

Intact Financial Corporation to acquire JEVCO Insurance Company for \$530 million

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- Acquisition to expand Intact product offering to insurance brokers and consumers into complementary lines
- Financing secured and IFC's capital position remains strong
- Estimated IRR above 20%

TORONTO, May 2, 2012 /CNW/ - Intact Financial Corporation (TSX: IFC) announced today that it has entered into a definitive agreement with The Westaim Corporation (TSX: WED) whereby IFC will acquire Westaim's wholly-owned subsidiary, JEVCO Insurance Company, for \$530 million. JEVCO is a leading provider of specialty and niche products for individuals and businesses in Canada with approximately \$350 million in direct premiums written in 2011 (based on industry data and public disclosure).

The transaction, which is expected to close during the Fall of 2012, has been approved by the boards of both companies and is conditional upon, among other things, the approval of Westaim's shareholders and the receipt of the required regulatory approvals. Alberta Investment Management Corporation, on behalf of certain Funds whose investments it manages, Goodwood Inc. and the directors and executive officers of Westaim and JEVCO, have agreed to vote their Westaim shares (representing in aggregate approximately 48.6% of the outstanding common shares and approximately 53.7% of all outstanding shares entitled to vote at the special meeting of Westaim shareholders) in favour of the transaction.

According to Charles Brindamour, Chief Executive Officer of Intact Financial Corporation, the transaction will complement the company's offering of insurance solutions to consumers and brokers. "The acquisition will allow us to expand our offering to brokers by providing them the opportunities to offer their clients complementary specialized products such as recreational vehicle insurance. It will also broaden our offering of specialty lines products to businesses."

CIBC World Markets Inc. is acting as exclusive financial advisor to IFC.

Financing

IFC intends to finance the acquisition and related transaction expenses from a combination of the proceeds of approximately \$226 million bought deal subscription receipt financing, funds to be advanced under its existing revolving credit facility or other committed senior unsecured financing arranged by IFC for this purpose and a portion of its existing cash resources.

IFC expects to maintain its strong capital position on closing with an estimated MCT above 200% in the near term and a debt to total capital ratio estimated to remain below its target level of 20%.

Subscription Receipt Offering

IFC has entered into an agreement with a group of underwriters, led by CIBC World Markets Inc. and TD Securities Inc. for the issuance of 3.6 million subscription receipts at a price of \$62.75 per subscription receipt for gross proceeds of \$225.9 million pursuant to a bought deal public offering in Canada where each subscription receipt will entitle the holder to receive one common share of IFC upon closing of the acquisition. IFC has also granted the underwriters the option to buy an additional 180,000 subscription receipts exercisable at the offering price for a period of 30 days after the closing for additional gross proceeds of approximately \$11.3 million. The offering is expected to close on May 11, 2012.

About Intact Financial Corporation

Intact Financial Corporation (www.intactfc.com) is the largest provider of property and casualty insurance in the country with \$6.5 billion in premiums. Its 10,000 employees offer home, auto and business insurance through Intact Insurance, Novex Group Insurance, belairdirect and Grey Power.

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.

About Westaim and JEVCO

Westaim is a financial holding company focused on the property and casualty insurance industry. Its subsidiary, JEVCO Insurance Company, provides specialised insurance products to individuals, such as recreational vehicles (motorcycles,

snowmobiles and all-terrain vehicles), and non-standard auto insurance as well as niche products in business insurance. It operates mainly in Quebec, Ontario and Alberta.

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 JEVCO Insurance Company ("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 MCT and debt to capital position, as applicable; various other actions to be taken or requirements to be met in connection with 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 and issuer credit 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. Such forward-looking statements are made as of May 1, 2012. 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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