

Intact Financial Corporation Completes Subscription Receipt Offering

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TORONTO, June 9, 2011 /CNW/ - Intact Financial Corporation (TSX:IFC) announced today that it has closed its bought deal offering of Subscription Receipts (the "Offering") underwritten by a syndicate of underwriters co-led by CIBC World Markets Inc. and TD Securities Inc. and including RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Canaccord Genuity Corp., GMP Securities L.P., Goldman Sachs Canada Inc., Macquarie Capital Markets Canada Ltd. and Merrill Lynch Canada Inc. (the "Underwriters"), resulting in gross proceeds (including the over-allotment option proceeds) to IFC of \$961,975,000.

IFC entered into an underwriting agreement dated June 2, 2011 with the Underwriters under which the Underwriters agreed to purchase from IFC and sell to the public 17,500,000 Subscription Receipts at a price of \$47.80 per Subscription Receipt for gross proceeds to IFC of \$836,500,000. The Underwriters have exercised their over-allotment option and purchased an additional 2,625,000 Subscription Receipts at a price of \$47.80 per Subscription Receipt for gross proceeds to IFC of \$125,475,000.

The gross proceeds from the Offering will be held in escrow and are intended to be used by IFC to fund a portion of the purchase price for its previously announced acquisition of all of the issued and outstanding shares of AXA Canada Inc. (the "Acquisition"). 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.

If the Acquisition closes prior to January 31, 2012, each Subscription Receipt will entitle the holder to receive upon closing of the Acquisition one Common Share of IFC plus an amount equal to the dividends that have been declared on the Common Shares by IFC for which record dates have occurred during the period from June 9, 2011 to but excluding the closing date of the Acquisition (less any applicable withholding taxes, if any) ("Dividend Equivalent Amount"); provided that to the extent that such amount represents dividends for which record dates have occurred and have not yet been paid, such dividends will not be payable to holders of Subscription Receipts (unless IFC otherwise elects) until the related cash distribution is paid to holders of Common Shares. The Dividend Equivalent Amount will include IFC's announced quarterly dividend of \$0.37 per Common Share payable on June 30, 2011 to shareholders of record on June 15, 2011. If the Acquisition is not completed by January 31, 2012 or if the share purchase agreement relating to the Acquisition is terminated in accordance with its terms before that date, the holders of Subscription Receipts will be entitled to receive their full subscription price together with their share of any interest that was earned during the term of escrow (less any applicable withholding taxes, if any).

The Subscription Receipts will commence trading on the Toronto Stock Exchange on June 9, 2011 under the symbol IFC.R.

About Intact Financial Corporation

Intact Financial Corporation (www.intactfc.com) is the largest provider of property and casualty insurance in Canada with \$4.5 billion in premiums. Its 7,500 employees and network of more than 1,800 insurance brokerages offer home, auto and business insurance under the Intact Insurance, Novex Group Insurance, belairdirect and GP Car and Home brands.

The securities to be offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy such securities in the United States or in any other jurisdiction where such offer is unlawful.

Cautionary note about forward-looking statements

Certain of the statements included in this press release 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", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are based on estimates and assumptions made by management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management 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 management currently expects; its ability to accurately assess the risks associated with the insurance policies that IFC insurance subsidiaries write; unfavourable capital market developments or other factors which may affect IFC's investments and funding obligations under its pension plans; the cyclical nature of the property and casualty insurance industry; management'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 clients; IFC's ability to successfully pursue its acquisition strategy; IFC's ability to execute its business strategy; the terms and conditions of, and regulatory approvals relating to, the acquisition of AXA Canada ("Acquisition"); timing for completion of the Acquisition; synergies arising from, and IFC's integration plans relating to the Acquisition; IFC's financing plans for the Acquisition; management's estimates and expectations in relation to resulting accretion, internal rate of return and debt to capital position at closing of the Acquisition and thereafter, as applicable; various other actions to be taken or requirements to be met in connection with the Acquisition and integrating IFC and AXA Canada after completion of the Acquisition; 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 ratings; 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 its common shares.

These factors are not intended to represent a complete list of the factors that could affect us. These factors should, however, be considered carefully. All of the forward-looking statements included in this press release are qualified by these cautionary statements. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, IFC cannot assure investors that actual results will be consistent with these forward-looking statements. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed on forward-looking statements made herein. IFC and management have no intention and undertake 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.

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