudited interim consolidated financial statements of AXA Canada as at and for the three months ended March 31, 2011; and
- unaudited *pro forma* financial information, including IFC unaudited *pro forma* consolidated statement of income for the year ended December 31, 2010, IFC unaudited *pro forma* consolidated statement of comprehensive income for the three months ended March 31, 2011 and IFC unaudited *pro forma* balance sheet as at March 31, 2011, in each case, reflecting the Acquisition.



The Material Change Report is incorporated by reference in this Prospectus Supplement and the Shelf Prospectus and available at our SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **USE OF PROCEEDS**

The net proceeds to IFC from the Offering, after deducting the Underwriters' fee (assuming no Series 3 Preferred Shares are sold to certain institutions) and the estimated expenses of the Offering, are expected to be \$218,000,000 (assuming no exercise of the Over-Allotment Option). If the Over-Allotment Option is exercised in full, the estimated net proceeds of the Offering, after deducting the Underwriters' fee (assuming no Series 3 Preferred Shares are sold to certain institutions) and the estimated expenses of the Offering, are expected to be \$242,250,000.

We intend to use the net proceeds of this Offering, together with borrowings under the Acquisition Credit Facilities, the proceeds of the Subscription Receipt Offering, the net proceeds of the MTN Private Placement, the net proceeds of the First Preferred Share Offering and a portion of our existing internal cash resources, to fund the purchase price for the Acquisition. The amount IFC will draw down under the terms of the Acquisition Credit Facilities will be reduced by an amount equal to the net proceeds of the MTN Private Placement, the net proceeds of the First Preferred Share Offering and the net proceeds of this Offering. See "Consolidated Capitalization".

The closing of the Acquisition is expected to occur in the fall of 2011 and is subject to receipt of required competition and insurance regulatory approvals and the satisfaction of certain closing conditions. The Offering is not conditional upon the closing of the Acquisition. If the Acquisition is not completed, the net proceeds of this Offering will be used for general corporate purposes. See "Risk Factors – Use of Proceeds".

## CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated capitalization as at June 30, 2011 both on an actual basis and as adjusted to give effect to:

- the anticipated borrowings under the terms of the Acquisition Credit Facilities;
- the MTN Private Placement;
- the First Preferred Share Offering;
- the Offering under this Prospectus Supplement (assuming no exercise of the Over-Allotment Option);
- the Subscription Receipt Offering; and
- the completion of the Acquisition.

	June 30, 2011	
	Actual	As adjusted
	(in millions of Canadian dollars)	
Indebtedness		
Acquisition Credit Facilities <sup>(1)</sup> .....	\$ —	\$ 740 <sup>(2)</sup>
Series 1 Notes <sup>(3)</sup> .....	250	250
Series 2 Notes <sup>(3)</sup> .....	250	250
Series 3 Notes <sup>(3)</sup> .....	—	100
Total indebtedness .....	\$ 500	\$ 1,340
Shareholders' equity		
Series 1 Preferred Shares .....	\$ —	\$ 242
Series 3 Preferred Shares .....	—	218
Common Shares .....	969 <sup>(4)</sup>	1,892 <sup>(4)(5)</sup>
Contributed Surplus .....	101	101
Retained Earnings .....	1,689	1,677 <sup>(6)</sup>
Accumulated other comprehensive income .....	183	183
Total shareholders' equity .....	\$2,942	\$ 4,313
<b>Total capitalization</b> .....	<b>\$3,442</b>	<b>\$ 5,653</b>

Notes:

- (1) On May 31, 2011, IFC entered into a commitment letter with the Acquisition Lender pursuant to which the Acquisition Lender has agreed, on its own behalf and in its capacity as administrative agent, to provide IFC with the Acquisition Credit Facilities in an aggregate amount of up to \$1.3 billion for the purpose of funding a portion of the purchase price for the Acquisition. The Acquisition Credit Facilities comprise three facilities: a 12-month bridge facility in the amount of \$500 million; a two-year term loan facility in the amount of \$500 million; and a three-year term loan facility in the amount of \$300 million. The Acquisition Credit Facilities will be available in one drawing to be made on or before March 31, 2012 and be used by IFC to fund a portion of the purchase price for the Acquisition and to pay related fees and expenses. The amount IFC will draw down under the Acquisition Credit Facilities will be reduced by an amount equal to the net proceeds of the MTN Private Placement, the First Preferred Share Offering and this Offering. Any amounts not drawn down on the Acquisition Credit Facilities will be cancelled upon the earlier of the initial draw down and March 31, 2012. A summary of the terms of the commitment letter relating to the Acquisition Credit Facilities and a description of the financing of the Acquisition is contained in IFC's Material Change Report incorporated by reference in this Prospectus Supplement and the Shelf Prospectus and available on IFC's SEDAR profile at [www.sedar.com](http://www.sedar.com).
- (2) If the Over-Allotment Option is exercised in full, the "As adjusted" amounts under the Acquisition Credit Facilities, Total indebtedness, Series 3 Preferred Shares and Total Shareholders' equity would be \$716, \$1,316, \$242, and \$4,337, respectively.
- (3) As at June 30, 2011, IFC had outstanding in aggregate \$500 million principal amount of unsecured medium term notes of which the Series 1 \$250 million principal amount of notes bear interest at a fixed annual rate of 5.41% and mature on September 3, 2019 and the Series 2 \$250 million principal amount of notes bear interest at a fixed annual rate of 6.4% and mature on November 23, 2039. On July 8, 2011, IFC issued by way of private placement \$100 million principal amount of Series 3 Notes which bear interest at a fixed annual rate of 6.2% and mature on July 8, 2061.
- (4) IFC's authorized share capital consists of an unlimited number of common shares and an unlimited number of Class A shares. As at June 30, 2011, there were 109,428,665 common shares and no Class A shares issued and outstanding. See "Description of Share Capital".
- (5) Includes 20,125,000 common shares issuable upon the exchange of Subscription Receipts in accordance with their terms and subject to the terms of the Subscription Receipt Agreement. A summary of the terms of the Subscription Receipts and the Subscription Receipt Agreement is contained in IFC's Material Change Report incorporated by reference in this Prospectus Supplement and the Shelf Prospectus and available on IFC's SEDAR profile at [www.sedar.com](http://www.sedar.com).
- (6) The "As adjusted" retained earnings amount includes estimated Acquisition costs, net of tax.

## EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are based on IFC's financial statements and calculated for the twelve-month periods ended December 31, 2010 and June 30, 2011, after giving effect to the issuance of 10,000,000 Series 3 Preferred Shares including dividend payments thereon (assuming that the Over-Allotment Option is exercised in full) and the First Preferred Share Offering, including dividend payments thereon. IFC's dividend requirements on the Series 1 Preferred Shares and the Series 3 Preferred Shares, after giving effect to the Offering (assuming that the Over-Allotment Option is fully exercised) and the First Preferred Share Offering, and adjusted to a before-tax equivalent, would have amounted to \$26 million for the twelve months ended December 31, 2010 (using an effective income tax rate of 20.0%) and \$27 million for the twelve months ended June 30, 2011 (using an effective income tax rate of 20.8%).

After giving effect to the MTN Private Placement, IFC's consolidated borrowing cost requirements for the twelve-month period ended December 31, 2010 and the twelve-month period ended June 30, 2011 would have been \$62 million and \$62 million, respectively. IFC's consolidated earnings before borrowing costs and income taxes for the twelve-month period ended December 31, 2010 and the twelve-month period ended June 30, 2011 would have been \$553 million and \$662 million, respectively, representing 8.9 times and 10.6 times, respectively, IFC's aggregate dividend and borrowing cost requirements for these periods.

IFC's Material Change Report includes an unaudited *pro forma* consolidated statement of comprehensive income for the three-month period ended March 31, 2011 and an unaudited *pro forma* consolidated statement of income for the year ended December 31, 2010, in each case, reflecting the Acquisition as if it had occurred on January 1, 2010 (together, the "*Pro Forma* Income Statements"). IFC's consolidated borrowing cost requirements, after giving effect to the borrowing of approximately \$716 million under the Acquisition Credit Facilities (net of the MTN Private Placement, the First Preferred Share Offering and the Offering, including the exercise of the Over-Allotment Option in full) for each of the twelve-month periods ended December 31, 2010 and March 31, 2011 would have been \$83 million and \$83 million, respectively. IFC's consolidated earnings before borrowing costs and income taxes for the twelve-month period ended December 31, 2010 and the twelve-month period ended March 31, 2011, after giving effect to the Offering (assuming that the Over-Allotment Option is fully exercised), the First Preferred Share Offering, the MTN Private Placement and the Acquisition and based on the *Pro Forma* Income Statements, would have been \$843 million and \$993 million, respectively, representing 10.2 times and 12.0 times, respectively, IFC's aggregate dividend and borrowing cost requirements for these periods.

The earnings coverage ratios described above for the twelve months ended December 31, 2010 were calculated based on Canadian GAAP and for the twelve months ended March 31, 2011 and June 30, 2011 were calculated based on unaudited IFRS financial information.

**The earnings coverage ratios set out above do not purport to be indicative of an earnings coverage ratio for any future periods.**

## DESCRIPTION OF SHARE CAPITAL

Our authorized share capital currently consists of an unlimited number of common shares ("Common Shares") and an unlimited number of Class A shares ("Class A Shares").

As at August 10, 2011, 109,428,665 Common Shares and 10,000,000 Series 1 Preferred Shares were issued and outstanding. An additional 20,125,000 Common Shares are issuable upon the exchange of the Subscription Receipts in accordance with their terms and subject to the terms of the Subscription Receipt Agreement.

### Common Shares

Holders of Common Shares are entitled to receive dividends as and when declared by our Board of Directors and, unless otherwise provided by legislation, are entitled to one vote per Common Share on all matters to be voted on at all meetings of shareholders. Upon our voluntary or involuntary liquidation, dissolution or winding-up, the holders of Common Shares are entitled to share rateably in the remaining assets available for distribution, after payment of liabilities. The Common Shares are listed on the TSX.

### Class A Shares

The Class A Shares are issuable from time to time in one or more series. Our Board of Directors is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the Class A Shares of each series, which may include voting rights. The Class A Shares of each series rank equally with the Class A

Shares of every other series and rank in priority to the Common Shares with respect to dividends and return of capital in the event of our liquidation, dissolution or winding-up. The Series 1 Preferred Shares are listed on the TSX.

The terms of the Common Shares and the Class A Shares (as a class) and the terms of the Series 1 Preferred Shares and Series 2 Preferred Shares are available electronically at [www.sedar.com](http://www.sedar.com).

### Shareholder Rights Plan

On February 9, 2011, IFC announced the adoption of a shareholder rights plan (the “Shareholder Rights Plan”) by our Board of Directors, which was accepted by the TSX. The Shareholder Rights Plan was approved by the shareholders of IFC at a meeting held on May 4, 2011. A summary of the Shareholder Rights Plan can be found in our management proxy circular dated March 30, 2011 (at pages 17 to 20) which, together with a copy of the Shareholder Rights Plan Agreement, is available on our SEDAR profile at [www.sedar.com](http://www.sedar.com).

### PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES, THE SUBSCRIPTION RECEIPTS AND THE SERIES 1 PREFERRED SHARES

The outstanding Common Shares are traded on the TSX under the trading symbol “IFC”. The following table sets forth the reported high and low trading prices and trading volumes of the Common Shares as reported by the TSX from August 2010.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
<b>2011</b>			
August (1 – 10) .....	56.19	51.78	2,990,465
July .....	57.77	53.74	7,127,580
June .....	55.57	50.15	12,608,026
May .....	52.13	47.91	3,883,116
April .....	50.65	47.79	3,475,179
March .....	50.59	46.49	4,673,958
February .....	51.58	48.15	5,289,575
January .....	51.24	48.02	2,972,261
<b>2010</b>			
December .....	51.73	49.42	5,218,599
November .....	49.84	45.28	5,542,395
October .....	46.54	44.54	2,420,314
September .....	46.01	43.12	4,746,043
August .....	47.15	40.51	4,377,642

On August 10, 2011, the closing price of the Common Shares was \$52.91.

The outstanding Subscription Receipts are currently traded on the TSX under the trading symbol “IFC.R”. The following table sets forth the reported high and low trading prices and trading volumes of the Subscription Receipts as reported by the TSX since June 9, 2011.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
<b>2011</b>			
August (1 – 10) .....	56.13	51.61	475,863
July .....	57.31	53.53	1,218,202
June (9 – 30) .....	55.40	50.06	4,275,067

On August 10, 2011, the closing price of the Subscription Receipts was \$52.55.

The outstanding Series 1 Preferred Shares are traded on the TSX under the trading symbol “IFC.PR.A”. The following table sets forth the reported high and low trading prices and trading volumes of the Series 1 Preferred Shares as reported by the TSX since July 12, 2011.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
<b>2011</b>			
August (1 – 10) .....	25.14	24.50	105,697
July (12 – 31) .....	25.17	24.95	1,020,439

On August 10, 2011, the closing price of the Series 1 Preferred Shares was \$24.86.

### **DIVIDENDS**

During the year ended December 31, 2010, IFC paid four quarterly dividends aggregating \$1.36 per Common Share. The payment of dividends is subject to the discretion of our Board of Directors and depends on, among other things, the financial condition of IFC, general business conditions, restrictions regarding the payment of dividends to IFC by its subsidiaries and other factors that our Board of Directors may in the future consider to be relevant.

The following table sets forth the dividends paid per share on the Common Shares in each of the four most recently completed fiscal years:

<u>Payment date</u>	<u>Dividend amount</u> (\$)
March 30, 2007 .....	0.27
June 29, 2007 .....	0.27
September 28, 2007 .....	0.27
December 31, 2007 .....	0.27
March 31, 2008 .....	0.31
June 30, 2008 .....	0.31
September 30, 2008 .....	0.31
December 31, 2008 .....	0.31
March 31, 2009 .....	0.32
June 30, 2009 .....	0.32
September 30, 2009 .....	0.32
December 31, 2009 .....	0.32
March 30, 2010 .....	0.34
June 30, 2010 .....	0.34
September 30, 2010 .....	0.34
December 31, 2010 .....	0.34

On March 31, 2011 and June 30, 2011, IFC paid a quarterly dividend of \$0.37 per Common Share. The Board of Directors has declared a quarterly dividend of \$0.37 per Common Share payable on September 30, 2011 to shareholders of record on September 15, 2011. The Board of Directors has also declared a quarterly dividend of \$0.23014 per Series 1 Preferred Share payable on September 30, 2011 to shareholders of record on September 15, 2011.

As a holding company with no direct operations, IFC relies on cash dividends and other permitted payments from its subsidiaries and its own cash balances to pay dividends to its shareholders. The amount of dividends payable to IFC by its subsidiaries may be limited by applicable corporate and insurance law restrictions.

## DETAILS OF THE OFFERING

### **Certain Provisions of the Class A Shares as a Class**

See “Description of Share Capital – Class A Shares” for a summary of the provisions attaching to the Class A Shares as a class.

The Board of Directors may from time to time issue Class A Shares in one or more series. Prior to issuing shares in a series, the Board of Directors is required to fix the number of shares in the series and determine the designation, rights, privileges, restrictions and conditions attaching to that series of Class A Shares.

The Series 3 Preferred Shares and the Series 4 Preferred Shares will each be issued as a series of Class A Shares.

### **Certain Provisions of the Series 3 Preferred Shares as a Series**

The following is a summary of certain provisions attaching to the Series 3 Preferred Shares as a series.

#### ***Definition of Terms***

The following definitions are relevant to the Series 3 Preferred Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.66%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by IFC, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period commencing on the closing date of the Offering and ending on, but excluding, September 30, 2016.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2016, to but excluding September 30, 2021 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding September 30 in the fifth year thereafter.

#### ***Issue Price***

The Series 3 Preferred Shares will have an issue price of \$25.00 per share.

#### ***Dividends***

During the Initial Fixed Rate Period, the holders of the Series 3 Preferred Shares will be entitled to receive fixed quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, on the last day of March, June, September and December in each year, at an annual amount equal to \$1.05 per share. The initial dividend, if declared, will be payable September 30, 2011 and will be \$0.12370 per share, based on the anticipated closing date of August 18, 2011.

During each Subsequent Fixed Rate Period, the holders of Series 3 Preferred Shares will be entitled to receive fixed, non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by IFC on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon IFC and upon all holders of Series 3 Preferred Shares. IFC will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 3 Preferred Shares.

If the Board of Directors does not declare the dividends, or any part thereof, on the Series 3 Preferred Shares on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Series 3 Preferred Shares to such dividends, or to any part thereof, for such quarter shall be forever extinguished. Payments of dividends and other amounts in respect of the Series 3 Preferred Shares will be made by IFC to CDS, or its nominee, as the case may be, as registered holder of the Series 3 Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series 3 Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 3 Preferred Shares for the purposes of receiving payment on the Series 3 Preferred Shares. See “– Depository Services”.

### ***Redemption***

The Series 3 Preferred Shares will not be redeemable by IFC prior to September 30, 2016. On September 30, 2016 and on September 30 every five years thereafter, subject to certain restrictions set out in “– Restrictions on Dividends and Retirement of Series 3 Preferred Shares”, IFC may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or from time to time any part of the outstanding Series 3 Preferred Shares by payment in cash of a per share sum equal to \$25.00, in each case together with any declared and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by IFC).

Notice of any redemption will be given by IFC at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series 3 Preferred Shares are to be redeemed, the shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series 3 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 3 Preferred Shares. See “Risk Factors”.

### ***Conversion of Series 3 Preferred Shares into Series 4 Preferred Shares***

Holders of Series 3 Preferred Shares will have the right, at their option, on September 30, 2016 and on September 30 every five years thereafter (a “Series 3 Conversion Date”), to convert, subject to the restrictions on conversion described below, and the payment or delivery to IFC of evidence of payment of the tax (if any) payable, all or any of their Series 3 Preferred Shares registered in their name into Series 4 Preferred Shares on the basis of one Series 4 Preferred Share for each Series 3 Preferred Share. The conversion of Series 3 Preferred Shares may be effected upon written notice given by the registered holders of the Series 3 Preferred Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 3 Conversion Date. Once received by IFC, an election notice is irrevocable. If IFC does not receive the conversion notice in writing from the holder exercising the above-mentioned conversion right during the time fixed therefor, then the Series 3 Preferred Shares shall be deemed not to have been converted except in the case of an automatic conversion (described below).

IFC will, at least 30 days and not more than 60 days prior to the applicable Series 3 Conversion Date, give notice in writing to the then registered holders of Series 3 Preferred Shares of the above-mentioned conversion right, together with a form of election notice. On the 30th day prior to each Series 3 Conversion Date, IFC will give notice in writing to the then registered holders of the Series 3 Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series 4 Preferred Shares for the next succeeding Quarterly Floating Rate Period.

If IFC gives notice to the registered holders of the Series 3 Preferred Shares of the redemption on a Series 3 Conversion Date of all the Series 3 Preferred Shares, IFC will not be required to give notice as provided hereunder to the registered holders of the Series 3 Preferred Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or

of the conversion right of holders of Series 3 Preferred Shares and the right of any holder of Series 3 Preferred Shares to convert such Series 3 Preferred Shares will cease and terminate in that event.

Holders of Series 3 Preferred Shares will not be entitled to convert their shares into Series 4 Preferred Shares if IFC determines that there would remain outstanding on a Series 3 Conversion Date less than 1,000,000 Series 4 Preferred Shares, after having taken into account all Series 3 Preferred Shares tendered for conversion into Series 4 Preferred Shares and all Series 4 Preferred Shares tendered for conversion into Series 3 Preferred Shares. IFC will give notice in writing to all registered holders of Series 3 Preferred Shares of their inability to convert their Series 3 Preferred Shares at least seven days prior to the applicable Series 3 Conversion Date. Furthermore, if IFC determines that there would remain outstanding on a Series 3 Conversion Date less than 1,000,000 Series 3 Preferred Shares, after having taken into account all Series 3 Preferred Shares tendered for conversion into Series 4 Preferred Shares and all Series 4 Preferred Shares tendered for conversion into Series 3 Preferred Shares, then, all, but not part, of the remaining outstanding Series 3 Preferred Shares will automatically be converted into Series 4 Preferred Shares on the basis of one Series 4 Preferred Share for each Series 3 Preferred Share, on the applicable Series 3 Conversion Date and IFC will give notice in writing to this effect to the then registered holders of such remaining Series 3 Preferred Shares at least seven days prior to the Series 3 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 3 Preferred Shares into Series 4 Preferred Shares (and upon an automatic conversion), IFC reserves the right not to deliver Series 4 Preferred Shares to any person whose address is in, or who IFC or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require IFC to take any action to comply with the securities, insurance or analogous laws of such jurisdiction.

### ***Purchase for Cancellation***

Subject to certain restrictions set out under “– Restrictions on Dividends and Retirement of Series 3 Preferred Shares”, IFC may at any time or times purchase for cancellation all or any number of the Series 3 Preferred Shares outstanding from time to time, by private contract or tender or in the open market, at any price.

### ***Priority***

The Series 3 Preferred Shares shall rank on a parity with every other series of the Class A Shares with respect to dividends and return of capital. The Series 3 Preferred Shares shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Series 3 Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of IFC, whether voluntary or involuntary, or any other distribution of the assets of IFC for the purpose of winding-up its affairs.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of IFC, or any other distribution of assets of IFC for the purpose of winding up its affairs, the holders of Series 3 Preferred Shares will be entitled to receive \$25.00 for each Series 3 Preferred Share held by them, together with all declared and unpaid dividends to but excluding the date of payment (less any tax required to be deducted and withheld by IFC), before any amounts are paid or any assets of IFC distributed to holders of any shares ranking junior to the Series 3 Preferred Shares. After payment of those amounts, the holders of Series 3 Preferred Shares will not be entitled to share in any further distribution of the property or assets of IFC.

### ***Voting Rights***

Subject to applicable law, holders of the Series 3 Preferred Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of IFC unless and until the first time at which the Board of Directors has not declared the whole dividend on the Series 3 Preferred Shares in any quarter. In that event, the holders of the Series 3 Preferred Shares will be entitled to receive notice of, and to attend, only meetings of shareholders of IFC at which directors are to be elected and will be entitled to one vote for each Series 3 Preferred Share held in the election of directors voting together with all other shareholders of IFC who are entitled to vote at such meetings, and the holders of the Series 3 Preferred Shares will not be entitled to vote in respect of any other business conducted at such meetings. The voting rights of the holders of the Series 3 Preferred Shares shall immediately cease upon payment by IFC of the whole amount of a dividend on the Series 3 Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the Board of Directors may again fail to declare the whole dividend on the Series 3 Preferred Shares in any quarter, such voting rights shall become effective again and so on from time to time.



### ***Restrictions on Dividends and Retirement of Series 3 Preferred Shares***

So long as any of the Series 3 Preferred Shares are outstanding, IFC will not, without the approval of the holders of the Series 3 Preferred Shares given as specified under “– Amendments to the Series 3 Preferred Shares”:

- declare, pay or set apart for payment any dividend on the Common Shares or any other shares ranking junior to the Series 3 Preferred Shares (other than stock dividends on any shares ranking junior to the Series 3 Preferred Shares);
- redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series 3 Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 3 Preferred Shares);
- redeem, purchase or otherwise retire less than all of the Series 3 Preferred Shares then outstanding; or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of shares ranking *pari passu* with the Series 3 Preferred Shares redeem, purchase or otherwise retire any other shares ranking *pari passu* with the Series 3 Preferred Shares;

unless, in each case, all dividends on the Series 3 Preferred Shares and the Series 4 Preferred Shares then issued and outstanding, up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or *pari passu* with the Series 3 Preferred Shares and the Series 4 Preferred Shares, have been declared and paid or set apart for payment.

### ***Issue of Additional Series of Class A Shares***

IFC may issue other series of Class A Shares ranking *pari passu* with the Series 3 Preferred Shares without the approval of the holders of the Series 3 Preferred Shares.

### ***Amendments to the Series 3 Preferred Shares***

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 3 Preferred Shares as a series and any other approval to be given by the holders of the Series 3 Preferred Shares may be given by a resolution signed by all holders of the Series 3 Preferred Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 25% of the outstanding Series 3 Preferred Shares are present in person or represented by proxy, or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 3 Preferred Shares present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 3 Preferred Shares as a series, each such holder as at the applicable record date shall be entitled to one vote in respect of each Series 3 Preferred Share held by such holder.

### ***Tax Election***

IFC will elect, in the manner and within the time provided for under subsection 191.2(1) of the Tax Act to pay tax under Part VI.1 of the Tax Act, at a rate such that holders of the Series 3 Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received, or deemed to have been received, on the Series 3 Preferred Shares.

### ***Depository Services***

Except as otherwise provided below, the Series 3 Preferred Shares will be issued in “book-entry only” form and must be purchased, transferred, exchanged or redeemed through participants (“Participants”), in the depository service of CDS. Each of the Underwriters is a Participant. On the closing of this offering, IFC will cause a global certificate or certificates representing the Series 3 Preferred Shares to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Series 3 Preferred Shares will be entitled to a certificate or other instrument from IFC or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Series 3 Preferred Shares will receive a customer confirmation of purchase from the registered dealer from which the Series 3 Preferred Shares are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the

Series 3 Preferred Shares. Reference in this Prospectus Supplement to a holder of Series 3 Preferred Shares means, unless the context otherwise requires, the owner of the beneficial interest in the Series 3 Preferred Shares.

Neither IFC nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 3 Preferred Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 3 Preferred Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this Prospectus Supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Series 3 Preferred Shares must look solely to Participants for payments made by or on behalf of IFC to CDS in respect of the Series 3 Preferred Shares.

Any notice required to be given to any holder having an interest in the Series 3 Preferred Shares will be given to CDS.

If IFC determines, or CDS notifies IFC in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 3 Preferred Shares and IFC is unable to locate a qualified successor, or if IFC at its option elects, or is required by law, to withdraw the Series 3 Preferred Shares from the book-entry system, then Series 3 Preferred Shares will be issued in fully registered form to holders or their nominees.

The ability of a beneficial owner of Series 3 Preferred Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a Participant) may be limited due to the lack of a physical certificate.

#### ***Business Days***

If any action is required to be taken by IFC, including the payment of dividends, on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

#### **Certain Provisions of the Series 4 Preferred Shares as a Series**

The following is a summary of certain provisions attaching to the Series 4 Preferred Shares as a series.

#### ***Definition of Terms***

The following definitions are relevant to the Series 4 Preferred Shares.

**"Floating Quarterly Dividend Rate"** means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.66% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365 or 366, depending upon the actual number of days in the applicable year).

**"Floating Rate Calculation Date"** means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

**"Quarterly Commencement Date"** means the last day of each of March, June, September and December in each year.

**"Quarterly Floating Rate Period"** means, for the initial Quarterly Floating Rate Period, the period from and including September 30, 2016 to but excluding December 31, 2016, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

**"T-Bill Rate"** means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date. Auction results will be displayed on the page designated as "CA3MAY<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the CA3MAY<INDEX>).

### ***Issue Price***

The Series 4 Preferred Shares will be issuable only upon conversion of Series 3 Preferred Shares and will have an ascribed issue price of \$25.00 per Series 4 Preferred Share.

### ***Dividends***

The holders of the Series 4 Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in a quarterly amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by IFC on the 30th day prior to the first day of each Quarterly Floating Rate Period. Such determination will, in the absence of manifest error, be final and binding upon IFC and upon all holders of Series 4 Preferred Shares. IFC will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 4 Preferred Shares.

If the Board of Directors does not declare the dividends, or any part thereof, on the Series 4 Preferred Shares on or before the dividend payment date for a particular Quarterly Floating Rate Period, then the entitlement of the holders of the Series 4 Preferred Shares to such dividends, or to any part thereof, for such Quarterly Floating Rate Period shall be forever extinguished. Payments of dividends and other amounts in respect of the Series 4 Preferred Shares will be made by IFC to CDS, or its nominee, as the case may be, as registered holder of the Series 4 Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series 4 Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 4 Preferred Shares for the purposes of receiving payment on the Series 4 Preferred Shares. See “– Depository Services”.

### ***Redemption***

Subject to certain restrictions set out in “– Restrictions on Dividends and Retirement of Series 4 Preferred Shares”, IFC may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or from time to time any part of the outstanding Series 4 Preferred Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on September 30, 2021 and on September 30 every five years thereafter, or (ii) \$25.50 in the case of redemptions on any other date after September 30, 2016 that is not a Series 4 Conversion Date (as defined below), in each case together with any declared and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by IFC).

Notice of any redemption will be given by IFC at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series 4 Preferred Shares are to be redeemed, the shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series 4 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 4 Preferred Shares. See “Risk Factors”.

### ***Conversion of Series 4 Preferred Shares into Series 3 Preferred Shares***

Holders of Series 4 Preferred Shares will have the right, at their option, on September 30, 2021 and on September 30 every five years thereafter (a “Series 4 Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to IFC of evidence of payment of the tax (if any) payable, all or any of their Series 4 Preferred Shares registered in their name into Series 3 Preferred Shares on the basis of one Series 3 Preferred Share for each Series 4 Preferred Share. The conversion of Series 4 Preferred Shares may be effected upon written notice given by the registered holders of the Series 4 Preferred Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 4 Conversion Date. Once received by IFC, an election notice is irrevocable. If IFC does not receive the conversion notice in writing from the holder exercising the above-mentioned conversion right during the time fixed therefor, then the Series 4 Preferred Shares shall be deemed not to have been converted except in the case of an automatic conversion (described below).

IFC will, at least 30 days and not more than 60 days prior to the applicable Series 4 Conversion Date, give notice in writing to the then registered holders of the Series 4 Preferred Shares of the above-mentioned conversion right, together with

a form of election notice. On the 30th day prior to each Series 4 Conversion Date, IFC will give notice in writing to the then registered holders of Series 4 Preferred Shares of the Floating Quarterly Dividend Rate for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series 3 Preferred Shares for the next succeeding Subsequent Fixed Rate Period.

If IFC gives notice to the registered holders of the Series 4 Preferred Shares of the redemption on a Series 4 Conversion Date of all the Series 4 Preferred Shares, IFC will not be required to give notice as provided hereunder to the registered holders of the Series 4 Preferred Shares of a Floating Quarterly Dividend Rate, an Annual Fixed Dividend Rate or of the conversion right of holders of Series 4 Preferred Shares and the right of any holder of Series 4 Preferred Shares to convert such Series 4 Preferred Shares will cease and terminate in that event.

Holders of Series 4 Preferred Shares will not be entitled to convert their shares into Series 3 Preferred Shares if IFC determines that there would remain outstanding on a Series 4 Conversion Date less than 1,000,000 Series 3 Preferred Shares, after having taken into account all Series 4 Preferred Shares tendered for conversion into Series 3 Preferred Shares and all Series 3 Preferred Shares tendered for conversion into Series 4 Preferred Shares. IFC will give notice in writing to all registered holders of Series 4 Preferred Shares of their inability to convert their Series 4 Preferred Shares at least seven days prior to the applicable Series 4 Conversion Date. Furthermore, if IFC determines that there would remain outstanding on a Series 4 Conversion Date less than 1,000,000 Series 4 Preferred Shares, after having taken into account all Series 4 Preferred Shares tendered for conversion into Series 3 Preferred Shares and all Series 3 Preferred Shares tendered for conversion into Series 4 Preferred Shares, then, all, but not part, of the remaining outstanding Series 4 Preferred Shares will automatically be converted into Series 3 Preferred Shares on the basis of one Series 3 Preferred Share for each Series 4 Preferred Share, on the applicable Series 4 Conversion Date and IFC will give notice in writing to this effect to the then registered holders of such remaining Series 4 Preferred Shares at least seven days prior to the Series 4 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 4 Preferred Shares into Series 3 Preferred Shares (and upon an automatic conversion), IFC reserves the right not to deliver Series 3 Preferred Shares to any person whose address is in, or who IFC or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require IFC to take any action to comply with the securities, insurance or analogous laws of such jurisdiction.

#### ***Purchase for Cancellation***

Subject to certain restrictions set out under “– Restrictions on Dividends and Retirement of Series 4 Preferred Shares”, IFC may at any time or times purchase for cancellation all or any number of the Series 4 Preferred Shares outstanding from time to time, by private contract or tender or in the open market, at any price.

#### ***Priority***

The Series 4 Preferred Shares shall rank on a parity with every other series of the Class A Shares with respect to dividends and return of capital. The Series 4 Preferred Shares be entitled to a preference over the Common Shares and any other shares ranking junior to the Series 4 Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of IFC, whether voluntary or involuntary, or any other distribution of the assets of IFC for the purpose of winding-up its affairs.

#### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of IFC, or any other distribution of assets of IFC for the purpose of winding up its affairs, the holders of Series 4 Preferred Shares will be entitled to receive \$25.00 for each Series 4 Preferred Share held by them, together with all declared and unpaid dividends to but excluding the date of payment (less any tax required to be deducted and withheld by IFC), before any amounts are paid or any assets of IFC distributed to holders of any shares ranking junior to the Series 4 Preferred Shares. After payment of those amounts, the holders of Series 4 Preferred Shares will not be entitled to share in any further distribution of the property or assets of IFC.

#### ***Voting Rights***

Subject to applicable law, holders of the Series 4 Preferred Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of IFC unless and until the first time at which the Board of Directors has not declared the whole dividend on the Series 4 Preferred Shares in any quarter. In that event, the holders of the Series 4 Preferred Shares will be entitled to receive notice of, and to attend, only meetings of shareholders of IFC at which directors are to be elected and will be entitled to one vote for each Series 4 Preferred Share held in the election of directors voting

together with all other shareholders of IFC who are entitled to vote at such meetings, and the holders of the Series 4 Preferred Shares will not be entitled to vote in respect of any other business conducted at such meetings. The voting rights of the holders of the Series 4 Preferred Shares shall immediately cease upon payment by IFC of the whole amount of a dividend on the Series 4 Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the Board of Directors may again fail to declare the whole dividend on the Series 4 Preferred Shares in any quarter, such voting rights shall become effective again and so on from time to time.

#### ***Restrictions on Dividends and Retirement of Series 4 Preferred Shares***

So long as any of the Series 4 Preferred Shares are outstanding, IFC will not, without the approval of the holders of the Series 4 Preferred Shares given as specified under “– Amendments to the Series 4 Preferred Shares”:

- declare, pay or set apart for payment any dividend on the Common Shares or any other shares ranking junior to the Series 4 Preferred Shares (other than stock dividends on any shares ranking junior to the Series 4 Preferred Shares);
- redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series 4 Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 4 Preferred Shares);
- redeem, purchase or otherwise retire less than all of the Series 4 Preferred Shares then outstanding; or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any shares ranking *pari passu* with the Series 4 Preferred Shares redeem, purchase or otherwise retire any other shares ranking *pari passu* with the Series 4 Preferred Shares;

unless, in each case, all dividends on the Series 3 Preferred Shares and the Series 4 Preferred Shares then issued and outstanding, up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or *pari passu* with the Series 3 Preferred Shares and the Series 4 Preferred Shares, have been declared and paid or set apart for payment.

#### ***Issue of Additional Series of Class A Shares***

IFC may issue other series of Class A Shares ranking *pari passu* with the Series 4 Preferred Shares without the approval of the holders of the Series 4 Preferred Shares.

#### ***Amendments to the Series 4 Preferred Shares***

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 4 Preferred Shares as a series and any other approval to be given by the holders of the Series 4 Preferred Shares may be given by a resolution signed by all holders of the Series 4 Preferred Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 25% of the outstanding Series 4 Preferred Shares are present in person or represented by proxy, or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 4 Preferred Shares present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 4 Preferred Shares as a series, each such holder as at the applicable record date shall be entitled to one vote in respect of each Series 4 Preferred Share held by such holder.

#### ***Tax Election***

IFC will elect, in the manner and within the time provided for under subsection 191.2(1) of the Tax Act to pay tax under Part VI.1 of the Tax Act, at a rate such that holders of the Series 4 Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received, or deemed to have been received, on the Series 4 Preferred Shares.

#### ***Depository Services***

If issued, the Series 4 Preferred Shares will be in “book-entry only” form unless IFC elects otherwise and may be purchased, held and transferred in substantially the same manner as the Series 3 Preferred Shares. See “Details of the Offering – Certain Provisions of the Series 3 Preferred Shares as a Series – Depository Services”.

## ***Business Days***

If any action is required to be taken by IFC, including the payment of dividends, on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

## **RATINGS**

The Series 3 Preferred Shares have been assigned a rating of Pfd-2(low) with a Stable trend by DBRS.

A Pfd-2(low) rating by DBRS is the lowest of three subcategories within the second highest of six categories used by DBRS for preferred shares. According to the DBRS rating system, preferred shares rated Pfd-2(low) are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as “Pfd-1” rated companies. Generally, Pfd-2 ratings correspond with categories whose senior bonds are rated in the “A” category. Each category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. A rating trend, expressed as “Positive”, “Stable” or “Negative”, provides guidance in respect of DBRS’s opinion regarding the outlook for the rating.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the Series 3 Preferred Shares may not reflect the potential impact of all risks on the value of the Series 3 Preferred Shares. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings.

## **PLAN OF DISTRIBUTION**

Pursuant to the Underwriting Agreement dated August 11, 2011 between IFC and the Underwriters, IFC has agreed to sell and the Underwriters have severally (and not jointly and severally) agreed to purchase on August 18, 2011 or such later date as may be agreed upon, subject to the terms and conditions stated therein, all but not less than all of the 9,000,000 Series 3 Preferred Shares at a price of \$25.00 per Series 3 Preferred Share, for aggregate gross consideration of \$225,000,000 payable to IFC. The offering price was determined by negotiation between IFC and the Underwriters.

The Underwriting Agreement provides that IFC will pay the Underwriters a fee per share equal to \$0.25 with respect to Series 3 Preferred Shares sold to certain institutions and \$0.75 with respect to all other Series 3 Preferred Shares. Assuming no Series 3 Preferred Shares are sold to such institutions, the Underwriters’ fee would be \$6,750,000.

IFC has granted to the Underwriters the Over-Allotment Option, exercisable at any time, and from time to time, up to 48 hours prior to the closing of the Offering, to purchase up to an additional 1,000,000 Series 3 Preferred Shares at a price of \$25.00 per Series 3 Preferred Share. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters’ fee and the net proceeds to IFC, before expenses, will be \$250,000,000, \$7,500,000 and \$242,500,000, respectively, assuming no Series 3 Preferred Shares are sold to institutions referred to above. The grant of the Over-Allotment Option and the issuance of Series 3 Preferred Shares on the exercise of the Over-Allotment Option are also qualified under this Prospectus Supplement.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. If an Underwriter fails, except in certain limited circumstances, to purchase the Series 3 Preferred Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 3 Preferred Shares. The Underwriters are, however, obligated to take up and pay for all Series 3 Preferred Shares if any Series 3 Preferred Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that IFC will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

The Underwriters propose to offer the Series 3 Preferred Shares initially at the public offering price specified on the cover page of this Prospectus Supplement. After a reasonable effort has been made to sell all of the Series 3 Preferred Shares at the offering price, the Underwriters may subsequently reduce and thereafter change, from time to time, the price at which the Series 3 Preferred Shares are offered to an amount not greater than that specified on the cover page of this Prospectus Supplement, and the compensation realized by the Underwriters will accordingly also be reduced by the amount that the

aggregate price paid by purchasers for the Series 3 Preferred Shares is less than the gross proceeds paid by the Underwriter to IFC.

IFC has agreed that, subject to certain exceptions, it shall not issue or agree to issue any preferred shares prior to 45 days after the closing date of the Offering without the prior consent of CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. (on behalf of the Underwriters) which consent shall not be unreasonably withheld.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series 3 Preferred Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 3 Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules of 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 where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 3 Preferred Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. are wholly-owned subsidiaries of Canadian banks which are currently parties to a credit agreement with IFC (as at the date of this Prospectus Supplement, no amounts are outstanding under this credit agreement). CIBC World Markets Inc. is also acting as a financial advisor to IFC in connection with the Acquisition and is receiving a fee therefor. In addition, CIBC World Markets Inc. is a wholly-owned subsidiary of a Canadian bank which has agreed to provide IFC with the Acquisition Credit Facilities. Accordingly, IFC may be considered a “connected issuer” of these Underwriters within the meaning of applicable securities legislation. None of these Underwriters will receive any direct benefit from the Offering other than the underwriting commission relating to the Offering. The decision to distribute the Series 3 Preferred Shares and the determination of the terms of the Offering were made through negotiation between IFC and the Underwriters. No bank had any involvement in such decision or determination. IFC intends to use the net proceeds of this Offering, together with borrowings under the Acquisition Credit Facilities, the proceeds of the Subscription Receipt Offering, the net proceeds of the MTN Private Placement, the net proceeds of the First Preferred Share Offering and a portion of our existing internal cash resources, to fund the purchase price for the Acquisition. See “Recent Developments”, “Use of Proceeds” and “Consolidated Capitalization”.

There is currently no market through which the Series 3 Preferred Shares or the Series 4 Preferred Shares may be sold and purchasers may not be able to resell Series 3 Preferred Shares purchased under this Prospectus Supplement. The TSX has conditionally approved the listing of the Series 3 Preferred Shares and the Series 4 Preferred Shares. Listing of the Series 3 Preferred Shares offered under this Prospectus Supplement is subject to IFC fulfilling all the listing requirements of the TSX on or before November 7, 2011. Listing of the Series 4 Preferred Shares issuable on conversion of the Series 3 Preferred Shares is subject to IFC fulfilling all the listing requirements of the TSX, including public distribution requirements for the Series 4 Preferred Shares, at the applicable time.

Neither the Series 3 Preferred Shares nor the Series 4 Preferred Shares have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (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.

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McMillan LLP, counsel to IFC, and Stikeman Elliott LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Series 3 Preferred Shares acquired pursuant to the Offering and Series 4 Preferred Shares acquired upon the conversion of Series 3 Preferred Shares so acquired who, for the purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length and is not affiliated with IFC, holds the Series 3 Preferred Shares and any Series 4 Preferred Shares as capital property and is not exempt from tax under Part I of the Tax Act.

Generally, Series 3 Preferred Shares and Series 4 Preferred Shares will be capital property to a holder provided the holder does not hold such shares in the course of carrying on a business and does not acquire them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain holders whose Series 3 Preferred Shares or Series 4 Preferred Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have their Series 3 Preferred Shares or Series 4 Preferred Shares and every other "Canadian security" (as defined in the Tax Act) owned by the electing holder in the taxation year of the election, and in all subsequent 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 the purposes of the "mark to market rules"), (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), or (iii) that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act. Such holders should consult their own tax advisors having regard to their particular circumstances.

In addition, this summary is not applicable to a holder that is a "specified financial institution" (as defined in the Tax Act) that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm's length, in the aggregate dividends in respect of more than 10% of the Series 3 Preferred Shares or the Series 4 Preferred Shares, as the case may be, outstanding at the time the dividend is received. This summary assumes that all issued and outstanding Series 3 Preferred Shares or Series 4 Preferred Shares are listed on a designated stock exchange (which includes the TSX) in Canada (as defined in the Tax Act) at the time dividends (including deemed dividends) are received on such shares.

This summary is based upon the provisions of the Tax Act in force on the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative practices of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate any changes in applicable law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign laws, which may differ significantly from those discussed herein.

***This summary is of a general nature only and is not intended to be, and should not be construed as, legal or tax advice to any particular holder. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a holder. The income tax consequences of holding and disposing of Series 3 Preferred Shares and Series 4 Preferred Shares will vary depending on a number of facts, including the legal status of the holder as an individual, corporation, trust or partnership. Accordingly, prospective purchasers of Series 3 Preferred Shares should consult their own tax advisors with respect to their particular circumstances and the tax consequences to them of holding and disposing of Series 3 Preferred Shares and Series 4 Preferred Shares.***

### ***Dividends***

Dividends (including deemed dividends) received on the Series 3 Preferred Shares or the Series 4 Preferred Shares by a holder who is an individual (other than certain trusts) will be included in the holder's income and generally will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules applicable to any dividends designated by IFC as "eligible dividends" in accordance with the Tax Act.

Dividends (including deemed dividends) on the Series 3 Preferred Shares and the Series 4 Preferred Shares received by a holder that is a corporation will be included in computing the holder's income and generally will be deductible in computing the holder's taxable income.

The Series 3 Preferred Shares and the Series 4 Preferred Shares will be "taxable preferred shares" (as defined in the Tax Act). The terms of the Series 3 Preferred Shares and the Series 4 Preferred Shares require IFC to make the necessary election under Part VI.1 of the Tax Act so that corporate shareholders will not be subject to tax under Part IV.1 of the Tax Act on dividends (or deemed dividends) received on the Series 3 Preferred Shares and the Series 4 Preferred Shares.



A “private corporation” (as defined in the Tax Act) or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) generally will be liable to pay a 33⅓% refundable tax under Part IV of the Tax Act on dividends (or deemed dividends) received on the Series 3 Preferred Shares and the Series 4 Preferred Shares to the extent such dividends are deductible in computing its taxable income.

### ***Redemptions***

If IFC redeems or otherwise acquires Series 3 Preferred Shares or Series 4 Preferred Shares, other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market, the holder will be deemed to have received a dividend equal to the amount, if any, by which the amount paid by IFC, including any redemption premium, exceeds the “paid-up capital” of the shares at the time of the redemption or other acquisition. See “Dividends”. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Dispositions”. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

### ***Dispositions***

A disposition or deemed disposition of Series 3 Preferred Shares or Series 4 Preferred Shares (including a redemption or other acquisition of the shares by IFC but not including a conversion) generally will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the holder. The amount of any deemed dividend arising on the redemption or acquisition by IFC of Series 3 Preferred Shares or the Series 4 Preferred Shares generally will not be included in computing the proceeds of disposition of a holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Redemption”.

The amount of any capital loss realized on the disposition or deemed disposition of Series 3 Preferred Shares or Series 4 Preferred Shares by a holder that is a corporation may be reduced by the amount of dividends, including deemed dividends, received by the holder on the Series 3 Preferred Shares or Series 4 Preferred Shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Series 3 Preferred Shares or Series 4 Preferred Shares and where a trust is a member of a partnership that owns Series 3 Preferred Shares or Series 4 Preferred Shares or a partnership or trust is a beneficiary of a trust that owns the Series 3 Preferred Shares or Series 4 Preferred Shares. Holders to whom these rules may be relevant should consult their own tax advisors.

Generally, one-half of any such capital gain will be included in computing the holder’s income as a taxable capital gain and one-half of any such capital loss may be deducted from the holder’s taxable capital gains in accordance with the rules contained in the Tax Act. Taxable capital gains of a Canadian controlled private corporation (as defined in the Tax Act) may be subject to an additional refundable tax at a rate of 6⅔%.

### ***Conversions***

The conversion of a Series 3 Preferred Share into a Series 4 Preferred Share and the conversion of a Series 4 Preferred Share into a Series 3 Preferred Share will be deemed not to be a disposition of the share and, accordingly, will not give rise to a capital gain or a capital loss. The cost to a holder of a Series 4 Preferred Share or a Series 3 Preferred Share, as the case may be, received on the conversion will be equal to the holder’s adjusted cost base of the converted Series 3 Preferred Share or Series 4 Preferred Share, as the case may be, immediately before the conversion. The adjusted cost base of all of the Series 3 Preferred Shares or Series 4 Preferred Shares held by the holder will be determined in accordance with the cost averaging rules in the Tax Act.

### ***Alternative Minimum Tax***

A capital gain realized, or a dividend received or deemed to be received, by a holder that is an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

## **RISK FACTORS**

An investment in the Series 3 Preferred Shares involves certain risks. In addition to the other information contained in this Prospectus Supplement and the Shelf Prospectus and the risks described under the “Risk Management” sections of the documents listed under paragraphs (c), (e) and (f) under “Documents Incorporated by Reference” and under the “Risk Factors” section of the Material Change Report, prospective purchasers of Series 3 Preferred Shares should carefully consider the risk factors set forth below.

### **General Creditworthiness**

The value of the Series 3 Preferred Shares and the Series 4 Preferred Shares will be affected by our general creditworthiness. Real or anticipated changes in credit ratings on the Series 3 Preferred Shares or the Series 4 Preferred Shares may affect the market value of the Series 3 Preferred Shares and the Series 4 Preferred Shares, respectively. No assurance can be given that any credit ratings assigned to the Series 3 Preferred Shares or the Series 4 Preferred Shares 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 products offered by us and could affect the cost at which we obtain funding, thereby affecting our liquidity, business, financial condition or results of operations. See “Access to Capital and Credit Ratings”.

### **Dividends**

The Series 3 Preferred Shares and the Series 4 Preferred Shares are non-cumulative and dividends are payable at the discretion of the Board of Directors. See “Earnings Coverage Ratios” and “Description of Share Capital – Class A Shares” which are relevant to an assessment of the risk that we will be unable to pay dividends on the Series 3 Preferred Shares or the Series 4 Preferred Shares.

### **Holding Company Structure**

We are a holding company and we rely on cash dividends and other permitted payments from our subsidiaries and our own cash balances as the principal source of cash flow to meet our obligations with respect to the Series 3 Preferred Shares and the Series 4 Preferred Shares. As a result, our cash flows and ability to service our obligations, including the Series 3 Preferred Shares and the Series 4 Preferred Shares, are dependent upon the earnings of our subsidiaries, distributions of those earnings to us and other payments or distributions of funds by our subsidiaries to us. Substantially all of our business is currently conducted through our subsidiaries.

The ability of our subsidiaries to pay dividends to us in the future may be limited by applicable corporate and insurance law restrictions.

### **Structural Subordination of the Series 3 Preferred Shares and the Series 4 Preferred Shares**

The Series 3 Preferred Shares and the Series 4 Preferred Shares are equity capital of IFC which rank equally with other Class A Shares in the event of an insolvency or winding-up of IFC. If IFC becomes insolvent or is wound-up, its assets must be used to satisfy outstanding indebtedness and other liabilities of IFC, including subordinated indebtedness of IFC, before payment may be made on the Series 3 Preferred Shares or the Series 4 Preferred Shares.

Our subsidiaries have no obligation to pay any amounts due on the Series 3 Preferred Shares and the Series 4 Preferred Shares. Furthermore, except to the extent IFC has a priority or equal claim against its subsidiaries as a creditor, the Series 3 Preferred Shares and the Series 4 Preferred Shares will be effectively subordinated to debt and preferred shares at the subsidiary level because, as the common shareholder of its subsidiaries, IFC will be subject to the prior claims of creditors of its subsidiaries. As a result, a holder of Series 3 Preferred Shares or Series 4 Preferred Shares will not have any claim as a creditor against our subsidiaries. Accordingly, the Series 3 Preferred Shares and the Series 4 Preferred Shares are effectively subordinated to all liabilities of any of IFC’s subsidiaries. Therefore, holders of Series 3 Preferred Shares or Series 4 Preferred Shares should rely only on IFC’s assets for payments on the shares.

### **Fluctuations in Market Value**

Prevailing yields on similar securities will affect the market value of the Series 3 Preferred Shares and the Series 4 Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series 3 Preferred Shares and the Series 4 Preferred Shares would be expected to decline as prevailing yields for similar securities rise, and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and

comparable benchmark rates of interest for similar securities will also affect the market value of the Series 3 Preferred Shares and the Series 4 Preferred Shares in an analogous manner.

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Series 3 Preferred Shares and the Series 4 Preferred Shares for reasons unrelated to our performance. The continuing volatility in financial markets may adversely affect us and the market price of the Series 3 Preferred Shares and the Series 4 Preferred Shares. 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 us and the market price of the Series 3 Preferred Shares and the Series 4 Preferred Shares. Additionally, the value of the Series 3 Preferred Shares and the Series 4 Preferred Shares are subject to market value fluctuations based upon factors which influence our operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

### **Market for Securities**

There is currently no market through which the Series 3 Preferred Shares and the Series 4 Preferred Shares may be sold. No assurance can be given as to whether an active trading market will develop or be maintained for the Series 3 Preferred Shares and the Series 4 Preferred Shares. To the extent that an active trading market for the Series 3 Preferred Shares and the Series 4 Preferred Shares does not develop, the liquidity and trading prices for the Series 3 Preferred Shares and the Series 4 Preferred Shares may be adversely affected. If the Series 3 Preferred Shares and the Series 4 Preferred Shares are traded after their initial issuance, they may trade at a discount from their initial price depending on prevailing interest rates, the market for similar securities, our performance and other factors.

### **Other Risk Factors Specific to the Series 3 Preferred Shares and the Series 4 Preferred Shares**

Neither Series 3 Preferred Shares nor the Series 4 Preferred Shares have a fixed maturity date and are not redeemable at the option of the holders of Series 3 Preferred Shares or Series 4 Preferred Shares, as applicable. The ability of a holder to liquidate its holdings of Series 3 Preferred Shares or Series 4 Preferred Shares, as applicable, may be limited.

We may choose to redeem the Series 3 Preferred Shares and the Series 4 Preferred Shares from time to time, in accordance with our rights described under “Details of the Offering – Certain Provisions of the Series 3 Preferred Shares as a Series – Redemption” and “Details of the Offering – Certain Provisions of the Series 4 Preferred Shares as a Series – Redemption”, including when prevailing interest rates are lower than yield borne by the Series 3 Preferred Shares and the Series 4 Preferred Shares. 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 yield as high as the yield on the Series 3 Preferred Shares or the Series 4 Preferred Shares being redeemed. Our redemption right also may adversely impact a purchaser’s ability to sell Series 3 Preferred Shares and Series 4 Preferred Shares as the optional redemption date or period approaches.

The dividend rate in respect of the Series 3 Preferred Shares will reset on September 30, 2016 and on September 30 every five years thereafter. The dividend rate in respect of the Series 4 Preferred Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Investments in the Series 4 Preferred Shares, given their floating interest component, entail significant risks not associated with investments in the Series 3 Preferred Shares. The resetting of the applicable rate on a Series 4 Preferred Share may result in a lower yield compared to fixed rate Series 3 Preferred Shares. The applicable rate on a Series 4 Preferred Share will fluctuate in accordance with fluctuations in the T-Bill Rate 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 we have no control.

An investment in the Series 3 Preferred Shares, or in the Series 4 Preferred Shares, as the case may be, may become an investment in Series 4 Preferred Shares, or in Series 3 Preferred Shares, respectively, without the consent of the holder in the event of an automatic conversion in the circumstances described under “Details of the Offering – Certain Provisions of the Series 3 Preferred Shares as a Series – Conversion of Series 3 Preferred Shares into Series 4 Preferred Shares” and “Details of the Offering – Certain Provisions of the Series 4 Preferred Shares as a Series – Conversion of Series 4 Preferred Shares into Series 3 Preferred Shares”. Upon the automatic conversion of the Series 3 Preferred Shares into Series 4 Preferred Shares, the dividend rate on the Series 4 Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series 4 Preferred Shares into Series 3 Preferred Shares, the dividend rate on the Series 3 Preferred Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each

such five-year period. In addition, holders may be prevented from converting their Series 3 Preferred Shares into Series 4 Preferred Shares, and vice versa, in certain circumstances. See “Details of the Offering – Certain Provisions of the Series 3 Preferred Shares as a Series – Conversion of Series 3 Preferred Shares into Series 4 Preferred Shares”, “– Issue of Additional Series of Class A Shares”, “– Amendments to the Series 3 Preferred Shares”, “Details of the Offering – Certain Provisions of the Series 4 Preferred Shares as a Series – Conversion of Series 4 Preferred Shares into Series 3 Preferred Shares”, “– Issue of Additional Series of Class A Shares” and “– Amendments to the Series 4 Preferred Shares”.

### **Access to Capital and Credit Ratings**

In order to meet the capital investment and debt repayment requirements of its business, we must have reliable access to sufficient and cost-effective capital. The ability to arrange sufficient and cost-effective financing is subject to numerous factors, including the regulatory environment, our results of operations and financial position, conditions in the capital and bank credit markets, the ratings assigned by rating agencies and general economic conditions. There can be no assurance that sufficient capital will continue to be available on acceptable terms to fund such capital expenditures and to repay existing debt.

Following the announcement of the proposed Acquisition, DBRS confirmed IFC’s debt rating of A(low) and Moody’s Investors Service, Inc. (“Moody’s”) announced that it had placed the A3 senior debt rating of IFC and the Aa3 insurance financial strength ratings of IFC’s principal operating subsidiaries under review for possible downgrade. As part of its announcement, Moody’s stated that the review will focus on the extent to which the Acquisition closes in accordance with its terms and that Moody’s will also consider, among other things, the *pro forma* business and financial profile of IFC, including financial leverage and capital adequacy. Moody’s also stated that, assuming the Acquisition closes as proposed, and no other material changes occur with respect to operating performance of either IFC or AXA Canada or to the market environment, Moody’s expects to lower IFC’s A3 senior debt rating and the Aa3 insurance financial strength ratings of IFC’s principal operating subsidiaries by one notch following the closing of the Acquisition. On June 6, 2011, A.M. Best Co. (“A.M. Best”) announced that it had placed under review with negative implications the financial strength rating of A+ (superior) and issuer credit ratings of “aa-” of IFC’s principal operating subsidiaries and IFC’s existing debt ratings and its issuer credit rating of “a-”. Also on June 6, 2011, A.M. Best announced that it had placed under review with developing implications the A (excellent) financial strength rating and “a+” issuer credit ratings of AXA Canada’s principal operating subsidiaries, the A- (excellent) financial strength rating and “a-” issuer credit rating of InnovAssur, assurances générales inc. and the “bbb+” issuer credit rating of AXA Canada. A.M. Best also stated that the ratings of IFC, AXA Canada and their respective operating subsidiaries will remain under review until completion of the Acquisition and until A.M. Best conducts further analysis and discussion with management of IFC and AXA Canada.

An inability to maintain an investment-grade credit rating and/or a decline in issuer credit ratings or financial strength ratings could materially adversely impact our access to debt financing and ability to compete for large commercial business.

### **Use of Proceeds**

IFC intends to use the net proceeds of this Offering to fund a portion of the purchase price for the Acquisition as described under “Use of Proceeds”. The Offering is not conditional on closing of the Acquisition. If the Acquisition is not completed, the net proceeds of this Offering will be used for general corporate purposes.

## **LEGAL MATTERS**

Certain legal matters relating to the Offering will be passed upon on behalf of IFC by McMillan LLP and on behalf of the Underwriters by Stikeman Elliott LLP. As of the date of this Prospectus Supplement, the partners and associates of McMillan LLP and Stikeman Elliott LLP, respectively, as a group, beneficially own, directly or indirectly, less than 1% of the issued and outstanding securities of IFC or any associates or affiliates of IFC.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

IFC's auditors are Ernst & Young LLP, Chartered Accountants.

AXA Canada's auditors are PricewaterhouseCoopers LLP, Chartered Accountants.

The transfer agent and registrar for the Series 1 Preferred Shares, the Series 3 Preferred Shares and the Common Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario. The transfer agent and registrar for the Subscription Receipts is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories 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 and territories, 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 such purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

## CONSENT OF AUDITORS

We have read the prospectus supplement of Intact Financial Corporation (“IFC”) dated August 11, 2011 relating to the offer and issue of 9,000,000 Non-cumulative Rate Reset Class A Shares Series 3 (the “Prospectus Supplement”). We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the Prospectus Supplement of our report to the shareholders of IFC on the consolidated balance sheets of IFC as at December 31, 2010 and 2009 and the consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for each of the years in the two-year period ended December 31, 2010. Our report is dated February 8, 2011.

Montréal, Canada  
August 11, 2011

(Signed) Ernst & Young LLP<sup>1</sup>  
Chartered Accountants

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<sup>1</sup> CA auditor permit no. 15504

## CONSENT OF AUDITORS

We have read the prospectus supplement dated August 11, 2011 to the short form base shelf prospectus dated July 5, 2011 of Intact Financial Corporation (“IFC”) relating to the offer and issue by IFC of 9,000,000 of Non-cumulative Rate Reset Class A Shares Series 3 (the “Prospectus Supplement”). We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus Supplement of our report to the Directors of AXA Canada Inc. on the consolidated balance sheets of AXA Canada Inc. as at December 31, 2010 and 2009 and the consolidated statements of earnings, changes in shareholder’s equity, comprehensive income and accumulated other comprehensive income and cash flows for each of the years in the two year period ended December 31, 2010. Our report is dated March 15, 2011 (except as to note 26, which is as of May 31, 2011).

Montréal, Québec, Canada  
August 11, 2011

(Signed) PricewaterhouseCoopers LLP<sup>2</sup>  
Chartered Accountants

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<sup>2</sup> Chartered accountant auditor permit No. 22923

## CERTIFICATE OF THE UNDERWRITERS

Dated: August 11, 2011

To the best of our knowledge, information and belief, the short form base shelf prospectus dated July 5, 2011, 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 all provinces and territories of Canada.

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES  
INC.

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (Signed) DONALD A.  
FOX

By: (Signed) RAJIV BAHL

By: (Signed) DAVID J.  
SKURKA

By: (Signed) JONATHAN  
BROER

NATIONAL BANK FINANCIAL INC.

By: (Signed) MAUDE LEBLOND

BMO NESBITT BURNS INC.

By: (Signed) BRADLEY J. HARDIE

CANACCORD GENUITY CORP.

GMP SECURITIES L.P.

By: (Signed) DANIEL DAVIAU

By: (Signed) NEIL SELFE

DESJARDINS SECURITIES INC.

HSBC SECURITIES  
(CANADA) INC.

MACQUARIE CAPITAL  
MARKETS CANADA LTD.

RAYMOND JAMES LTD.

By: (Signed) A. THOMAS  
LITTLE

By: (Signed) CATHERINE  
CODE

By: (Signed) NOREEN  
FLAHERTY

By: (Signed) J. GRAHAM  
FELL