



Certificate of Amalgamation

Canada Business Corporations Act

Certificat de fusion

Loi canadienne sur les sociétés par actions

GEORGE WESTON LIMITED
GEORGE WESTON LIMITÉE

Corporate name / Dénomination sociale

1106436-3

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation resulted from an amalgamation, under section 185 of the *Canada Business Corporations Act*, of the corporations set out in the attached articles of amalgamation.

JE CERTIFIE que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la *Loi canadienne sur les sociétés par actions*, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.

Cheryl Ringor

Deputy Director / Directeur adjoint

2018-11-01

Date of Amalgamation (YYYY-MM-DD)
Date de fusion (AAAA-MM-JJ)



**Canada Business Corporations Act (CBCA)
FORM 9
ARTICLES OF AMALGAMATION
(Section 185)**

1 - Corporate name of the amalgamated corporation

GEORGE WESTON LIMITED
GEORGE WESTON LIMITEE

2 - The province or territory in Canada where the registered office is situated (do not indicate the full address)

Ontario

3 - The classes and any maximum number of shares that the corporation is authorized to issue

See Schedule I attached

4 - Restrictions, if any, on share transfers

None

5 - Minimum and maximum number of directors (for a fixed number of directors, indicate the same number in both boxes)

Minimum number Maximum number

6 - Restrictions, if any, on the business the corporation may carry on

None

7 - Other provisions, if any

See Schedule II attached

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

<input type="radio"/> 183 - Long form: approved by special resolution of shareholders	<input checked="" type="radio"/> 184(1) - Vertical short-form: approved by resolution of directors	<input type="radio"/> 184(2) - Horizontal short-form: approved by resolution of directors
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9 - Declaration

I hereby certify that I am a director or an authorized officer of the following corporation:

Name of the amalgamating corporations	Corporation number	Signature
SEE SCHEDULE A ATTACHED		

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

SCHEDULE A
TO THE ARTICLES OF AMALGAMATION OF
GEORGE WESTON LIMITED
GEORGE WESTON LIMITÉE

9 – Declaration

I certify that I am a director or an authorized officer of the following corporation:

Name of Amalgamating Corporation	Corporation Number	Signature
GEORGE WESTON LIMITED GEORGE WESTON LIMITÉE	240696-9	
Weston Food Distribution Inc. DISTRIBUTION ALIMENTAIRE WESTON INC.	1060666-9	

SCHEDULE I

1. AUTHORIZED CAPITAL

The authorized capital of the Corporation consists of:

108,979 preferred shares ("Senior Preferred Shares") issuable in series;

54,454 Senior Preferred Shares, Second Series;

an unlimited number of preferred shares ("Preferred Shares") issuable in series;

500,00 Preferred Shares, Series Y;

250,000 Preferred Shares, Series Z;

4,000,000 Series A Preferred Shares;

10,000,000 Preferred Shares, Series I;

10,000 Preferred Shares, Series II;

10,000,000 Preferred Shares, Series III;

8,000,000 Preferred Shares, Series IV;

8,000,000 Preferred Shares, Series V;

an unlimited number of preferred shares ("Junior Preferred Shares") issuable in series;

2,000 Junior Preferred Shares, Series C;

6,200 Junior Preferred Shares, Series D;

12,900 Junior Preferred Shares, Series E; and

an unlimited number of Common Shares.

2. INTERPRETATION

2.1. Act Prevails: In the event of any inconsistency between this schedule and the Act, this schedule shall be read as amended by the Act where necessary (except to the extent that such would affect any of the issued and outstanding Senior Preferred Shares within the meaning of subsection 261(1.2) of the Act or would change any of the terms or conditions relating to the redemption, acquisition, cancellation, conversion or reduction of the paid-up capital of the issued and outstanding Series Y Preferred Shares or Series Z Preferred Shares, in which case any alteration in the rights of the holders of the said Senior Preferred Shares or Preferred Shares shall arise solely by operation of law and not by virtue of this schedule).

2.2. Separate Interpretations: Each provision attaching to the shares of any class or series shall be construed without regard to any difference between the wording of that provision and the wording of any corresponding provision attaching to the shares of any other class or to the shares of any series of another class.

2.3. Headings, Gender, Number: This schedule, as from time to time amended, shall be read without regard to paragraph headings, which are included for ease of reference only, and with all changes in gender and number permitted by the context.

2.4. Rules of Construction: In this schedule, as from time to time amended,

(a) "Act" means the Canada Business Corporations Act or its successor, as amended or replaced from time to time; and

(b) except with respect to Parts 4 through 10 inclusive,

(i) "business day" means a day other than a non-business day;

- (ii) "dividend payment date" means the 1st day of March, June, September and December in each year;
- (iii) "final distribution" means the distribution of assets on any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (iv) "non-business day" means a Saturday, a Sunday and any other day that at the registered office of the Corporation is a holiday under The Interpretation Act (Canada); and
- (v) if any dividend is payable or other action is required to be taken on a non-business day, such dividend shall be payable or action taken on the next succeeding business day.

3. COMMON SHARES

The rights, privileges, restrictions and conditions attaching to the Common Shares are as follows:

3.1. Dividends and Distributions: Subject to the prior rights of the holders of any other class or series of shares of the Corporation, the holders of record of the Common Shares are entitled to receive equally, share for share: (i) all dividends declared by the Corporation, (ii) all property of the Corporation that is distributed to any of its shareholders (including without limitation on any final distribution) and (iii) any remaining property of the Corporation on dissolution.

3.2. Votes: The holders of record of the Common Shares are entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except meetings at which only holders of another specified class or series of shares are entitled to vote, and are entitled to 1 vote for each Common Share held on all votes taken at such meetings.

4. SENIOR PREFERRED SHARES

The Senior Preferred Shares shall, as a class, carry and be subject to the following rights, restrictions, conditions and limitations:

4.1. Directors' Rights to Issue in 1 or More Series: The directors of the Corporation may at any time and from time to time issue Senior Preferred Shares in 1 or more series, each series to consist of such number of shares as may before issuance thereof be determined by the board of directors.

4.2. Directors to Fix Terms of Each Series: The directors of the Corporation may from time to time fix before issuance the designation, rights, restrictions, conditions and limitations to attach to the Senior Preferred Shares of any series, including, but without limitation to, the rate of preferential dividends attaching to such shares, the dates of payment thereof, the redemption price and terms and conditions of redemption, conversion rights (if any) and any sinking fund or other provisions attaching to such series of Senior Preferred

Shares, the whole subject to the issue of a certificate of amendment setting forth the designation, rights, restrictions, conditions and limitations attaching to the Senior Preferred Shares of such series, provided, however, that the first and second series of the Senior Preferred Shares shall have the designations, rights, restrictions, conditions and limitations hereinafter set forth.

4.3. Parity of Senior Preferred Shares: The Senior Preferred Shares of each series shall rank on a parity with the Senior Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation whether voluntary or involuntary.

4.4. Preference Over Junior Shares: The Senior Preferred Shares shall be entitled to preference over the Common Shares of the Corporation and any other shares ranking junior to the Senior Preferred Shares with respect to payment of dividends and repayment of capital and the Senior Preferred Shares may also be given such other preferences over the Common Shares of the Corporation and any other shares ranking junior to the Senior Preferred Shares as may be determined as to the respective series authorized to be issued.

4.5. Rateable Participation of Senior Preferred Shares: When any fixed cumulative dividends or amounts payable on a return of capital are not paid in full, the Senior Preferred Shares of all series shall participate rateably in respect of such dividends including accumulations, if any, in accordance with the sums which would be payable on the said Senior Preferred Shares if all such dividends were declared and paid in full in accordance with their respective terms, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full in accordance with their respective terms.

4.6. May be Made Redeemable: Senior Preferred Shares of any series may be made subject to redemption at such times and at such prices and upon such other terms and conditions as may be specified in the rights, restrictions, conditions and limitations attaching to the Senior Preferred Shares of such series as set forth in the resolution of the board of directors of the Corporation and in the certificate of amendment relating to such series. Upon the redemption of any Senior Preferred Shares the shares so redeemed shall be retired and cancelled.

4.7. No Pre-emptive Rights: The holders of Senior Preferred Shares shall not be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or of bonds, debentures or other securities of the Corporation now or hereafter authorized otherwise than in accordance with the exercise of the conversion rights, if any, which may from time to time attach to any series of the Senior Preferred Shares.

4.8. Voting: The holders of Senior Preferred Shares shall not be entitled (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting unless and until the Corporation from time to time shall fail to pay in the aggregate 6 quarterly dividends on the Senior Preferred Shares of any 1 series on the dates on which the same should be paid and unless and until 6 quarterly dividends on the Senior Preferred Shares of such series shall remain outstanding and be unpaid, whether or not consecutive and whether or not such

dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends. Thereafter but only so long as any dividends on the Senior Preferred Shares of any series remain in arrears the holders of the Senior Preferred Shares shall be entitled to receive notice of all meetings of shareholders and to attend thereat and to 1 vote in respect of each Senior Preferred Share held and shall be entitled, voting separately and as a class, to elect 2 members of the board of directors of the Corporation if the board consists of 7 or less directors or 3 members of the board of directors if the board consists of more than 7 directors. Nothing herein contained shall be deemed to limit the right of the Corporation from time to time to increase or decrease the number of its directors.

Notwithstanding anything contained in the by-laws of the Corporation, the term of office of all persons who may be directors of the Corporation at any time when the right to elect directors shall accrue to the holders of Senior Preferred Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of new directors at the next annual meeting of shareholders or at a special general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than 20 days' written notice and such special general meeting shall be called by the secretary of the Corporation upon the written request of the holders of record of at least 10% of the outstanding Senior Preferred Shares and in default of the calling of such special general meeting by the secretary within 5 days after the making of such request it may be called by any holder of record of Senior Preferred Shares.

Any vacancy or vacancies occurring among members of the board elected to represent the holders of Senior Preferred Shares in accordance with the foregoing provisions may be filled by the board with the consent and approval of the remaining director or directors elected to represent the holders of Senior Preferred Shares but if there be no such remaining director or directors the board may elect sufficient holders of Senior Preferred Shares to fill the vacancy or vacancies. Whether or not such vacancy or vacancies are so filled by the board, the holders of record of at least 20% of the outstanding Senior Preferred Shares shall have the right to require the secretary of the Corporation to call a meeting of the holders of Senior Preferred Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons filling such vacancy or vacancies and the provisions of the last preceding paragraph shall apply in respect of the calling of such meeting.

Notwithstanding anything contained in the by-laws of the Corporation, upon any termination of the voting rights of the holders of the Senior Preferred Shares, the term of office of the directors elected to represent the holders of Senior Preferred Shares shall terminate.

4.9. Senior Preferred Share Class Restrictions: No dividends shall at any time be declared or paid or set apart for payment on any shares of the Corporation ranking junior to the Senior Preferred Shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the Senior Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Corporation ranking junior to the Senior Preferred Shares nor shall the Corporation call for

redemption or purchase for cancellation or reduce or otherwise pay off any of the Senior Preferred Shares (less than the total number of Senior Preferred Shares then outstanding) or any shares of the Corporation ranking junior to the Senior Preferred Shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the Senior Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment off.

5. [Intentionally Deleted: all Senior Preferred Shares, First Series of George Weston Limited were previously redeemed and cancelled]

6. SENIOR PREFERRED SHARES, SECOND SERIES

The outstanding 54,454 Senior Preferred Shares, Second Series of the par value of \$100 shall be designated "Senior Preferred Shares, Second Series" (hereinafter referred to as "Preferred Shares, Second Series") and in addition to the rights, restrictions, conditions and limitations attaching to the Senior Preferred Shares as a class shall carry and be subject to the following rights, restrictions, conditions and limitations:

6.1. Dividends: The holders of the Preferred Shares, Second Series shall be entitled to receive and the Corporation shall pay thereon if, as and when declared by the board of directors out of the moneys of the Corporation properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of 6% per annum payable quarterly on the 1st days of March, June, September and December in each year on the amounts from time to time paid up thereon; such dividends shall accrue from such date or dates as may in the case of each issue be determined by the board of directors of the Corporation or in case no date be so determined then from the date of allotment. Warrants or cheques of the Corporation payable at par at any branch of the Corporation's bankers for the time being in Canada (Yukon Territory excepted) shall be issued in respect of such dividends. If on any dividend payment date the dividend payable on such date is not paid in full on all of the Preferred Shares, Second Series then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of the same. The holders of the Preferred Shares, Second Series shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for.

6.2. Liquidation, Dissolution or Winding-up: In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs the holders of the Preferred Shares, Second Series shall be entitled to receive the amount paid up on such shares together with all unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution) before any amount shall be paid or any property or assets of the Corporation distributed to the holders of shares of any class ranking junior to the Preferred Shares,

Second Series. After payment to the holders of the Preferred Shares, Second Series of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

6.3. Redemption and Purchase for Cancellation

6.3.1. Right to Purchase for Cancellation: Subject to the provisions of Article 4.9 of the provisions attaching to the Senior Preferred Shares of the Corporation as a class, the Corporation may at any time or times purchase (if obtainable) for cancellation the whole or any part of the Preferred Shares, Second Series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Preferred Shares, Second Series outstanding at the lowest price at which, in the opinion of the board of directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in Section 6.3.2 hereof plus costs of purchase. If upon any invitation for tenders under the provisions of this paragraph the Corporation shall receive tenders of Preferred Shares, Second Series at the same lowest price which the Corporation may be willing to pay in an aggregate number greater than the number for which the Corporation is prepared to accept tenders, the Preferred Shares, Second Series so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Preferred Shares, Second Series so tendered by each of the holders of Preferred Shares, Second Series who submitted tenders at the said same lowest price. From and after the date of purchase of any Preferred Shares, Second Series under the provisions in this paragraph contained the shares so purchased shall be deemed to be redeemed and shall be cancelled.

6.3.2. Right to Redeem: Subject to the provisions of Article 4.9 of the provisions attaching to the Senior Preferred Shares of the Corporation as a class, the Corporation may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Preferred Shares, Second Series on payment for each share to be redeemed of 105% of the amount paid up on such share together with all unpaid preferential dividends (which for such purpose shall be calculated as if the dividends on the Preferred Shares, Second Series were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption). In case a part only of the then outstanding Preferred Shares, Second Series is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the directors or the transfer agent appointed by the Corporation in respect of the Preferred Shares, Second Series shall decide or if the directors so determine may be redeemed pro rata disregarding fractions.

6.3.3. Redemption Procedure: In any case of redemption of Preferred Shares, Second Series under the provisions of Section 6.3.2 hereof, the Corporation shall at least 30 days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Preferred Shares, Second Series to be redeemed a notice in writing of the intention of the Corporation to redeem such Preferred Shares, Second Series. Such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Corporation or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder,

provided, however, that accidental failure to give any such notice to 1 or more of such holders shall not affect the validity of such redemption as to the other holders. Such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date so specified for redemption the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Preferred Shares, Second Series to be redeemed the redemption price on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Preferred Shares, Second Series called for redemption. Such Preferred Shares, Second Series shall thereupon be and be deemed to be redeemed and shall be cancelled. If a part only of the shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Preferred Shares, Second Series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right at any time after the mailing of notice of its intention to redeem any Preferred Shares, Second Series as aforesaid to deposit the redemption price of the shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Preferred Shares, Second Series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Preferred Shares, Second Series in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively.

6.4. Sinking Fund

6.4.1. Setting Aside: Subject as hereinafter provided so long as any of the Preferred Shares, Second Series are outstanding and the Corporation is not in arrears in payment of any quarterly dividends thereon or on any other series of Senior Preferred Shares the Corporation shall on or before the 1st day of May in each year, commencing with the year 1958, set aside as a sinking fund for the purchase of Preferred Shares, Second Series for cancellation an amount equal to the lesser of (i) 2% of the aggregate par value of the greatest number of Preferred Shares, Second Series theretofore issued or (ii) 8% of consolidated net earnings (as defined in Article 6.6 hereof) for the last preceding fiscal year after deducting an amount equal to dividends on all Senior Preferred Shares then outstanding at the full rate carried by such shares for the fiscal year in which such sinking fund is to be set aside plus all unpaid dividends (if any) on all Senior Preferred Shares for any preceding year or years, provided that if in any fiscal year of the Corporation there shall be no consolidated net earnings after

deductions in respect of dividends as aforesaid then no amount shall be required to be set aside by the Corporation for sinking fund purposes in the following year and provided further that if under the foregoing provisions the Corporation would be required to set aside in any year for sinking fund purposes an amount which when added to the amount theretofore set aside as a sinking fund in respect of the Preferred Shares, Second Series and not used or applied for the purposes hereinafter provided would aggregate an amount in excess of \$250,000 then the Corporation in such year shall only be required to set aside for sinking fund purposes an amount which when added to the said amounts theretofore set aside and not used or applied as aforesaid will equal \$250,000.

6.4.2. Application of Funds: The amounts from time to time set aside as a sinking fund in respect of the Preferred Shares, Second Series shall be applied as soon as practicable to the purchase of Preferred Shares, Second Series (if obtainable) in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) at the lowest price or prices at which in the opinion of the board of directors such shares are obtainable but not exceeding the par value of such shares and costs of purchase; to the extent to which Preferred Shares, Second Series cannot be so purchased at prices not exceeding the said price the Corporation shall not be obligated to make any application of the sinking fund in the purchase or redemption of Preferred Shares, Second Series but shall reserve the same until such shares in the opinion of the board of directors can be so purchased and so on from time to time so long as any of the Preferred Shares, Second Series shall be outstanding. Any moneys set aside in the sinking fund in accordance with the foregoing provisions shall be kept separate from other moneys of the Corporation and shall not be used for any purpose except the purchase for cancellation of Preferred Shares, Second Series in accordance with the foregoing provisions. Any Preferred Shares, Second Series purchased under the provisions of this paragraph shall be deemed to be redeemed and shall be cancelled. The Corporation may at any time anticipate the whole or any part of its sinking fund obligations by purchasing or redeeming Preferred Shares, Second Series as provided in Sections 6.3.1 and 6.3.2 hereof and crediting the cost of such Preferred Shares, Second Series in reduction of any sinking fund obligations thereafter becoming due.

6.4.3. Exception: Notwithstanding anything herein contained the Corporation shall not be required to purchase any Preferred Shares, Second Series in accordance with the provisions of this Article 6.4 if and so long as such purchase would constitute a breach by the Corporation of the provisions of a certain trust indenture made as of the 15th day of January, 1953, between the Corporation and The Toronto General Trusts Corporation, as trustee, providing for the issuance of debentures by the Corporation as such trust indenture may have been, or may be, supplemented or amended from time to time.

6.5. Restrictions on Creation and Issue of Shares

6.5.1. Issue of Additional Senior Preferred Shares: The Corporation shall not issue any Senior Preferred Shares in addition to the Senior Preferred Shares, First Series and the 54,454 Preferred Shares, Second Series without the prior approval of the holders of the Preferred Shares, Second Series given as hereinafter specified unless (a) consolidated net tangible assets (as defined in Article 6.6 hereof) amount to at least twice the par value of all Senior Preferred Shares then outstanding and then proposed to be issued and (b) consolidated net

earnings (as defined in Article 6.6 hereof) for any 12 consecutive months of the last 18 months immediately preceding the date of issuance have been at least equal to 2 1/2 times the annual dividend requirements on all Senior Preferred Shares then outstanding and then proposed to be issued; a certificate of the Corporation's auditors for the time being as to whether the Corporation is or is not entitled to issue any Senior Preferred Shares without the approval aforesaid shall be conclusive and binding on the Corporation and the holders of shares of every class.

6.5.2. Creation and Issue of Shares: No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the Senior Preferred Shares without the approval of the holders of the Preferred Shares, Second Series given as hereinafter specified nor shall the authorized number of the Senior Preferred Shares be increased without such approval, provided that nothing in this paragraph contained shall prevent the Corporation from issuing additional series of the Senior Preferred Shares without such approval.

6.6. Definitions: For the purposes of Article 6.4 and Section 6.5.1 the terms "consolidated net earnings" and "consolidated net tangible assets" shall have the following meanings: "Consolidated net tangible assets" means current assets and all other assets of the Corporation and its subsidiary companies (including the proceeds or estimated proceeds of any bonds, debentures, debenture stock or other evidence of indebtedness secured thereon which by its terms matures 12 months or more after the creation thereof proposed to be issued, or of the issuance of any shares under, in either case, a contract or arrangement providing for payment in cash within 60 days from the date of such contract or arrangement) except goodwill, leases, trade marks, formulae and shares in subsidiary companies and after deducting liabilities to capital stock of subsidiary companies, if any, ranking in priority to or pari passu with shares owned by the Corporation, directly or indirectly, and all liabilities of the Corporation and its subsidiary companies other than contingent liabilities (except to the extent that the directors with the approval of the auditors of the Corporation determine that provision should be made therefor) and liabilities to capital stock, surplus and reserves to the extent not required to be treated as liabilities in accordance with sound accounting practice. Inter-company obligations of the Corporation and its subsidiary companies shall be excluded. The refundable part of the excess profits taxes of the Corporation and its subsidiary companies shall be treated as a tangible asset.

For the purpose of Section 6.5.1 and subject to the foregoing provisions hereof, consolidated net tangible assets and the value thereof shall be determined by the auditors of the Corporation who may adopt or give effect to any values, provisions or reserves appearing in the accounts of the Corporation or its subsidiaries, as the case may be, with such adjustments as such auditors may consider necessary and such auditors in so determining shall be deemed to be acting as experts and such determination by the auditors of the Corporation from time to time shall be deemed to be correct and shall be conclusive and binding on the Corporation and the holders of shares of every class. "Consolidated net earnings" means all gross earnings and income of the Corporation and its subsidiary companies from all sources less all administrative, selling and operating charges and expenses of every character and all fixed charges of the Corporation and its subsidiary companies. Without limitation of the generality of the foregoing operating expenses shall include insurance, maintenance, repairs, renewals, rentals, licences, taxes, including income taxes

and excess profits taxes, and all interest, and such reserve for bad and doubtful debts as the directors in their discretion, with the approval of the Corporation's auditors, may determine, and, in addition to actual expenditure for maintenance, reasonable allowance for depreciation, obsolescence and amortization, provided always that the net earnings of any subsidiary company for the purposes of this definition shall only include such part of the net earnings and income of such subsidiary company as under sound accounting practice is applicable to those shares of such subsidiary company which are held by the Corporation or any other subsidiary company. If any property or any shares of any other company (sufficient with any other shares of such other company already owned by the Corporation or a subsidiary company to result in such other company becoming a subsidiary company) are owned or in process of being acquired (or are proposed to be acquired as incidental to the proposed issue of Senior Preferred Shares) by the Corporation or any subsidiary company at the time of determining consolidated net earnings for any past period, and shall not have been owned by the Corporation or last-mentioned subsidiary company during the whole of the period for which consolidated net earnings are to be computed, the net earnings of such property or such other company for the same past period (calculated in accordance with the provisions herein contained respecting consolidated net earnings) as ascertained and certified by the auditors of the Corporation or the then auditors of such other company after making any necessary adjustments shall be included as consolidated net earnings for all purposes of this definition or, as the case may be, the net loss (if any) in respect of such property or such other company for the same past period similarly ascertained and certified shall be brought into account in ascertaining consolidated net earnings for the purposes of this definition, provided in either case that such auditors in their opinion shall have available adequate records and data to enable them to ascertain and certify such net earnings or net losses as the case may be of such property or of such other company. For the purposes of Article 6.4 and Section 6.5.1 and subject to the foregoing provisions hereof, consolidated net earnings shall be determined by the auditors of the Corporation. "Subsidiary company" or "subsidiary" as used herein means (a) any corporation or company of which more than 90% of the outstanding shares of each class of shares in its capital stock are for the time being owned by or held for the Corporation and/or any other corporation or company in like relation to the Corporation and includes any corporation or company in like relation to a subsidiary; and (b) any corporation or company of which more than 50% of the outstanding voting stock or shares are for the time being owned by or held for the Corporation and/or any subsidiary of the Corporation if but only if the directors of the Corporation by resolution determine that such corporation or company shall be deemed to be a subsidiary of the Corporation and only so long as more than 50% of the outstanding voting stock or shares of such corporation or company are owned by or held for the Corporation and/or any subsidiary of the Corporation; any such resolution shall not be revocable and shall be conclusive and binding upon all parties in interest; "voting stock or shares" as used in this definition means stock or shares of any class carrying voting rights but shall not include stock or shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened; if by reason of any such resolution any corporation or company (hereinafter called a "deemed subsidiary") is deemed to be a subsidiary of the Corporation then any corporation or company of which more than 50% of the outstanding voting stock or shares are or shall at any time be owned by or held for a deemed subsidiary and/or any other corporation or company in like relation to a deemed subsidiary shall be deemed to be a subsidiary of the

Corporation and any other corporation or company in like relation to such corporation or company shall also be deemed to be a subsidiary of the Corporation.

6.7. Amendments: The provisions of Article 6.8 hereof, the provisions of this Article and the provisions of Articles 6.1 to 6.6 inclusive hereinbefore set forth may be repealed, altered, modified, amended or amplified by certificate of amendment but only with the approval of the holders of the Preferred Shares, Second Series given as hereinafter specified, in addition to any other approval required by the Act.

6.8. Approval of Holders of Preferred Shares, Second Series: The approval of holders of the Preferred Shares, Second Series as to any and all matters referred to herein may be given in writing by the holders of at least a majority of the outstanding Preferred Shares, Second Series or by compromise or arrangement under the Act or by resolution passed or by by-law sanctioned at a meeting of holders of Preferred Shares, Second Series duly called and held upon at least 15 days' notice at which the holders of at least a majority of the outstanding Preferred Shares, Second Series are present or represented by proxy and carried by the affirmative vote of the holders of not less than 2/3 of the Preferred Shares, Second Series represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Preferred Shares, Second Series are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than 21 days later and to such time and place as may be appointed by the chairman and at least 15 days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preferred Shares, Second Series present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than 2/3 of the Preferred Shares, Second Series represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Preferred Shares, Second Series referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Preferred Shares, Second Series shall be entitled to 1 vote in respect of each Preferred Share, Second Series held.

7. PREFERRED SHARES

The Preferred Shares shall have attached thereto, as a class, the following rights, restrictions, conditions and limitations:

7.1. Directors' Rights to Issue in 1 or More Series: The Preferred Shares may at any time or from time to time be issued in 1 or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the board of directors of the Corporation.

7.2. Directors to Fix Terms of Each Series: The directors of the Corporation shall (subject as hereinafter provided) by resolution fix from time to

time before the issue thereof the designation, rights, restrictions, conditions, limitations and other provisions attaching to the Preferred Shares of each series including, without limiting the generality of the foregoing (i) the rate, amount or method of calculation of dividends and whether such rate, amount or method shall be subject to change or adjustment in the future, (ii) whether such dividends shall be cumulative, non-cumulative or partially cumulative, (iii) the date or dates, manner and currency or currencies of payment of such dividends, (iv) the date or dates from which such dividends shall accrue, (v) the restrictions, if any, respecting the payment of dividends on any Junior Shares (as hereinafter defined), (vi) the rights and obligations, if any, of the Corporation to purchase Preferred Shares of such series or to redeem the same and the prices and the other terms and conditions of any such purchase or redemption, (vii) the terms and conditions of any share purchase plan or sinking fund or similar fund providing for the purchase or redemption of Preferred Shares of such series, (viii) the rights of retraction, if any, vested in the holders of Preferred Shares of such series, and the prices and the other terms and conditions of any rights of retraction, and whether any additional rights of retraction may be vested in such holders in the future, (ix) the rights of conversion and/or exchange, if any, of Preferred Shares of such series, and the rates and the other terms and conditions of any such rights, (x) the voting rights, if any, attached to the Preferred Shares of such series in addition to the voting rights of the holders of the Preferred Shares as a class as referred to in Articles 7.6 and 7.7 below, and (xi) the preferences over the Junior Shares with respect to the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs; "Junior Shares" means the Common Shares and any other shares of the Corporation ranking junior to the Preferred Shares with respect to the payment of dividends and with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

7.3. Subordination to Senior Preferred Shares and Preference Over Junior Shares: The Preferred Shares of each series (i) shall rank after the Senior Preferred Shares to the extent that there is a conflict between the preferences, priorities and rights attaching to the two classes of preferred shares and (ii) shall be entitled to preferences (as set forth in the provisions attaching to such series) over the Junior Shares, (a) with respect to priority in the payment of dividends and (b) with respect to priority in the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs; provided that, subject to Article 7.4 below, the Preferred Shares of each series may be given such other preferences over the Junior Shares as may be fixed by the board of directors as to the respective series authorized to be issued.

7.4. Parity of Preferred Shares: The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority in the payment of dividends and with respect to priority in the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary,

or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs. When any fixed cumulative dividends or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums which would be payable on the said shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.

7.5. Voting: Except as referred to in Article 7.7 below or as required by law, the holders of the Preferred Shares as a class shall have no voting rights.

7.6. Amendments: The provisions attaching to the Preferred Shares as a class may be amended or repealed at any time or from time to time with such approval as may then be required by law to be given by the holders of the Preferred Shares as a class.

7.7. Approval of Holders of Preferred Shares: Any consent or approval given by the holders of Preferred Shares as a class shall be deemed to have been sufficiently given if it shall have been given in writing by the holders of at least 66 2/3% of the outstanding Preferred Shares or by a resolution passed at a meeting of holders of Preferred Shares duly called and held. On any poll taken at any meeting of the holders of the Preferred Shares as a class, or at any joint meeting of the holders of two or more series of the Preferred Shares, including, without in any way limiting the generality of the foregoing, any meeting for the purpose of obtaining any shareholders approval required to be given under the Act, each holder of Preferred Shares entitled to vote thereat shall have 1/100 of a vote in respect of each \$1.00 (or its equivalent in a foreign currency at the date of issuance) of consideration received by the Corporation on the issuance of the Preferred Shares held by him which are entitled to be voted. Fractional votes shall not be voted on any poll. Subject to the foregoing, the formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without in any way limiting the generality of the foregoing, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders.

7.8. Arrangement and Reorganization: Neither any amalgamation, compromise or reorganization, nor any sale, lease or exchange of all or substantially all of the assets of the Corporation, shall be deemed to be a liquidation, dissolution or winding-up of the Corporation within the meaning of this Part 7.

8. [Intentionally Deleted: all Preferred Shares, Series X of George Weston Limited were previously redeemed and cancelled]

9. PREFERRED SHARES, SERIES Y

The outstanding 500,000 Preferred Shares, Series Y with a par value of \$100 per share shall be designated "Preferred Shares, Series Y" (the "Series Y Preferred Shares") and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, restrictions, conditions and limitations:

9.1. Dividends

9.1.1. Definitions: For the purposes of these provisions:

- (a) "average prime rate" for any dividend payment period means the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during such period other than the last 15 days thereof;
- (b) "business day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province where the Corporation has its principal office;
- (c) "dividend payment date" means the 1st day of March, June, September and December in each year;
- (d) "dividend payment period" means a period beginning on a dividend payment date and ending on the day immediately prior to the next subsequent dividend payment date;
- (e) "dividend rate" for any dividend payment period means the sum of
 - (A) .50% (during the period from date of issuance to November 30, 1981),
 - (B) .75% (during the period from December 1, 1981 to November 30, 1985), or
 - (C) .875% (on and after December 1, 1985)

plus 1/2 of the average prime rate for the immediately preceding dividend payment period; provided that,

- (i) for the period beginning on the date on which the Series Y Preferred Shares are first issued and ending on November 30, 1978 such average prime rate shall be the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during the period from October 31, 1978 to November 25, 1978, inclusive; and
- (ii) in the event the board of directors of the Corporation fails to declare and pay any dividend as provided in Section 9.1.2, the dividend rate for any dividend payment period will be the sum of (x) the applicable percentage stipulated above in this clause (e), (y) .75% and (z) 1/2 of the average prime rate for the immediately preceding dividend payment period;

such dividend rate to be effective for the dividend payment period for which no dividend was paid and the subsequent period of time ending on the day immediately preceding the date of payment of the dividend arrears.

- (f) "prime rate" for any day means the rate of interest, expressed as an annual rate, reported by the Canadian Imperial Bank of Commerce or its successors to be the lowest rate of interest charged by it on such day on demand loans in Canadian currency to its most creditworthy commercial customers in Canada; and
- (g) "retraction date" means December 1, 1990.

9.1.2. Payment of Dividends: The holder of Series Y Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the Senior Preferred Shares of the Corporation and in compliance with certain restrictions contained in Parts 4 and 5) cumulative preferential cash dividends in the amounts determined from time to time in accordance with the provisions hereof. Dividends on the Series Y Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof to and including the day immediately preceding a dividend payment date and shall be payable on each dividend payment date to the holders of record at the close of business on the 10th business day preceding such dividend payment date. Cheques drawn on a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued in respect of such dividends to the holders of the Series Y Preferred Shares entitled thereto and shall be mailed on or before the 3rd business day preceding the applicable dividend payment date. The mailing of such cheques shall satisfy and discharge all liability for such dividends to the extent of the sums represented thereby, unless such cheques are not paid on due presentation. If on any dividend payment date dividends payable on such date are not paid in full on all the Series Y Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors. The holders of the Series Y Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 9.1. A dividend which is represented by a cheque which has not been presented for payment within 6 years after it was issued or that otherwise remains unclaimed for a period of 6 years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Corporation.

9.1.3. Amount of Dividends: Subject as hereinafter provided, the amount of the dividend payable on any dividend payment date on any Series Y Preferred Share then outstanding shall be equal to the amount (rounded to the nearest \$0.00001) calculated by applying the dividend rate for the dividend payment period ending on the day before such dividend payment date to the par value of such share and multiplying the result by a fraction of which the numerator is the lesser of (i) the number of days such share has been outstanding and (ii) the number of days in such dividend payment period, and the denominator is the number of days in the calendar year in which such dividend payment date falls.

The dividend payable on any dividend payment date to any holder of Series Y Preferred Shares shall be calculated by multiplying the amount of the

dividend payable on such date on each such share held by the holder of record referred to in Section 9.1.2 by the total number of Series Y Preferred Shares so held by such holder and rounding to the nearest \$0.01.

For the purposes of calculating the amounts of the dividends payable on December 1, 1978 and March 1, 1979, the period beginning on the date on which any Series Y Preferred Shares are first issued and ending on November 30, 1978 shall be deemed to be a dividend payment period.

For the purposes of calculating the amount of the dividend payable on any day other than a dividend payment date, the provisions of the first and second paragraphs of this Section 9.1.3 shall apply mutatis mutandis and the period beginning on the immediately preceding dividend payment date and ending on the day immediately preceding the date of such dividend payment shall be deemed to be a dividend payment period.

9.1.4. Notification of Dividend Rate: On or before each dividend payment date the Corporation shall give notice to each holder of Series Y Preferred Shares then outstanding of the dividend rate for the dividend payment period beginning on such dividend payment date and the particulars of the calculation thereof.

9.2. Retraction Privilege

9.2.1. Requirement to Invite Tenders: Not less than 90 days prior to the retraction date, the Corporation shall make an invitation for tenders to all holders of Series Y Preferred Shares inviting them to tender for the purchase by the Corporation on such retraction date, subject to the provisions of Section 9.2.4, of all or any part (at the holders' option) of their Series Y Preferred Shares, at a price per share equal to the amount paid up thereon plus all accrued and unpaid dividends thereon up to but not including such retraction date.

9.2.2. Changes in Provisions: In connection with the invitation for tenders made pursuant to Section 9.2.1, the directors of the Corporation may by resolution, without the approval of the holders of the Series Y Preferred Shares but subject to and in compliance with applicable law, make changes in the designation of and the rights, restrictions, conditions and limitations attaching to the Series Y Preferred Shares, including, without limitation, changes in the dividends payable thereon, which changes shall be effective from the retraction date, if:

- (a) in such invitation for tenders the Corporation gives notice of its intention to make such changes and gives full particulars of such changes; and
- (b) the Corporation is not precluded by applicable law from purchasing on such retraction date all Series Y Preferred Shares then outstanding.

9.2.3. Tendering Procedure:

(a) In order to tender pursuant to an invitation for tenders made by the Corporation pursuant to Section 9.2.1, a holder of Series Y Preferred Shares shall, not less than 60 days prior to the retraction date, deposit the certificate

or certificates representing the Series Y Preferred Shares to be tendered with the trust company named in the invitation for tenders (the "Trust Company"), whose fees shall be paid by the Corporation. Such deposit shall constitute the irrevocable instruction of the holder of such shares to the Trust Company,

- (i) either to tender such shares to the Corporation for purchase by it on such retraction date or, if such holder so instructs the Trust Company in writing at the time of such deposit, to so tender such shares only if all authorizations required by applicable law to effect the changes in the provisions attaching to the Series Y Preferred Shares as described in the invitation for tenders are not obtained on or before such retraction date;
- (ii) to receive from the Corporation the purchase price of the shares so tendered;
- (iii) to remit forthwith such purchase price to such holder; and
- (iv) to return forthwith to such holder the certificate or certificates representing the Series Y Preferred Shares so deposited by such holder but not so tendered to or purchased by the Corporation.

(b) To the extent permitted by applicable law, the Corporation shall accept all tenders of Series Y Preferred Shares and purchase the shares so tendered.

(c) Upon payment of the purchase price of the Series Y Preferred Shares so tendered and purchased, the holders thereof shall cease to be entitled to dividends or to exercise any rights of holders in respect thereof.

(d) If a holder of Series Y Preferred Shares wishes to tender a part only of the shares represented by any certificate so deposited the holder may, at the time of such deposit, instruct the Trust Company in writing as to the number of Series Y Preferred Shares with respect to which the irrevocable instruction to tender is being made and instruct the Trust Company to arrange to have issued and delivered to such holder, at the expense of the Corporation, a new certificate for the Series Y Preferred Shares which are not to be tendered.

9.2.4. Purchase Subject to Applicable Laws: If the purchase by the Corporation of all Series Y Preferred Shares tendered pursuant to an invitation for tenders would be contrary to applicable law, the Corporation shall be obligated to purchase only the maximum number of Series Y Preferred Shares so tendered (rounded to the next lower multiple of 100 shares) which the Corporation determines it is then permitted to purchase. Such purchases will be made pro rata (disregarding fractions of shares) according to the number of Series Y Preferred Shares tendered by each such holder and the Corporation shall issue at its expense new certificates representing the Series Y Preferred Shares not purchased by the Corporation. If the Corporation has acted in good faith in making any such determination, it shall have no liability in the event that such determination is inaccurate.

9.2.5. Covenant to Redeem: In the event that the purchase by the Corporation on the retraction date of all Series Y Preferred Shares tendered pursuant to an invitation for tenders would be contrary to applicable law then,

notwithstanding the provisions of Section 9.6.2, the Corporation shall redeem in accordance with Article 9.3 on each dividend payment date thereafter such number of Series Y Preferred Shares so tendered (rounded to the next lower multiple of 100 shares) as the Corporation determines it is then permitted to redeem.

9.3. Redemption and Purchase for Cancellation

9.3.1. Right to Redeem or Purchase for Cancellation: Subject to the provisions of this Article 9.3, Article 9.10 and the restrictions in favour of the Senior Preferred Shares, First Series contained in Parts 4 and 5, the Series Y Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

9.3.2. Redemption Right: Subject to Sections 9.3.1 and 9.6.2, the Corporation may, at its option, redeem at any time all or from time to time any of the outstanding Series Y Preferred Shares on payment of the redemption price as provided in Section 9.3.3. If less than all of the outstanding Series Y Preferred Shares are to be redeemed, the shares to be redeemed shall be selected as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the number of Series Y Preferred Shares registered in the name of each holder, in such manner as the board of directors in its sole discretion shall by resolution determine.

9.3.3. Redemption Price: The redemption price at which any Series Y Preferred Shares are redeemable shall be the aggregate of (i) the amount paid up thereon and (ii) all accrued and unpaid dividends thereon up to but not including the date fixed for redemption.

9.3.4. Redemption Procedure:

(a) Any notice of redemption of Series Y Preferred Shares shall be given by the Corporation to each holder thereof not less than 60 days prior to the date fixed for redemption. Accidental failure or omission to give such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the redemption price, the date fixed for redemption and the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(b) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid the redemption price to or to the order of the holders of the Series Y Preferred Shares redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, and the holders of the Series Y Preferred Shares called for redemption shall cease to be entitled to dividends or to exercise any of the rights of holders in respect thereof unless payment of the redemption price shall not be made in accordance with the foregoing provisions, in which case the rights of the holders shall remain unimpaired.

(c) The Corporation shall have the right at any time after mailing a notice of redemption to deposit the redemption price of the shares thereby called for redemption, or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent

notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares, and upon such deposit being made or upon the date fixed for redemption, whichever is the later, the Series Y Preferred Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of each holder thereof shall be limited to receiving, without interest, his proportionate part of the redemption price so deposited upon presentation and surrender of the certificates representing his shares so redeemed. Any interest on such deposit shall belong to the Corporation.

(d) If less than all the Series Y Preferred Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

9.3.5. Purchase for Cancellation: Subject to the restrictions in favour of the Senior Preferred Shares, First Series contained in Parts 4 and 5, the Corporation may purchase for cancellation at any time all or from time to time any number of the outstanding Series Y Preferred Shares in the market, or by private contract, or upon a recognized stock exchange if listed thereon, or pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series Y Preferred Shares, at a price not exceeding \$100 per share plus all accrued and unpaid dividends thereon up to but not including the date of purchase, plus in all cases reasonable costs of purchase. If upon any invitation for tenders the Corporation receives tenders for Series Y Preferred Shares at the same price in an aggregate number greater than the number for which the Corporation is prepared to accept tenders, the shares to be purchased shall be selected from the shares offered at such price as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the number of Series Y Preferred Shares offered in each such tender, in such manner as the board of directors in its sole discretion shall by resolution determine.

9.3.6. Income Tax Act: If, at the time of making an invitation for tenders, the board of directors determines that any part of the price to be paid by the Corporation in respect of any Series Y Preferred Shares to be purchased which constitutes a repayment of paid-up capital would, for the purposes of the Income Tax Act (Canada) as amended or re-enacted from time to time, be deemed to have been paid as a dividend the Corporation shall so indicate in its invitation for tenders and shall describe the circumstances in which such deemed dividend would occur.

9.3.7. Cancellation of Shares Redeemed or Purchased: Series Y Preferred Shares redeemed or purchased by the Corporation shall be cancelled and shall not be re-issued.

9.4. Voting Rights: Except as otherwise provided herein or in Part 7, the holders of Series Y Preferred Shares shall not be entitled as such to receive notice of or to attend or to vote at any meeting of shareholders of the Corporation. In the event that the Corporation fails to pay 4 quarterly dividends on any Series Y Preferred Shares, whether or not consecutive, the holders of the Series Y Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which members of the board of directors are to be elected and which takes place more than 60 days after the date on which the failure first occurs (other than a separate meeting of the holders of another series or class of shares) and such

holders shall also have the right at any such meeting, voting separately, to elect 1 out of the total number of directors of the Corporation, each Series Y Preferred Share entitling the holder thereof to 1 vote for such purpose, until all arrears of dividends on the Series Y Preferred Shares shall have been paid, whereupon such right shall cease unless and until the same shall again arise under the provisions of this Article and so on from time to time.

The right of the holders of the Series Y Preferred Shares to elect 1 director of the Corporation shall not apply at any such meeting if or to the extent that 1 director of the Corporation whose term of office does not expire at the meeting has been previously elected to the board of directors by the holders of the Series Y Preferred Shares. Nothing contained herein shall.

- (a) limit the right of the Corporation from time to time to increase or decrease the size of its board of directors, or
- (b) entitle the holders of the Series Y Preferred Shares to any voting rights other than for the election of 1 director of the Corporation as herein expressly provided.

If any director of the Corporation elected by the holders of Series Y Preferred Shares shall die, resign or otherwise cease to be a director of the Corporation otherwise than due to the payment of all arrears of dividends on the Series Y Preferred Shares, such vacancy may be filled by the holders of Series Y Preferred Shares in one of the manners provided in the provisions attaching to the Preferred Shares as a class which are contained in Article 7.7, which provisions shall apply mutatis mutandis.

9.5. Financial Statements: So long as any of the Series Y Preferred Shares are outstanding, the Corporation shall send to the holders thereof, at the time of distribution to the other shareholders of the Corporation, copies of the Corporation's annual audited financial statements and of all unaudited financial statements distributed to its other shareholders generally.

9.6. Restrictions on Dividends, Issue and Retirement of Shares

9.6.1. Dividends on Junior and Equal Shares and Retirement of Equal Shares: Without the approval of the holders of the Series Y Preferred Shares given in accordance with Article 9.10:

- (a) the Corporation shall not declare, pay or set apart for the payment of, any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series Y Preferred Shares) on any shares of the Corporation ranking junior to the Series Y Preferred Shares or equally with the Series Y Preferred Shares (other than other Preferred Shares); and
- (b) the Corporation shall not call for redemption, redeem, purchase or otherwise retire for value any shares ranking junior to the Series Y Preferred Shares;

unless, in each such case, all dividends accrued on the outstanding Series Y Preferred Shares up to and including the dividend payable for the last completed

dividend payment period shall have been declared and paid or set apart for payment.

9.6.2. Redemption of Series Y Preferred Shares: Subject to the provisions of Section 9.2.5, the Corporation shall not, without the approval of the holders of the Series Y Preferred Shares given in accordance with Article 9.10, redeem any Series Y Preferred Shares at any time if any part of the redemption price which constitutes a repayment of paid-up capital would, for purposes of the Income Tax Act (Canada) as amended or re-enacted from time to time,

- (a) be deemed to have been paid as a dividend which is subject to income tax in the hands of any such holders; or
- (b) give rise to a taxable capital gain in the hands of any holder of such shares who or whose predecessor shall have continuously held such shares since their issuance.

9.6.3. Retirement of Equal and Prior Shares: Without the approval of the holders of the Series Y Preferred Shares given in accordance with Article 9.10, the Corporation shall not call for redemption, redeem, purchase or otherwise retire for value:

- (a) any shares ranking prior to the Series Y Preferred Shares (other than the Senior Preferred Shares) except in connection with the exercise of a retraction privilege attaching thereto and in such case subject to the Corporation extending to the holders of the Series Y Preferred Shares a retraction privilege exercisable contemporaneously therewith and otherwise in accordance, mutatis mutandis, with the provisions of Article 9.2 (except Section 9.2.2); or
- (b) any shares ranking equally with the Series Y Preferred Shares (other than the Preferred Shares, Series X) prior to the retraction date, except
 - (i) in connection with the exercise of a retraction privilege attaching thereto and in such case subject to the Corporation extending to the holders of the Series Y Preferred Shares a retraction privilege exercisable contemporaneously therewith and otherwise in accordance, mutatis mutandis, with the provisions of Article 9.2 (except Section 9.2.2); and
 - (ii) in connection with any redemption, purchase or other retirement whereby the Corporation extends to the holders of the Series Y Preferred Shares a retraction privilege exercisable contemporaneously therewith as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the amounts paid up on the shares to be retired and the outstanding Series Y Preferred Shares respectively; all in accordance, mutatis mutandis, with the provisions of Article 9.2 (except Section 9.2.2).

9.6.4. Creation and Issue of Shares: Without the approval of the holders of the Series Y Preferred Shares given in accordance with Article 9.10:

- (a) the Corporation shall not create any shares ranking equally with or prior to the Series Y Preferred Shares;

or

- (b) the Corporation shall not issue any additional Preferred Shares or any shares ranking equally with or prior to the Series Y Preferred Shares.

provided, however, that no such approval will be necessary for the creation or issue of shares ranking equally with the Series Y Preferred Shares when the consolidated net earnings of the Corporation for the 12 month fiscal period of the Corporation next preceding such action shall have been at least equal to 200% of the aggregate annual dividend requirements on all preferred shares of the Corporation to be outstanding; provided that any of such shares which have been duly called for redemption and for the redemption whereof adequate provision has been made assuring that such shares will be redeemed within 35 days after such issue shall not be considered to be outstanding for the purposes of this paragraph.

"Consolidated net earnings" for any period means the net profit (including extraordinary gains and losses and the tax effect thereof, if any) of the Corporation and its subsidiaries for such period after the following adjustments:

- (a) interest charges on indebtedness which will be eliminated or reduced by reason of the issuance of such equally ranking shares shall be disregarded or adjusted; and
- (b) net profits for the entire period of subsidiaries which became subsidiaries subsequent to the commencement of such period shall be included;

all arrived at on a consolidated basis in accordance with generally accepted accounting practice.

9.6.5. Definitions: In this Article 9.6,

- (a) "ranking" refers to ranking with respect to the payment of dividends or the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (b) "subsidiary" means any corporation of which more than 50% of the outstanding voting shares is owned, directly or indirectly, by the Corporation and includes any corporation in like relation to a subsidiary; and
- (c) "voting shares" means shares of capital stock of any class of any corporation having under all circumstances the right to elect at least a majority of the board of directors of such corporation, provided that, for the purposes of this definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered voting shares.

9.7. Liquidation, Dissolution or Winding-Up: In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series Y Preferred Shares shall (subject to the prior rights of the Senior Preferred Shares in that respect) be entitled to receive in lawful money of Canada an amount equal to the amount paid up on such Series Y Preferred Shares plus all accrued and unpaid dividends up to but not including the date of the distribution, the whole being paid before any amount is paid or any assets of the Corporation are distributed to the holders of any shares of any class ranking junior in that regard to the Series Y Preferred Shares. Upon payment of the amounts so payable to them, the holders of Series Y Preferred Shares shall not be entitled to share in any further distribution of assets of the Corporation.

9.8. Notices and Interpretation

9.8.1. Notices: Any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given if delivered or if sent by registered mail, postage prepaid, to the holders of the Series Y Preferred Shares at their respective addresses appearing on the books of the Corporation or, in the event of the address of any such holder not so appearing, then at the last address of such holder known to the Corporation. Any notice so mailed shall be deemed to have been given on the third business day after the date of mailing. In the event that the number of registered holders of Series Y Preferred Shares exceeds 5, accidental failure to give any such notice, invitation for tenders or other communication to one or more holders of the Series Y Preferred Shares shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tenders or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such holder or holders.

9.8.2. Interpretation: In the event that any day on which any dividend on the Series Y Preferred Shares is payable or by which any other action is required to be taken hereunder is not a business day, then such dividend shall be payable or such other action shall be required to be taken on the next succeeding day that is a business day.

All references to dollars herein are in Canadian funds.

9.9. Modification: Without limiting the effect of Section 9.2.2 and subject to and in compliance with applicable law, the provisions attaching to the Series Y Preferred Shares may at any time be deleted, varied, modified, amended or amplified with the prior approval of the holders thereof given in accordance with Article 9.10.

9.10. Approval of Holders of Series Y Preferred Shares: Any approval required or permitted to be given by the holders of the Series Y Preferred Shares with respect to any and all matters referred to herein shall be deemed to have been sufficiently given if given by the holders of Series Y Preferred Shares in one of the manners provided in the provisions attaching to the Preferred

Shares as a class which are contained in Article 7.7, which provisions shall apply, mutatis mutandis, as though the term "Series Y Preferred Shares" were used in the said Article 7.7 in place of the term "Preferred Shares".

9.11. Tax Indemnification

9.11.1. Interpretation: For the purposes of this Article 9.11:

"Taxable Holder" means any registered holder or, in the case of shares registered in the name of a nominee, any beneficial owner, of Series Y Preferred Shares which is a "public corporation" and a "taxable Canadian corporation" for the purposes of the Income Tax Act (Canada); and

any reference to any statute shall be deemed to be a reference to such statute as amended or re-enacted from time to time.

9.11.2. Notice of Tax Amendment: In the event that any amendment to the Income Tax Act (Canada) or The Corporations Tax Act (Ontario) or to any Regulation under either such statute is enacted or passed which affects the income tax treatment of the dividends on the Series Y Preferred Shares received or to be received by any Taxable Holder in such a manner that any income tax or corporation income tax is or would be payable thereon, such Taxable Holder may give to the Corporation a written notice stating that it is a Taxable Holder and that such amendment has been enacted or passed.

Such notice may be given only within 30 days after the date on which said amendment comes into force, whether upon Royal Assent or a day fixed by proclamation or otherwise as the case may be.

9.11.3. Options Available to Corporation: Upon the giving of any notice in accordance with Section 9.11.2, the Corporation may, at its option,

- (a) redeem all of the Series Y Preferred Shares in accordance with Section 9.11.4; or
- (b) negotiate loans to replace all of Series Y Preferred Shares in accordance with Section 9.11.7; or
- (c) negotiate modifications to the provisions of the Series Y Preferred Shares in accordance with Section 9.11.8.

9.11.4. Redemption at Corporation's Option: Subject to Section 9.6.2, the Corporation may, at its option, redeem at any time all of the outstanding Series Y Preferred Shares on payment of the redemption price as provided in Section 9.11.5. The provisions of Section 9.3.4 shall apply to such redemption except that notice of such redemption (unless waived in writing by the holders of all of the Series Y Preferred Shares) shall be given by the Corporation not less than 30 days nor more than 40 days prior to the date fixed for redemption.

9.11.5. Redemption or Purchase Price: The price at which any Series Y Preferred Share is redeemable pursuant to Section 9.11.4 or 9.11.7 or shall be purchased pursuant to Section 9.11.9 shall be the aggregate of,

- (a) the amount paid up thereon;

- (b) all accrued and unpaid dividends thereon up to but not including the date fixed for redemption or the date of purchase, as the case may be; and
- (c) an additional amount which, after deducting therefrom an amount equal to the tax paid or payable thereon by the Taxable Holder of such share, will equal the amount of tax paid or payable by such Taxable Holder in respect of dividends on such share from the date on which the amendment (notice of which was given to the Corporation pursuant to Section 9.11.2) commences to affect the income tax treatment of dividends on the Series Y Preferred Shares to the date fixed for redemption thereof or the date of purchase thereof, as the case may be.

For the purposes of clause (c) of this Section, the amount of any tax referred to therein arising in connection with the Series Y Preferred Shares held or owned by any Taxable Holder shall be conclusively determined by a report of the chartered accountant or accountants for the time being holding appointment as auditors of such Taxable Holder given to the Corporation not less than 10 business days prior to the date fixed for redemption or the date of sale or purchase, as the case may be, of such shares or, failing such report, by the report of a firm of independent chartered accountants appointed by the Corporation and approved by such Taxable Holder who will make available to such accountants all information reasonably necessary to make such determination.

9.11.6. Conflict of Redemption Provisions: In case of conflict between the provisions of Section 9.11.4 and the provisions of Article 9.3, including, without limitation, Section 9.3.3, the provisions of Section 9.11.4 shall take precedence.

If any redemption of Series Y Preferred Shares has been completed prior to the Corporation becoming entitled to exercise its right of redemption under Section 9.11.4 and the income tax treatment of the dividends paid thereon (whether as part of the redemption price or otherwise) is affected in the manner described in Section 9.11.2, the Corporation shall, within 10 days after a report of accountants of the nature described in Section 9.11.5 is given to the Corporation, pay to the holder of such redeemed Series Y Preferred Shares the additional amount which would have been payable to such holder pursuant to clause (c) of Section 9.11.5 if such shares had been redeemed pursuant to such Section.

9.11.7. Negotiation for Loans: By notice sent to the holders of Series Y Preferred Shares, the Corporation may initiate negotiations with the holders of the Series Y Preferred Shares for loans in an aggregate amount equal to the aggregate par value of the Series Y Preferred Shares, which loans are to be made by the holders of such shares to the Corporation in the proportion which the Series Y Preferred Shares registered in the names of such respective holders is of the aggregate number of Series Y Preferred Shares outstanding on the redemption of the whole of the Series Y Preferred Shares as contemplated in this Section. Upon the execution and delivery by all holders of Series Y Preferred Shares and the Corporation of a commitment for such loans (which commitment, among other things, shall fix the time and place at which the loans therein provided for must be consummated failing which the commitment shall

become void), the Corporation shall at the time and place of the consummation of such loans in accordance with such commitment redeem all of the Series Y Preferred Shares on payment of the redemption price as provided in Section 9.11.5.

9.11.8. Negotiation for Modification of Terms and Conditions: By notice sent to the holders of Series Y Preferred Shares, the Corporation may initiate negotiations with the holders of the Series Y Preferred Shares with a view to the modification of the rights, restrictions, conditions and limitations attaching to the Series Y Preferred Shares (including without limitation, an increased rate of dividend). Upon the execution and delivery by all holders of Series Y Preferred Shares and the Corporation of an agreement respecting such modification, the Corporation shall take all such steps as are necessary so that a certificate of amendment confirming the modification so agreed upon shall be issued within 40 days after the date of execution and delivery of the said agreement.

9.11.9. Purchase at Option of Taxable Holder: Upon the giving of any notice in accordance with Section 9.11.2, any Taxable Holder may, at its option, by written notice to the Corporation given at any time except during the interval between:

- (a) the execution and delivery of a loan commitment pursuant to Section 9.11.7 or of an agreement pursuant to Section 9.11.8, as the case may be; and
- (b) if Section 9.11.7 applies, the expiration of the time within which, according to such loan commitment, the loans therein provided for must be consummated failing which the commitment shall become void or, if Section 9.11.8 applies, the expiration of the time limited thereunder for the issue of the certificate of amendment;

require the Corporation to purchase on a specified business day not less than 30 days nor more than 40 days after the giving of such notice, all of the Series Y Preferred Shares registered in the name of such Taxable Holder. Upon receipt by the Corporation of such notice from any Taxable Holder, the Corporation shall purchase on the date so specified all of the Series Y Preferred Shares registered in the name of or owned by such Taxable Holder by payment of the purchase price therefor by certified cheque payable to or to the order of such Taxable Holder upon delivery of duly endorsed share certificate(s) representing such shares.

9.11.10. Purchase Subject to Applicable Law: If the purchase of any Series Y Preferred Shares which the Corporation is required by any Taxable Holder to purchase under Section 9.11.9 would be contrary to applicable law, the Corporation shall be obligated to purchase only the maximum number (rounded to the next lower multiple of 100 shares) of the Series Y Preferred Shares so to be purchased which the Corporation determines it is then permitted to purchase. If at any time the Corporation is obligated to purchase Series Y Preferred Shares under Section 9.11.9 from more than one Taxable Holder, such purchases will be made pro rata (disregarding fractions of shares) according to the number of Series Y Preferred Shares which the Corporation is obligated to purchase from each such Taxable Holder and the Corporation shall issue at its expense a new certificate for the Series Y Preferred Shares not so purchased by the

Corporation. If the Corporation has acted in good faith in making any such determination, it shall have no liability in the event that such determination is inaccurate.

In case the foregoing provisions of this Section 9.11.10 become applicable then, notwithstanding the provisions of Section 9.6.2, the Corporation shall redeem on each dividend payment date thereafter upon the terms and conditions applicable to a redemption under Section 9.11.4 such number of the Series Y Preferred Shares as the Corporation has been required by Taxable Holders to purchase (rounded to the next lower multiple of 100 shares) as the Corporation determines it is then permitted to redeem.

9.11.11. Notice to Corporation: Any notice from any Taxable Holder shall be sufficiently given if delivered or sent by registered mail, postage prepaid, to the Corporation at its head office addressed to the attention of the Secretary. Any notice so mailed shall be deemed to have been given on the third business day after the date of mailing.

10. PREFERRED SHARES, SERIES Z

The outstanding 250,000 Preferred Shares, Series Z with a par value of \$100 per share shall be designated "Preferred Shares, Series Z" (the "Series Z Preferred Shares") and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, restrictions, conditions and limitations:

10.1. Dividends

10.1.1. Definitions: For the purposes of these provisions:

- (a) "average prime rate" for any dividend payment period means the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during such period other than the last 15 days thereof;
- (b) "business day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province where the Corporation has its principal office;
- (c) "dividend payment date" means the 1st day of March, June, September and December in each year;
- (d) "dividend payment period" means a period beginning on a dividend payment date and ending on the day immediately prior to the next subsequent dividend payment date;
- (e) "dividend rate" for any dividend payment period means the sum of 1.25% and 1/2 of the average prime rate for the immediately preceding dividend payment period; provided that,
 - (i) for the period beginning on the date on which the Series Z Preferred Shares are first issued and ending on November 30, 1979 such average prime rate shall be the arithmetic mean

(rounded to the nearest 0.01%) of the prime rate for each day during the period from the date of issue to November 23, 1979 inclusive; and

(ii) in the event the board of directors of the Corporation fails to declare and pay any dividend as provided in Section 10.1.2, the dividend rate for any dividend payment period will be the sum of 2% and 1/2 of the average prime rate for the immediately preceding dividend payment period; such dividend rate to be effective for the dividend payment period for which no dividend was paid and the subsequent period of time ending on the day immediately preceding the date of payment of the dividend arrears;

(f) "prime rate" for any day means the rate of interest, expressed as an annual rate, reported by the Canadian Imperial Bank of Commerce or its successors to be the lowest rate of interest charged by it on such day on demand loans in Canadian currency to its most creditworthy commercial customers in Canada; and

(g) "retraction date" means December 1, 1991.

10.1.2. Payment of Dividends: The holder of Series Z Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the Senior Preferred Shares of the Corporation and in compliance with certain restrictions contained in Parts 4 and 5) cumulative preferential cash dividends in the amounts determined from time to time in accordance with the provisions hereof. Dividends on the Series Z Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof to and including the day immediately preceding a dividend payment date and shall be payable on each dividend payment date to the holders of record at the close of business on the 10th business day preceding such dividend payment date. Cheques drawn on a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued in respect of such dividends to the holders of the Series Z Preferred Shares entitled thereto and shall be mailed on or before the 3rd business day preceding the applicable dividend payment date. The mailing of such cheques shall satisfy and discharge all liability for such dividends to the extent of the sums represented thereby, unless such cheques are not paid on due presentation. If on any dividend payment date dividends payable on such date are not paid in full on all the Series Z Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors. The holders of the Series Z Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 10.1. A dividend which is represented by a cheque which has not been presented for payment within 6 years after it was issued or that otherwise remains unclaimed for a period of 6 years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Corporation.

10.1.3. Amount of Dividends: Subject to Section 10.11.5 and as hereinafter provided, the amount of the dividend payable on any dividend payment date on any Series Z Preferred Share then outstanding shall be equal to the amount

(rounded to the nearest \$0.00001) calculated by applying the dividend rate for the dividend payment period ending on the day before such dividend payment date to the par value of such share and multiplying the result by a fraction of which the numerator is the lesser of (i) the number of days such share has been outstanding and (ii) the number of days in such dividend payment period, and the denominator is the number of days in the calendar year in which such dividend payment date falls.

The dividend payable on any dividend payment date to any holder of Series Z Preferred Shares shall be calculated by multiplying the amount of the dividend payable on such date on each such share held by the holder of record referred to in Section 10.1.2 by the total number of Series Z Preferred Shares so held by such holder and rounding to the nearest \$0.01.

For the purposes of calculating the amounts of the dividends payable on December 1, 1979 and March 1, 1980, the period beginning on the date on which any Series Z Preferred Shares are first issued and ending on November 30, 1979 shall be deemed to be a dividend payment period.

For the purposes of calculating the amount of the dividend payable on any day other than a dividend payment date, the provisions of the first and second paragraphs of this Section 10.1.3 shall apply mutatis mutandis and the period beginning on the immediately preceding dividend payment date and ending on the day immediately preceding the date of such dividend payment shall be deemed to be a dividend payment period.

10.1.4. Notification of Dividend Rate: On or before each dividend payment date the Corporation shall give notice to each holder of Series Z Preferred Shares then outstanding of the dividend rate for the dividend payment period beginning on such dividend payment date and the particulars of the calculation thereof.

10.2. Retraction Privilege

10.2.1. Requirement to Invite Tenders: Not less than 90 days prior to the retraction date, the Corporation shall make an invitation for tenders to all holders of Series Z Preferred Shares inviting them to tender for the purchase by the Corporation on such retraction date, subject to the provisions of Section 10.2.4, of all or any part (at the holders' option) of their Series Z Preferred Shares, at a price per share equal to the amount paid up thereon plus all unpaid dividends thereon (including, for greater certainty, any supplement payable under Section 10.11.5 in respect of such dividends) accrued up to but not including such retraction date.

10.2.2. Changes in Provisions: In connection with the invitation for tenders made pursuant to Section 10.2.1, the directors of the Corporation may by resolution, without the approval of the holders of the Series Z Preferred Shares but subject to and in compliance with applicable law, make changes in the designation of and the rights, restrictions, conditions and limitations attaching to the Series Z Preferred Shares, including, without limitation, changes in the dividends payable thereon, which changes shall be effective from the retraction date, if:

- (a) in such invitation for tenders the Corporation gives notice of its intention to make such changes and gives full particulars of such changes; and
- (b) the Corporation is not precluded by applicable law from purchasing on such retraction date all Series Z Preferred Shares then outstanding.

10.2.3. Tendering Procedure:

(a) In order to tender pursuant to an invitation for tenders made by the Corporation pursuant to Section 10.2.1, a holder of Series Z Preferred Shares shall, not less than 60 days prior to the retraction date, deposit the certificate or certificates representing the Series Z Preferred Shares to be tendered with the trust company named in the invitation for tenders (the "Trust Company"), whose fees shall be paid by the Corporation. Such deposit shall constitute the irrevocable instruction of the holder of such shares to the Trust Company,

- (i) either to tender such shares to the Corporation for purchase by it on such retraction date or, if such holder so instructs the Trust Company in writing at the time of such deposit, to so tender such shares only if all authorizations required by applicable law to effect the changes in the provisions attaching to the Series Z Preferred Shares as described in the invitation for tenders are not obtained on or before such retraction date;
- (ii) to receive from the Corporation the purchase price of the shares so tendered;
- (iii) to remit forthwith such purchase price to such holder; and
- (iv) to return forthwith to such holder the certificate or certificates representing the Series Z Preferred Shares so deposited by such holder but not so tendered to or purchased by the Corporation.

(b) To the extent permitted by applicable law, the Corporation shall accept all tenders of Series Z Preferred Shares and purchase the shares so tendered.

(c) Upon payment of the purchase price of the Series Z Preferred Shares so tendered and purchased, the holders thereof shall cease to be entitled to dividends or to exercise any rights of holders in respect thereof.

(d) If a holder of Series Z Preferred Shares wishes to tender a part only of the shares represented by any certificate so deposited the holder may, at the time of such deposit, instruct the Trust Company in writing as to the number of Series Z Preferred Shares with respect to which the irrevocable instruction to tender is being made and instruct the Trust Company to arrange to have issued and delivered to such holder, at the expense of the Corporation, a new certificate for the Series Z Preferred Shares which are not to be tendered.

10.2.4. Purchase Subject to Applicable Laws: If the purchase by the Corporation of all Series Z Preferred Shares tendered pursuant to an invitation for tenders would be contrary to applicable law, the Corporation shall be obligated to purchase only the maximum number of Series Z Preferred Shares so

tendered (rounded to the next lower multiple of 100 shares) which the Corporation determines it is then permitted to purchase. Such purchases will be made pro rata (disregarding fractions of shares) according to the number of Series Z Preferred Shares tendered by each such holder and the Corporation shall issue at its expense new certificates representing the Series Z Preferred Shares not purchased by the Corporation. If the Corporation has acted in good faith in making any such determination, it shall have no liability in the event that such determination is inaccurate.

10.2.5. Covenant to Redeem: In the event that the purchase by the Corporation on the retraction date of all Series Z Preferred Shares tendered pursuant to an invitation for tenders would be contrary to applicable law then, notwithstanding the provisions of Section 10.6.2, the Corporation shall redeem in accordance with Article 10.3 on each dividend payment date thereafter such number of Series Z Preferred Shares so tendered (rounded to the next lower multiple of 100 shares) as the Corporation determines it is then permitted to redeem.

10.3. Redemption and Purchase for Cancellation

10.3.1. Right to Redeem or Purchase for Cancellation: Subject to the provisions of this Article 10.3, Article 10.11 and the restrictions in favour of the Senior Preferred Shares, First Series contained in Parts 4 and 5, the Series Z Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

10.3.2. Redemption Right: Subject to Sections 10.3.1 and 10.6.2, the Corporation may, at its option, redeem at any time all or from time to time any of the outstanding Series Z Preferred Shares on payment of the redemption price as provided in Section 10.3.3. If less than all of the outstanding Series Z Preferred Shares are to be redeemed, the shares to be redeemed shall be selected as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the number of Series Z Preferred Shares registered in the name of each holder, in such manner as the board of directors in its sole discretion shall by resolution determine.

10.3.3. Redemption Price: The redemption price at which any Series Z Preferred Shares are redeemable shall be the aggregate of (i) the amount paid up thereon and (ii) all unpaid dividends thereon (including, for greater certainty, any supplement payable under Section 10.11.5 in respect of such dividends) accrued up to but not including the date fixed for redemption.

10.3.4. Redemption Procedure:

(a) Any notice of redemption of Series Z Preferred Shares shall be given by the Corporation to each holder thereof not less than 60 days prior to the date fixed for redemption. Accidental failure or omission to give such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the redemption price, the date fixed for redemption and the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(b) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid the redemption price to or to the order of the holders of

the Series Z Preferred Shares redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, and the holders of the Series Z Preferred Shares called for redemption shall cease to be entitled to dividends or to exercise any of the rights of holders in respect thereof unless payment of the redemption price shall not be made in accordance with the foregoing provisions, in which case the rights of the holders shall remain unimpaired.

(c) The Corporation shall have the right at any time after mailing a notice of redemption to deposit the redemption price of the shares thereby called for redemption, or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares, and upon such deposit being made or upon the date fixed for redemption, whichever is the later, the Series Z Preferred Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of each holder thereof shall be limited to receiving, without interest, his proportionate part of the redemption price so deposited upon presentation and surrender of the certificates representing his shares so redeemed. Any interest on such deposit shall belong to the Corporation.

(d) If less than all the Series Z Preferred Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

10.3.5. Purchase for Cancellation: Subject to the restrictions in favour of the Senior Preferred Shares, First Series contained in Parts 4 and 5, the Corporation may purchase for cancellation at any time all or from time to time any number of the outstanding Series Z Preferred Shares in the market, or by private contract, or upon a recognized stock exchange if listed thereon, or pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series Z Preferred Shares, at a price not exceeding \$100 per share plus all accrued and unpaid dividends thereon up to but not including the date of purchase, plus in all cases reasonable costs of purchase. If upon any invitation for tenders the Corporation receives tenders for Series Z Preferred Shares at the same price in an aggregate number greater than the number for which the Corporation is prepared to accept tenders, the shares to be purchased shall be selected from the shares offered at such price as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the number of Series Z Preferred Shares offered in each such tender, in such manner as the board of directors in its sole discretion shall by resolution determine.

10.3.6. Income Tax Act: If, at the time of making an invitation for tenders, the board of directors determines that any part of the price to be paid by the Corporation in respect of any Series Z Preferred Shares to be purchased which constitutes a repayment of paid-up capital would, for the purposes of the Income Tax Act (Canada) as amended or re-enacted from time to time, be deemed to have been paid as a dividend the Corporation shall so indicate in its invitation for tenders and shall describe the circumstances in which such deemed dividend would occur.

10.3.7. Cancellation of Shares Redeemed or Purchased: Series Z Preferred Shares redeemed or purchased by the Corporation shall be cancelled and shall not be re-issued.

10.4. Voting Rights: Except as otherwise provided herein or in Part 7, the holders of Series Z Preferred Shares shall not be entitled as such to receive notice of or to attend or to vote at any meeting of shareholders of the Corporation. In the event that the Corporation fails to pay 4 quarterly dividends on any Series Z Preferred Shares, whether or not consecutive, the holders of the Series Z Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which members of the board of directors are to be elected and which takes place more than 60 days after the date on which the failure first occurs (other than a separate meeting of the holders of another series or class of shares) and such holders shall also have the right at any such meeting, voting separately, to elect 1 out of the total number of directors of the Corporation, each Series Z Preferred Share entitling the holder thereof to 1 vote for such purpose, until all arrears of dividends on the Series Z Preferred Shares shall have been paid, whereupon such right shall cease unless and until the same shall again arise under the provisions of this Article and so on from time to time.

The right of the holders of the Series Z Preferred Shares to elect 1 director of the Corporation shall not apply at any such meeting if or to the extent that 1 director of the Corporation whose term of office does not expire at the meeting has been previously elected to the board of directors by the holders of the Series Z Preferred Shares. Nothing contained herein shall,

- (a) limit the right of the Corporation from time to time to increase or decrease the size of its board of directors, or
- (b) entitle the holders of the Series Z Preferred Shares to any voting rights other than for the election of 1 director of the Corporation as herein expressly provided.

If any director of the Corporation elected by the holders of Series Z Preferred Shares shall die, resign or otherwise cease to be a director of the Corporation otherwise than due to the payment of all arrears of dividends on the Series Z Preferred Shares, such vacancy may be filled by the holders of Series Z Preferred Shares in one of the manners provided in the provisions attaching to the Preferred Shares as a class which are contained in Article 7.7, which provisions shall apply mutatis mutandis.

10.5. Financial Statements: So long as any of the Series Z Preferred Shares are outstanding, the Corporation shall send to the holders thereof, at the time of distribution to the other shareholders of the Corporation, copies of the Corporation's annual audited financial statements and of all unaudited financial statements distributed to its other shareholders generally.

10.6. Restrictions on Dividends, Issue and Retirement of Shares

10.6.1. Dividends on Junior and Equal Shares and Retirement of Junior Shares: Without the approval of the holders of the Series Z Preferred Shares given in accordance with Article 10.10:

- (a) the Corporation shall not declare, pay or set apart for the payment of, any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series Z Preferred Shares) on any shares of the Corporation ranking junior to the Series Z Preferred Shares or equally with the Series Z Preferred Shares (other than other Preferred Shares); and
- (b) the Corporation shall not call for redemption, redeem, purchase or otherwise retire for value any shares ranking junior to the Series Z Preferred Shares;

unless, in each such case, all dividends accrued on the outstanding Series Z Preferred Shares up to and including the dividend payable for the last completed dividend payment period shall have been declared and paid or set apart for payment.

10.6.2. Redemption of Series Z Preferred Shares: Subject to the provisions of Section 10.2.5, the Corporation shall not, without the approval of the holders of the Series Z Preferred Shares given in accordance with Article 10.10, redeem any Series Z Preferred Shares at any time if any part of the redemption price which constitutes a repayment of paid-up capital would, for purposes of the Income Tax Act (Canada) as amended or re-enacted from time to time,

- (a) be deemed to have been paid as a dividend which is subject to income tax in the hands of any such holders;
- or
- (b) give rise to a taxable capital gain in the hands of any holder of such shares who or whose predecessor shall have continuously held such shares since their issuance.

10.6.3. Retirement of Equal and Prior Shares: Without the approval of the holders of the Series Z Preferred Shares given in accordance with Article 10.10, the Corporation shall not call for redemption, redeem, purchase or otherwise retire for value any shares ranking prior to the Series Z Preferred Shares (other than the Senior Preferred Shares) or, prior to the retraction date, any shares ranking equally with the Series Z Preferred Shares (other than the Preferred Shares, Series X and the Preferred Shares, Series Y) unless:

- (a) the consolidated net earnings of the Corporation for the 12 month fiscal period of the Corporation next preceding such action shall have been at least equal to 200% of the aggregate annual dividend requirements on all preferred shares of the Corporation to be outstanding immediately after such action and the consolidated net assets of the Corporation as at the end of the 12 month fiscal period of the Corporation next preceding such action shall have been at least equal to 150% of the amount that would be required to pay in full, in

the event of any liquidation, dissolution or winding-up of the Corporation (whether voluntary or involuntary) or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the outstanding Series Z Preferred Shares and the holders of all other shares of the Corporation ranking equally with or prior to the Series Z Preferred Shares which are to be outstanding immediately after such action, or

- (b) the shares are being retired pursuant to the operation of a sinking fund or other recurring purchase obligation (the "Obligation") attached thereto, in which case the holders of the Series Z Preferred Shares shall automatically and immediately be entitled, without any further action by the Corporation, to a similar purchase obligation for the Series Z Preferred Shares functioning contemporaneously with the Obligation as nearly as may be pro rata (to the nearest 100 shares) to the amounts paid up on the shares to be retired and the outstanding Series Z Preferred Shares respectively. However, this exception (b) shall not apply to the extent that the aggregate purchase obligations which would otherwise attach to Series Z Preferred Shares by virtue hereof would require the Corporation to redeem, acquire or cancel annually a number of Series Z Preferred Shares exceeding 5% of the issued Series Z Preferred Shares.

10.6.4. Creation and Issue of Shares: Without the approval of the holders of the Series Z Preferred Shares given in accordance with Article 10.10:

- (a) the Corporation shall not create any shares ranking equally with or prior to the Series Z Preferred Shares; and
- (b) the Corporation shall not issue any additional Preferred Shares or any shares ranking equally with or prior to the Series Z Preferred Shares,

provided, however, that no such approval will be necessary for the creation or issue of shares ranking equally with the Series Z Preferred Shares when the consolidated net earnings of the Corporation for the 12 month fiscal period of the Corporation next preceding such action shall have been at least equal to 200% of the aggregate annual dividend requirements on all preferred shares of the Corporation to be outstanding; provided that any of such shares which have been duly called for redemption and for the redemption whereof adequate provision has been made assuring that such shares will be redeemed within 35 days after such issue shall not be considered to be outstanding for the purposes of this paragraph.

10.6.5. Definitions: In this Article 10.6,

- (a) "consolidated net assets" at any time means the realizable value of all assets of the Corporation and its subsidiaries at such time, minus all liabilities of the Corporation and its subsidiaries at such time, after making due allowance for minority interests in any subsidiary and after the following adjustments:

- (i) the assets and liabilities of any body corporate which has become or ceased to be a subsidiary after such time shall be added or subtracted accordingly; and
- (ii) the dollar amount of the funds expended in such retirement of shares shall be subtracted;

all arrived at on a consolidated basis in accordance with generally accepted accounting practice;

- (b) "consolidated net earnings" for any period means the net profit (including extraordinary gains and losses and the tax effect thereof, if any) of the Corporation and its subsidiaries for such period after the following adjustments:

- (i) when computed for purposes of Section 10.6.4, interest charges on indebtedness which will be eliminated or reduced by reason of the issuance of such equally ranking shares shall be disregarded or adjusted; and
- (ii) in all cases, net profits for the entire period of subsidiaries which became subsidiaries subsequent to the commencement of such period shall be included;

all arrived at on a consolidated basis in accordance with generally accepted accounting practice.

- (c) "ranking" refers to ranking with respect to the payment of dividends or the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (d) "subsidiary" means any corporation of which more than 50% of the outstanding voting shares is owned, directly or indirectly, by the Corporation and includes any corporation in like relation to a subsidiary; and
- (e) "voting shares" means shares of capital stock of any class of any corporation having under all circumstances the right to elect at least a majority of the board of directors of such corporation, provided that, for the purposes of this definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered voting shares.

10.7. Liquidation, Dissolution or Winding-Up: In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series Z Preferred Shares shall (subject to the prior rights of the Senior Preferred Shares in that respect) be entitled to receive in lawful money of Canada an amount equal to the amount paid up on such Series Z Preferred Shares plus all unpaid dividends thereon (including, for greater certainty, any supplement payable under Section 10.11.5 in respect of such dividends) accrued

up to but not including the date of the distribution, the whole being paid before any amount is paid or any assets of the Corporation are distributed to the holders of any shares of any class ranking junior in that regard to the Series Z Preferred Shares. Upon payment of the amounts so payable to them, the holders of Series Z Preferred Shares shall not be entitled to share in any further distribution of assets of the Corporation.

10.8. Notices and Interpretation

10.8.1. Notices: Any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given if delivered or if sent by registered mail, postage prepaid, to the holders of the Series Z Preferred Shares at their respective addresses appearing on the books of the Corporation or, in the event of the address of any such holder not so appearing, then at the last address of such holder known to the Corporation. Any notice so mailed shall be deemed to have been given on the third business day after the date of mailing. In the event that the number of registered holders of Series Z Preferred Shares exceeds 5, accidental failure to give any such notice, invitation for tenders or other communication to one or more holders of the Series Z Preferred Shares shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tenders or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such holder or holders.

10.8.2. Interpretation: In the event that any day on which any dividend on the Series Z Preferred Shares is payable or by which any other action is required to be taken hereunder is not a business day, then such dividend shall be payable or such other action shall be required to be taken on the next succeeding day that is a business day.

All references to dollars herein are in Canadian funds.

10.9. Modification: Without limiting the effect of Section 10.2.2 and subject to and in compliance with applicable law, the provisions attaching to the Series Z Preferred Shares may at any time be deleted, varied, modified, amended or amplified with the prior approval of the holders thereof given in accordance with Article 10.10.

10.10. Approval of Holders of Series Z Preferred Shares: Any approval required or permitted to be given by the holders of the Series Z Preferred Shares with respect to any and all matters referred to herein shall be deemed to have been sufficiently given if given by the holders of Series Z Preferred Shares in one of the manners provided in the provisions attaching to the Preferred Shares as a class which are contained in Article 7.7, which provisions shall apply, mutatis mutandis, as though the term "Series Z Preferred Shares" were used in the said Article 7.7 in place of the term "Preferred Shares".

10.11. Tax Indemnification

10.11.1. Interpretation: For the purposes of this Article 10.11:

"Taxable Holder" means any registered holder or, in the case of shares registered in the name of a nominee, any beneficial owner, of Series Z Preferred Shares which is a "public corporation" and a "taxable Canadian corporation" for the purposes of the Income Tax Act (Canada); and

any reference to any statute shall be deemed to be a reference to such statute as amended or re-enacted from time to time.

10.11.2. Notice of Tax Amendment: In the event that any amendment to the Income Tax Act (Canada) or The Corporations Tax Act (Ontario) or to any Regulation under either such statute is enacted or passed which affects the income tax treatment of the dividends on the Series Z Preferred Shares received or to be received by any Taxable Holder in such a manner that any income tax or corporation income tax is or would be payable thereon, such Taxable Holder may give to the Corporation a written notice stating that it is a Taxable Holder and that such amendment has been enacted or passed.

10.11.3. Redemption at Corporation's Option: Upon the giving of any notice in accordance with Section 10.11.2, and subject to Section 10.6.2, the Corporation may, at its option, redeem at any time all of the outstanding Series Z Preferred Shares in respect of which a supplement is payable under Section 10.11.5, on payment of the redemption price as provided in Section 10.3.3. The provisions of Section 10.3.4 shall apply to such redemption except that notice of such redemption (unless waived in writing by the holders of all of the Series Z Preferred Shares to be redeemed) shall be given by the Corporation not less than 30 days nor more than 40 days prior to the date fixed for redemption.

10.11.4. Conflict of Redemption Provisions: In case of conflict between the provisions of Section 10.11.3 and the provisions of Article 10.3, including, without limitation, Section 10.3.2, the provisions of Section 10.11.3 shall take precedence.

If any redemption of Series Z Preferred Shares has been completed prior to the Corporation becoming entitled to exercise its right of redemption under Section 10.11.3 and the income tax treatment of the dividends paid thereon (whether as part of the redemption price or otherwise) is affected in the manner described in Section 10.11.2, the Corporation shall, within 10 days after a report of accountants of the nature described in Section 10.11.5 is given to the Corporation, pay to the holder of such redeemed Series Z Preferred Shares the supplement which would have been payable to such holder pursuant to Section 10.11.5 had such shares been entitled to the benefit of that section.

10.11.5. Increased Dividends: If any notice is given in accordance with Section 10.11.2, the amount of each dividend payable thereafter on each Series Z Preferred Share held or owned by the Taxable Holder giving notice, or by any successor Taxable Holder, shall, subject to Section 10.11.6, be increased by an additional amount (the "supplement") which, after deducting therefrom an amount equal to the tax paid or payable thereon by such Taxable Holder, will equal the amount of tax paid or payable by such Taxable Holder in respect of the amount of such dividend accruing after such notice is given. For this purpose, the

amount of any tax referred to herein arising in connection with the Series Z Preferred Shares held or owned by any Taxable Holder shall be conclusively determined by a report of the chartered accountant or accountants for the time being holding appointment as auditors of such Taxable Holder given to the Corporation no later than the 25th day after notice is given under Section 10.11.2 or, failing such report, by the report of a firm of independent chartered accountants appointed by the Corporation and approved by such Taxable Holder who will make available to such accountants all information reasonably necessary to make such determination. If any supplement is payable in accordance with this paragraph in respect of a dividend that has been otherwise paid (whether as part of a redemption price or otherwise) before the date the amount of the supplement is determined, the Corporation shall pay the supplement to the payee of that dividend no later than the 10th day after the Corporation receives the said accountant's report. Except as provided in this section or in subclause (ii) of clause (e) of Section 10.1.1, there shall be no increase in the amount of dividends payable on any Series Z Preferred Share.

10.11.6. Refunds: To the extent any of the tax relating to a paid supplement is refunded or is determined not to be payable by the Taxable Holder in respect of whose tax liability or purported liability the supplement was paid, the payee of the supplement shall promptly repay to the Corporation without interest the supplement, less any unrecovered tax paid in respect of such supplement.

10.11.7. Notice to Corporation: Any notice from any Taxable Holder shall be sufficiently given if delivered or sent by registered mail, postage prepaid, to the Corporation at its head office addressed to the attention of the Secretary. Any notice so mailed shall be deemed to have been given on the third business day after the date of mailing.

11. JUNIOR PREFERRED SHARES

The rights, privileges, restrictions and conditions attaching to the Junior Preferred Shares as a class are as follows:

11.1. Series: The Junior Preferred Shares may be issued in 1 or more series. Before the issue of shares of each series the directors shall fix the number of shares in that series and determine their designation, rights, privileges, restrictions and conditions, subject to the Act and these articles.

11.2. Class Subordination and Priority: The Junior Preferred Shares shall rank

- (a) after the Senior Preferred Shares and the Preferred Shares, and
- (b) before the Common Shares (and any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends and final distributions)

with respect to priority in the payment of dividends and final distributions. The Junior Preferred Shares shall also rank before any other shares with respect to priority in either the payment of dividends or final distributions to the extent

that the provisions attaching to such other shares expressly provide for such priority.

11.3. Series Parity: All series of Junior Preferred Shares shall have the same priority with respect to the payment of dividends and final distributions or other return of capital. If any cumulative dividend or amount payable on a return of capital in respect of any series of such shares is not paid in full, the Junior Preferred Shares of all series shall participate rateably in respect of such dividend or return of capital.

11.4. Voting: The holders of the Junior Preferred Shares as a class have no voting rights except as required by Article 11.5 or the Act. On any poll of holders of Junior Preferred Shares voting as a class and on any poll of holders of 2 or more series of Junior Preferred Shares voting jointly, each holder of Junior Preferred Shares shall have 1 vote in respect of each \$1 of consideration received by the Corporation on the issuance of the Junior Preferred Shares held by him which are entitled to be voted. Fractional votes shall not be counted on such polls except that each holder of Junior Preferred Shares otherwise entitled to vote shall have at least 1 vote.

11.5. Changes: The rights, privileges, restrictions and conditions attaching to the Junior Preferred Shares as a class may not be supplemented, changed or removed without such approvals as may then be required by the Act to be given by the holders of the Junior Preferred Shares as a class and by any other shareholders.

12. [Intentionally Deleted: all Junior Preferred Shares, Series A of George Weston Limited were previously converted to Common Shares]

13. [Intentionally Deleted: all Junior Preferred Shares, Series B of George Weston Limited were previously converted into Common Shares]

14. JUNIOR PREFERRED SHARES, SERIES C

The present authorized 2,000 Junior Preferred Shares, Series C, shall be designated as "Junior Preferred Shares, Series C" (the "Series C Junior Shares").

The Series C Junior Shares have the following additional rights, privileges, restrictions and conditions:

14.1. Definition: In this Part 14, "redemption price" means \$100 per Series C Junior Share redeemed or purchased or held at the date of final distribution, as the case may be, plus all unpaid dividends accrued thereon up to but not including the date of redemption, purchase or final distribution.

14.2. Dividends: Subject to the rights and restrictions attaching to the Senior Preferred Shares and the Preferred Shares, the holders of Series C Junior Shares shall be entitled to receive as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends fixed preferential cumulative cash dividends at the rate of \$9 per share per

annum and no more. Such dividends shall accrue from the date of issue (or from such other date no more than 6 months later as the board may determine) and shall be payable in equal quarterly instalments on each dividend payment date at par at any branch in Canada of the Corporation's bankers for the time being. If on any dividend payment date the Corporation does not pay the said dividends in full on all Series C Junior Shares then outstanding, such dividends or the unpaid part thereof shall be paid subsequently before any dividends are declared or paid on the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends), other than stock dividends in Common Shares (or in any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends or final distributions).

14.3. Redemption and Purchase

14.3.1. Right to Redeem or Purchase: Subject to this Article 14.3, the Act and the rights and restrictions attaching to the Senior Preferred Shares and the Preferred Shares, the Corporation may redeem or purchase Series C Junior Shares.

14.3.2. Redemption Right: The Corporation may after June 6, 1990 redeem all or from time to time any of the outstanding Series C Junior Shares on payment to the holders thereof of the redemption price. If less than all of the outstanding Series C Junior Shares are to be redeemed, the shares to be redeemed shall be selected by lot or (disregarding fractions) pro rata to the number of such shares then registered in the name of each shareholder, as the directors determine.

14.3.3. Redemption Procedure:

(a) At least 30 days before the date fixed for redemption ("redemption date") the Corporation shall send written notice of redemption to each registered holder of the shares to be redeemed. The notice shall set out the redemption price, the redemption date, the place of redemption and, in case of partial redemption, the number of shares to be redeemed. Accidental failure to give such notice to any shareholder shall not affect the validity of such redemption.

(b) On and after the redemption date the Corporation shall pay the redemption price or cause it to be paid to or to the order of the registered holders of the shares to be redeemed, on presentation and surrender of the certificates representing such shares. The shares shall thereupon be redeemed. From and after the redemption date, the holders of the shares called for redemption shall cease to be entitled to any rights of shareholders in respect thereof, except to receive the redemption price, unless it is not paid or deposited in accordance herewith (in which case their rights shall remain unimpaired).

(c) The Corporation may at any time deposit the entire redemption price of the shares called for redemption, or the part of it then unclaimed by the persons entitled thereto, in any Canadian chartered bank or trust company named in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the

holders of such shares. On the date of deposit (or redemption date, if later) the rights of the holders of the shares in respect of which the deposit is made shall be limited to receiving, without interest, the redemption price of their redeemed shares upon presentation and surrender of the certificates representing such shares. Any interest on such deposit belongs to the Corporation.

(d) If less than all of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

14.3.4. Purchase: The Corporation may purchase all or from time to time any of the outstanding Series C Junior Shares in the market or by private contract or pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series C Junior Shares, at the lowest price at which in the opinion of the directors such shares are obtainable. However, such price shall not exceed the redemption price plus reasonable costs of purchase. If the Corporation receives tenders at the same price for more Series C Junior Shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price pro rata (disregarding fractions) to the number of shares offered in each such tender, in such manner as the directors determine.

14.4. Conversion Privilege

14.4.1. Definition: In this Article 14.4, "Shares" means the present Common Shares or their equivalent in any other shares into which the present Common Shares may have been converted, consolidated or subdivided.

14.4.2. Right to Convert: Any holder of Series C Junior Shares may, at any time up to the close of business on the day immediately prior to the redemption date for such shares, convert them into the number of Shares determined by the following formula:

Divide the number of Series C Junior Shares converted by 0.06, and exclude any fraction.

If the redemption price of any Series C Junior Shares duly called for redemption is not paid on proper presentation of such shares, the right to convert them shall revive and continue as if they had not been called for redemption.

14.4.3. Conversion Procedure: Any shareholder desiring to exercise his conversion right shall deliver to the Corporation at its registered office a written notice exercising such right, naming the persons in whose name the Shares are to be issued and the number of Shares to be issued to each, together with the certificates for the Series C Junior Shares to be converted, duly endorsed by an appropriate person. If any of the Shares are to be issued to persons other than the holder of such Series C Junior Shares all other conditions precedent to the Corporation's duty to register a transfer of shares shall also be satisfied. Upon such delivery and if such conditions are satisfied, each person in whose name the Shares are to be issued as designated in the said notice shall be deemed for all purposes the holder of record at such delivery date of fully paid and non-assessable Shares in the capital of the Corporation in the number designated in such notice (not exceeding in the aggregate as amongst such persons the total number of Shares resulting from the

conversion). Such persons shall be entitled to delivery by the Corporation of certificates representing their Shares promptly after the exercise of such conversion right and the stated capital accounts maintained by the Corporation for the Series C Junior Shares and for the Shares shall automatically be adjusted to reflect the conversion. If less than all of the Series C Junior Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the balance.

14.4.4. No Adjustment for Accrued Dividends: Upon the conversion of any Series C Junior Shares there shall be no payment or adjustment by the Corporation or by the holder of the converted shares on account of any dividends accrued on the Series C Junior Shares surrendered for conversion or on the Shares issuable upon such conversion.

14.4.5. Adjustment for Stock Dividends: If the Corporation declares and pays any dividend on its Shares payable, at the holder's option or otherwise, wholly or partly in those shares, the Corporation shall deliver at the time of exercise thereafter of the right of conversion by any holder of Series C Junior Shares such additional number of Shares as would have resulted from such stock dividend if the right of conversion had been exercised by the converting shareholder before the date of such dividend and if he had exercised any such option.

14.4.6. Notice of Stock Dividends and Rights Offerings: If the Corporation proposes to (a) pay any dividend on its Shares payable, at the holder's option or otherwise, wholly or partly in shares in the capital of the Corporation, or (b) issue subscription warrants or other rights to the holders of its Shares generally to purchase shares in the capital of the Corporation, the Corporation shall so notify each holder of Series C Junior Shares in writing at least 10 days prior to the record date for such dividend or the issue of such rights.

14.4.7. Disputes: If any question arises with respect to the number of Shares to be issued on any exercise of the conversion privilege, it shall be conclusively determined by the auditor of the Corporation whose determination shall bind the Corporation and all shareholders.

14.4.8. No Fractions: Notwithstanding anything herein, the Corporation shall not issue fractional shares in satisfaction of any conversion privilege herein. The value of any fractional interest shall be attributed to the consideration for the shares issued upon the conversion.

14.5. Final Distribution: In the event of a final distribution, the holders of the Series C Junior Shares shall be entitled to receive their redemption price before any distribution to the holders of the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of final distributions), but no more.

14.6. Restriction on Retirement of Junior Shares: Without the approval of the holders of the Series C Junior Shares given in writing by the holders of a majority of the Series C Junior Shares then outstanding or expressed by resolution at a meeting of the holders of the Series C Junior Shares duly called for considering the same and carried by not less than 66 2/3% of the votes cast

thereon by holders of Series C Junior Shares, the Corporation shall not call for redemption, redeem, purchase or otherwise acquire for value any Common Shares (or other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares in payment of dividends and final distributions), or distribute any property on a reduction of stated capital of any such shares, unless all dividends accrued on the outstanding Series C Junior Shares to and including the dividend payable on the last preceding dividend payment date have been declared and paid or set apart for payment.

14.7. Changes: The Corporation may not add, change or remove any right, privilege, restriction or condition attached to the Series C Junior Shares as a series without such approval as may then be required by the Act to be given by the holders thereof.

15. JUNIOR PREFERRED SHARES, SERIES D

The present authorized 6,200 Junior Preferred Shares, Series D, shall be designated as "Junior Preferred Shares, Series D" (the "Series D Junior Shares").

The Series D Junior Shares have the following additional rights, privileges, restrictions and conditions:

15.1. Definition: In this Part 15, "Redemption Price" means \$100 per Series D Junior Share redeemed or purchased or held at the date of final distribution, as the case may be, plus all unpaid dividends accrued thereon up to but not including the date of redemption, purchase or final distribution.

15.2. Dividends: Subject to the rights and restrictions attaching to the Senior Preferred Shares and the Preferred Shares, the holders of Series D Junior Shares shall be entitled to receive as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends fixed preferential cumulative cash dividends at the rate of \$10.00 per share per annum and no more. Such dividends shall accrue from the date of issue (or from such other date no more than 6 months later as the board may determine) and shall be payable in equal quarterly instalments on each dividend payment date at par at any branch in Canada of the Corporation's bankers for the time being. If on any dividend payment date the Corporation does not pay the said dividends in full on all Series D Junior Shares then outstanding, such dividends or the unpaid part thereof shall be paid subsequently before any dividends are declared or paid on the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends), other than stock dividends in Common Shares (or in any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends and final distributions).

15.3. Redemption and Purchase

15.3.1. Right to Redeem or Purchase: Subject to this Article 15.3, the Act and the rights and restrictions attaching to the Senior Preferred Shares and the Preferred Shares, the Corporation may redeem or purchase Series D Junior Shares.

15.3.2. Redemption Right: The Corporation may redeem all or from time to time any of the outstanding Series D Junior Shares on payment to the holders thereof of the Redemption Price. If less than all of such outstanding Series D Junior Shares are to be redeemed, the shares to be redeemed shall be selected by lot or (disregarding fractions) pro rata to the number of such shares then registered in the name of each shareholder, as the directors determine.

15.3.3. Redemption Procedure:

(a) At least 30 days before the date fixed for redemption ("Redemption Date") the Corporation shall send written notice of redemption to each registered holder of the shares to be redeemed. The notice shall set out the Redemption Price, the Redemption Date, the place of redemption and, in case of partial redemption, the number of shares to be redeemed. Accidental failure to give such notice to any shareholders shall not affect the validity of such redemption.

(b) On and after the Redemption Date the Corporation shall pay the Redemption Price or cause it to be paid to or to the order of the registered holders of the shares to be redeemed, on presentation and surrender of the certificates representing such shares. The shares shall thereupon be redeemed. From and after the Redemption Date, the holders of the shares called for redemption shall cease to be entitled to any rights of shareholders in respect thereof, except to receive the Redemption Price, unless it is not paid or deposited in accordance herewith (in which case their rights shall remain unimpaired).

(c) The Corporation may at any time deposit the entire Redemption Price of the shares called for redemption, or the part of it then unclaimed by the persons entitled thereto, in any Canadian chartered bank or trust company named in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. On the date of deposit (or Redemption Date, if later) the rights of the holders of the shares in respect of which the deposit is made shall be limited to receiving, without interest, the Redemption Price of their redeemed shares upon presentation and surrender of the certificates representing such shares. Any interest on such deposit shall belong to the Corporation.

(d) If less than all of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

15.3.4. Purchase: The Corporation may purchase all or from time to time any of the outstanding Series D Junior Shares in the market or by private contract or pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series D Junior Shares, at the lowest price at which in the opinion of the directors such shares are obtainable. However, such price shall not exceed the Redemption Price plus reasonable costs of purchase. If the Corporation receives tenders at the same price for more Series D Junior Shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price pro rata (disregarding fractions) to the number of shares offered in each such tender, in such manner as the directors determine.

15.4. Conversion Privilege

15.4.1. Definition: In this Article 15.4.

- (a) "Shares" means the Common Shares of George Weston Limited as constituted on February 18, 1981 or their equivalent in any other shares into which those Common Shares may have been converted, consolidated or subdivided; and
- (b) "Fair Market Value" means, with respect to the Shares into which any Series D Junior Shares are to be converted, the median between the highest and lowest per share selling prices for trades in board lots of the Shares on the Toronto Stock Exchange on the business day next preceding the day on which such Series D Junior Preferred Shares are issued. In the event no such board lots have been traded on such day, the Fair Market Value shall be established on the same basis on the next preceding day for which such trades were reported by such Exchange.

15.4.2. Right to Convert: A holder of any Series D Junior Shares may on any dividend payment date convert them into the number of Shares determined by the following formula:

The number of Series D Junior Shares to be converted multiplied by 100 shall be divided by the Fair Market Value of the Shares and any fraction shall be excluded.

15.4.3. Conversion Procedure: Any shareholder desiring to exercise his conversion right shall deliver to the Corporation at its registered office at least 30 days prior to the next succeeding dividend payment date a written notice exercising such right, naming the persons in whose name the Shares are to be issued and the number of Shares to be issued to each, together with the certificates for the Series D Junior Shares to be converted, duly endorsed by an appropriate person. If any of the Shares are to be issued to persons other than the holder of such Series D Junior Shares all other conditions precedent to the Corporation's duty to register a transfer of shares shall also be satisfied. Upon such delivery and if such conditions are satisfied, each person in whose name the Shares are to be issued as designated in the said notice shall be deemed for all purposes the holder of record at such delivery date of fully paid and non-assessable Shares in the capital of the Corporation in the number designated in such notice. Such persons shall be entitled to delivery by the Corporation of certificates representing their Shares promptly after the exercise of such conversion right and the stated capital accounts maintained by the Corporation for the Series D Junior Shares and for the Shares shall automatically be adjusted to reflect the conversion. If less than all of the Series D Junior Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the balance.

15.4.4. Adjustment for Stock Dividends: If the Corporation declares and pays any dividend on its Shares payable, at the holder's option or otherwise, wholly or partly in those shares, the Corporation shall deliver at the time of exercise thereafter of the right of conversion by any holder of Series D Junior Shares

such additional number of Shares as would have resulted from such stock dividend if the right of conversion had been exercised by the converting shareholder before the date of such dividend and if he had exercised any such option.

15.4.5. Notice of Stock Dividends and Rights Offerings: If the Corporation proposes to (a) pay any dividend on its Shares payable, at the holder's option or otherwise, wholly or partly in shares in the capital of the Corporation, or (b) issue subscription warrants or other rights to the holders of its Shares generally to purchase shares in the capital of the Corporation, the Corporation shall so notify each holder of Series D Junior Shares in writing at least 10 days prior to the record date for such dividend or the issue of such rights.

15.4.6. Disputes: If any question arises with respect to the number of Shares to be issued on any exercise of the conversion privilege, it shall be conclusively determined by the auditor of the Corporation whose determination shall bind the Corporation and all shareholders.

15.4.7. No Fractions: Notwithstanding anything herein, the Corporation shall not issue fractional Shares in satisfaction of any conversion privilege herein; the Fair Market Value of any such fractional Share being included in the aggregate stated capital for the Shares issued upon the conversion.

15.5. Final Distribution: In the event of a final distribution, the holders of the Series D Junior Shares shall be entitled to receive their Redemption Price before any distribution to the holders of the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of final distributions), but no more.

15.6. Restriction on Retirement of Junior Shares: Without the approval of the holders of the Series D Junior Shares given in writing by the holders of a majority of the Series D Junior Shares then outstanding or expressed by resolution at a meeting of the holders of the Series D Junior Shares duly called for considering the same and carried by not less than 66 2/3% of the votes cast thereon by holders of Series D Junior Shares, the Corporation shall not call for redemption, redeem, purchase or otherwise acquire for value any Common Shares (or other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares in payment of dividends and final distributions), or distribute any property on a reduction of stated capital of any such shares, unless all dividends accrued on the outstanding Series D Junior Shares to and including the dividend payable on the last preceding dividend payment date have been declared and paid or set apart for payment.

15.7. Changes: The Corporation may not add, change or remove any right, privilege, restriction or condition attached to the Series D Junior Shares as a series without such approval as may then be required by the Act to be given by the holders thereof.

16. JUNIOR PREFERRED SHARES, SERIES E

The present authorized 12,900 Junior Preferred Shares, Series E, shall be designated as "Junior Preferred Shares, Series E" (the "Series E Junior Shares").

The Series E Junior Shares have the following additional rights, privileges, restrictions and conditions:

16.1. Definitions: In this Part 16.

- (a) "Average Prime Rate" for any Dividend Payment Period means the arithmetic mean (rounded to the nearest 0.01%) of the Prime Rate for each day during such period, other than the last 7 business days thereof;
- (b) "Dividend Payment Date" means the last day of March, June, September and December in each year;
- (c) "Dividend Payment Period" means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next subsequent Dividend Payment Date, and includes the period beginning on the date on which the Series E Junior Shares are first issued and ending on the day immediately prior to the next subsequent Dividend Payment Date;
- (d) "Dividend Rate" for any dividend Payment Period means the sum of $\frac{2}{3}$ of the Average Prime Rate for such period plus .75%;
- (e) "Prime Rate" for any day means the prime rate of interest, expressed as an annual rate, of the Canadian Imperial Bank of Commerce for Canadian dollar commercial loans in Canada as declared by the said bank from time to time; and
- (f) "Redemption Price" means \$100 per Series E Junior Share redeemed or purchased or held at the date of final distribution, as the case may be, plus all unpaid dividends accrued thereon up to but not including the date of redemption, purchase or final distribution.

16.2. Dividends

16.2.1. Payment of Dividends: Subject to the rights and restrictions attaching to the Senior Preferred Shares and the Preferred Shares, the holders of Series E Junior Shares shall be entitled to receive, as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends, preferential cumulative dividends in the amounts determined from time to time in accordance with Section 16.2.2. Such dividends shall accrue on a day-to-day basis from and including the date of issue and shall be payable on each Dividend Payment Date at par at any branch in Canada of the Corporation's bankers for the time being. If on any Dividend Payment Date the Corporation does not pay the said dividends in full on all Series E Junior Shares then outstanding, such dividends or the unpaid part thereof shall be paid subsequently before any dividends are declared or paid on the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after

the Junior Preferred Shares with respect to priority in the payment of dividends), other than stock dividends in Common Shares (or in any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends and final distributions).

16.2.2. Amount of Dividends: Subject as hereinafter provided, the amount of the dividend payable on any Dividend Payment Date on any Series E Junior share then outstanding shall be equal to the amount (rounded to the nearest \$0.01) calculated by multiplying the Dividend Rate for the Dividend Payment Period ending on the day before such Dividend Payment Date by \$100 and multiplying the result by a fraction of which the numerator is the number of days in such Dividend Payment Period and the denominator is the number of days in the calendar year in which such Dividend payment falls. To calculate the dividend payable on other than a Dividend Payment Date the number of days in the period beginning on the immediately preceding Dividend Payment Date and ending on the day immediately preceding the date of such dividend payment shall be deemed to be the relevant Dividend Payment Period.

The dividend payable on any Dividend Payment Date to any holder of Series E Junior Shares shall be calculated by multiplying the amount of the dividend payable on such date on each such share held by such holder by the total number of Series E Junior Shares so held by such holder.

16.3. Redemption and Purchase

16.3.1. Right to Redeem or Purchase: Subject to this Article 16.3, the Act and the rights and restrictions attaching to the Senior Preferred Shares and the Preferred Shares, the Corporation may redeem or purchase Series E Junior Shares.

16.3.2. Redemption Right: The Corporation may redeem all or from time to time any of the outstanding Series E Junior Shares on payment to the holders thereof of the Redemption Price. If less than all of such outstanding Series E Junior Shares are to be redeemed, the shares to be redeemed shall be selected by lot or (disregarding fractions) pro rata to the number of such shares then registered in the name of each shareholder, as the directors determine.

16.3.3. Redemption Procedure:

(a) At least 30 days before the date fixed for redemption ("Redemption Date") the Corporation shall send written notice of redemption to each registered holder of the shares to be redeemed. The notice shall set out the Redemption Price, the Redemption Date, the place of redemption and, in case of partial redemption, the number of shares to be redeemed. Accidental failure to give such notice to any shareholder shall not affect the validity of such redemption.

(b) On and after the Redemption Date the Corporation shall pay the Redemption Price or cause it to be paid to or to the order of the registered holders of the shares to be redeemed, on presentation and surrender of the certificates representing such shares. The shares shall thereupon be redeemed. From and after the Redemption Date, the holders of the shares called for redemption shall cease to be entitled to any rights of shareholders in respect thereof, except to receive the Redemption Price, unless it is not paid or

deposited in accordance herewith (in which case their rights shall remain unimpaired).

(c) The Corporation may at any time deposit the entire Redemption Price of the shares called for redemption, or the part of it then unclaimed by the persons entitled thereto, in any Canadian chartered bank or trust company named in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. On the date of deposit (or Redemption Date, if later) the rights of the holders of the shares in respect of which the deposit is made shall be limited to receiving, without interest, the Redemption Price of their redeemed shares upon presentation and surrender of the certificates representing such shares. Any interest on such deposit shall belong to the Corporation.

(d) If less than all of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

16.3.4. Purchase: The Corporation may purchase all or from time to time any of the outstanding Series E Junior Shares in the market or by private contract or pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series E Junior Shares, at the lowest price at which in the opinion of the directors such shares are obtainable. However, such price shall not exceed the Redemption Price plus reasonable costs of purchase. If the Corporation receives tenders at the same price for more Series E Junior Shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price pro rata (disregarding fractions) to the number of shares offered in each such tender, in such manner as the directors determine.

16.4. Conversion Privilege

16.4.1. Definition: In this Article 16.4.

- (a) "Shares" means the Common Shares of George Weston Limited as constituted on August 20, 1982 or their equivalent in any other shares into which those Common Shares may have been converted, consolidated or subdivided; and
- (b) "Fair Market Value" means, with respect to the Shares into which any Series E Junior Shares are to be converted, the median between the highest and lowest per share selling prices for trades in board lots of the Shares on the Toronto Stock Exchange on the business day next preceding the day on which such Series E Junior Preferred Shares are issued. In the event no such board lots have been traded on such day, the Fair Market Value shall be established on the same basis on the next preceding day for which such trades were reported by such Exchange.

16.4.2. Right to Convert: A holder of any Series E Junior Shares may on any Dividend Payment Date convert any of them into the number of Shares determined by the following formula:

The number of Series E Junior Shares to be converted multiplied by 100 shall be divided by the Fair Market Value of the Shares and any fraction shall be excluded.

16.4.3. Conversion Procedure: Any shareholder desiring to exercise his conversion right shall deliver to the Corporation at its registered office at least 7 days prior to the next succeeding Dividend Payment Date a written notice exercising such right, naming the person(s) in whose name the Shares are to be issued and the number of Shares to be issued to each, together with the certificates for the Series E Junior Shares to be converted, duly endorsed by an appropriate person. If any of the Shares are to be issued to persons other than the holder of such Series E Junior Shares all other conditions precedent to the Corporation's duty to register a transfer of shares shall also be satisfied. Upon such delivery and if such conditions are satisfied, each person in whose name the Shares are to be issued as designated in the said notice shall be deemed for all purposes the holder of record at such delivery date of fully paid and non-assessable Shares in the capital of the Corporation in the number designated in such notice. Such persons shall be entitled to delivery by the Corporation of certificates representing their Shares promptly after the exercise of such conversion right and the stated capital accounts maintained by the Corporation for the Series E Junior Shares and for the Shares shall automatically be adjusted to reflect the conversion. If less than all of the Series E Junior Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the balance.

16.4.4. Adjustment for Stock Dividends: If the Corporation declares and pays any dividend on its Shares payable, at the holder's option or otherwise, wholly or partly in those Shares, the Corporation shall deliver at the time of exercise thereafter of the right of conversion by any holder of Series E Junior Shares such additional number of Shares as would have resulted from such stock dividend if the right of conversion had been exercised by the converting shareholder before the date of such dividend and if he had exercised any such option.

16.4.5. Notice of Stock Dividends and Rights Offerings: If the Corporation proposes to (a) pay any dividend on its Shares payable, at the holder's option or otherwise, wholly or partly in shares in the capital of the Corporation, or (b) issue subscription warrants or other rights to the holders of its Shares generally to purchase shares in the capital of the Corporation, the Corporation shall so notify each holder of Series E Junior Shares in writing at least 17 days prior to the next Dividend Payment Date which precedes the record date for such dividend or the issue of such rights.

16.4.6. Disputes: If any question arises with respect to the number of Shares to be issued on any exercise of the conversion privilege, it shall be conclusively determined by the auditor of the Corporation whose determination shall bind the Corporation and all shareholders.

16.4.7. No Fractions: Notwithstanding anything herein, the Corporation shall not issue fractional Shares in satisfaction of any conversion privilege herein; the Fair Market Value of any such fractional Share being included in the aggregate stated capital for the Shares issued upon the conversion.

16.5. Final Distribution: In the event of a final distribution, the holders of the Series E Junior Shares shall be entitled to receive their Redemption Price before any distribution to the holders of the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of final distributions), but no more.

16.6. Restriction on Retirement of Junior Shares: Without the approval of the holders of the Series E Junior Shares given in writing by the holders of a majority of the Series E Junior Shares then outstanding or expressed by resolution at a meeting of the holders of the Series E Junior Shares duly called for considering the same and carried by not less than 66 2/3% of the votes cast thereon by holders of Series E Junior Shares, the Corporation shall not call for redemption, redeem, purchase or otherwise acquire for value any Common Shares (or other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares in payment of dividends and final distributions), or distribute any property on a reduction of stated capital of any such shares, unless all dividends accrued on the outstanding Series E Junior Shares to and including the dividend payable on the last preceding Dividend Payment Date have been declared and paid or set apart for payment.

16.7. Changes: The Corporation may not add, change or remove any right, privilege, restriction or condition attached to the Series E Junior Shares as a series without such approval as may then be required by the Act to be given by the holders thereof.

17. PREFERRED SHARES, SERIES A

The fourth series of Preferred shares shall consist of the number of Preferred Shares hereinafter mentioned, shall be designated as Preferred Shares, Series A (hereinafter referred to as the "Series A Preferred Shares") and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

17.1. Rules of Construction:

For the purposes of the provisions attaching to the Series A Preferred Shares:

- (a) "Average Prime Rate" in respect of a Dividend Payment Date is the sum of the Daily Prime Rates for each day in the three calendar months immediately prior to the calendar month immediately preceding the month of such Dividend Payment Date, divided by the number of days in such three calendar months period.
- (b) "Banks" means Canadian Imperial Bank of Commerce and The Royal Bank of Canada, collectively, and in the case of each Bank shall include any bank with which such Bank may merge and any bank which may become a successor to the business of such Bank.

- (c) "Business Day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province or municipality in which the Corporation's registered office is located.
- (d) "Daily Prime Rate" for any day is the arithmetic average, rounded to the nearest one one-hundredth of one per cent, of the Prime Rates of the Banks on such day, or, if on such day there shall be a Prime Rate for one but not both of the Banks, the Prime Rate of the Bank having a Prime Rate; provided that if on such day there shall be no Prime Rate for either of the Banks, the Daily Prime Rate for such day shall be 1.5 percentage points above the average yield per annum on 91-day Government of Canada Treasury Bills as reported by the Bank of Canada for the weekly tender immediately preceding that day.
- (e) "Dividend Payment Date" means the first day of March, June, September and December in each year.
- (f) "Dividend Payment Period" means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date.
- (g) "Prime Rate" for any Bank means the annual rate of interest quoted, published or announced by that Bank from time to time as being its "prime rate" (or some term of similar import) or, failing any such quotation, publication or announcement, the annual rate of interest used by that Bank from time to time as a reference rate in determining interest rates to be charged by it on Canadian-dollar demand loans to its commercial borrowers in Canada.
- (h) "Quarterly Dividend Rate" means
 - (i) one quarter of 7 3/4% in respect of each Dividend Payment Date occurring on or prior to December 1, 1996, and
 - (ii) one quarter of 71% of the Average Prime Rate in respect of each Dividend Payment Date occurring after December 1, 1996.
- (i) "Ranking as to Capital" means ranking with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary.
- (j) "Ranking as to Dividends" means ranking with respect to priority in the payment of dividends by the Corporation on its shares.
- (k) "Redemption Price" has the meaning given thereto in Section 17.5.3.
- (l) "Retraction Privilege" has the meaning given thereto in Section 17.4.1.
- (m) If any dividend is payable or other action is required to be taken on a day which is not a Business Day, such dividend shall be payable or action taken on the next succeeding Business Day.

17.2. Number of Series A Preferred Shares:

The number of shares of the Series A Preferred Shares shall be fixed initially at 4,000,000. But, if

- (a) the directors hereafter designate one or more series of Preferred Shares (i) having rights, privileges, restrictions, and conditions identical in all material respects with those attaching to the Series A Preferred Shares, and (ii) in all respects ranking pari passu with and participating equally and proportionately without preference or distinction with the Series A Preferred Shares, and
- (b) all accrued and unpaid dividends for previous Dividend Payment Periods on the Series A Preferred Shares shall have been declared and paid or set apart for payment at the date of issue of the shares of such latter series,

the authorized number of shares fixed in any such latter series may be regarded for all purposes as though they had been added to and formed part of the Series A Preferred Shares, and the shares of such latter series may also be designated as Preferred Shares, Series A.

17.3. Dividends:

17.3.1. Full Dividends: Subject to sections 17.3.2 and 17.3.3, on each Dividend Payment Date, the holders of the Series A Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the Senior Preferred Shares of the Corporation and in compliance with certain restrictions contained in Article 5.5.1) quarterly cumulative preferential cash dividends in an amount per share equal to the amount (rounded to the nearest one hundredth of one cent) obtained by multiplying \$25.00 by the Quarterly Dividend Rate.

17.3.2. Partial-Period Dividends: The amount of the dividend or amount calculated by reference to the dividend for any period which is less than a Dividend Payment Period with respect to any Series A Preferred Share

- (a) which is issued, redeemed or purchased during such Dividend Payment Period, or
- (b) in the event of a distribution to the holders of the Series A Preferred Shares in the circumstances contemplated by Article 17.8 during such Dividend Payment Period

shall be equal to the amount (rounded to the nearest one hundredth of one cent) calculated by multiplying:

- (i) an amount equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate that is applicable for the Dividend Payment Date next following such event (if ascertainable on the date of that event) or for the Dividend Payment Date last occurring prior to the date of that event (in other cases); and

- (ii) a fraction of which the numerator is the number of days in such Dividend Payment Period that such share has been outstanding (including the date of issue or the Dividend Payment Date at the beginning of such Dividend Payment Period if such share was outstanding on that date and excluding the date of redemption, purchase or distribution or the Dividend Payment Date at the end of such Dividend Payment Period if such share was outstanding on that date) and the denominator is the number of days in such Dividend Payment Period.

17.3.3. Payment Dates: Dividends on the Series A Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each Dividend Payment Date to the holders of record at the close of business on the 10th Business Day preceding such Dividend Payment Date. If on any Dividend Payment Date dividends payable on such date are not paid in full on all the Series A Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors. The holders of the Series A Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 17.3.

17.3.4. Manner of Payment: Cheques of the Corporation or its dividend disbursing agent drawn upon a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued to the holders of the Series A Preferred Shares in respect of the dividends payable thereon (less any tax required to be deducted or withheld by or on behalf of the Corporation). The mailing in Canada on or before the third Business Day preceding any Dividend Payment Date of such a cheque, payable on such Dividend Payment Date, to a holder of Series A Preferred Shares when the necessary postal facilities are free from disruption shall be deemed to be payment of the dividends represented thereby unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented for payment or that otherwise remains unclaimed for a period of six years after the date of the cheque shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such dividends by action or any other proceeding against the Corporation. Notwithstanding the foregoing, the amount of any dividends payable to a holder of Series A Preferred Shares (less any tax required to be deducted or withheld by or on behalf of the Corporation) may be deposited directly into an account with a deposit-taking institution designated by that holder, provided that the Corporation has received from the holder a written direction to make such deposit at least 10 days prior to the record date for such dividends in such form as the Corporation may prescribe from time to time and provided that such direction has not been revoked by a subsequent written notice received from the holder not less than 10 days prior to the record date for a subsequent dividend payment.

17.3.5. Notification of Dividend Rate: The Corporation shall, with respect to each Dividend Payment Date after December 1, 1996, provide on request to any holder of Series A Preferred Shares on the record date for the dividend payable on such Dividend Payment Date, notice of the dividend rate applicable for the calculation of such dividend and particulars of the calculation of such rate.

17.4. Retraction Privilege:

17.4.1. Right to Require Retraction: Subject to sections 17.4.3 and 17.4.4 and to the restriction in favour of the Senior Preferred Shares contained in Article 4.9, the restriction in favour of the Senior Preferred Shares contained in clause (b) of Section 5.5.2 and the restrictions in favour of the Preferred Shares, Series X, Y and Z contained in clause (b) of Section 8.6.3, clause (b) of Section 9.6.3 and Section 10.6.3, respectively, to the extent, if any, then applicable, a holder of Series A Preferred Shares shall have the right ("Retraction Privilege") to require the Corporation to redeem on December 1, 1996 and on any five-year anniversary thereof (each a "Retraction Date") all or any of the Series A Preferred Shares held by such holder at a price equal to \$25.00 per share together with an amount equal to all dividends, if any, accrued and unpaid thereon up to but not including the Retraction Date (the whole constituting and being hereinafter referred to as the "Retraction Price").

17.4.2. Retraction Notice: Not less than 60 nor more than 90 days before the applicable Retraction Date the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series A Preferred Shares, notice of the Retraction Privilege and the procedure for exercising it, the Retraction Date, the Retraction Price and the number of Series A Preferred Shares which the Corporation expects that it will be able to redeem on the Retraction Date.

17.4.3. Retraction Procedure:

(1) Subject to section 17.4.4, the Corporation shall redeem at the Retraction Price Series A Preferred Shares duly tendered pursuant to the exercise of the Retraction Privilege. A registered holder of Series A Preferred Shares may exercise the Retraction Privilege by tendering to the transfer agent for the Series A Preferred Shares, not less than 14 nor more than 60 days before the Retraction Date, the share certificate or certificates representing the Series A Preferred Shares which the holder desires to have the Corporation redeem together with a request in writing indicating the number of the Series A Preferred Shares represented thereby which the holder desires the Corporation to redeem. Such tender of Series A Preferred Shares for redemption shall be irrevocable except with respect to those Series A Preferred Shares which are not redeemed by the Corporation on the applicable Retraction Date.

(2) Subject to the provisions of the Act and the Articles of the Corporation, the Corporation shall, on the applicable Retraction Date, redeem the Series A Preferred Shares in respect of which certificates have been tendered for redemption in accordance with the provisions of this section 17.4.3, by paying to the registered holders thereof an amount equal to the Retraction Price (less any tax required to be deducted or withheld by or on behalf of Corporation). Payment of such amount shall be made by cheque of the Corporation or its dividend disbursing agent (drawn upon a Canadian chartered bank and payable at par on the Retraction Date at any branch in Canada of such bank) and such payment of the Retraction Price shall be a full and complete discharge of the Corporation's obligation to pay the Retraction Price owed to the holders of Series A Preferred Shares so tendered for redemption.

(3) Subject as hereinafter provided, the Series A Preferred Shares so tendered for redemption shall be and be deemed to be redeemed on the

applicable Retraction Date. From and after the applicable Retraction Date, a holder of any such Series A Preferred Share shall not be entitled to dividends declared after the Retraction Date or to exercise any other rights of a holder of Series A Preferred Shares in respect thereof except the right to receive the Retraction Price, provided that if payment of the Retraction Price is not duly made on the applicable Retraction Date by or on behalf of the Corporation in accordance with the provisions hereof, the rights of such holder shall remain unaffected until payment is made of the Retraction Price together with an amount equal to all dividends accrued and unpaid from the Retraction Date to the date of payment.

(4) If less than all of the Series A Preferred Shares represented by any certificate or certificates accompanying any notice from a registered holder of Series A Preferred Shares are redeemed, the registered holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Series A Preferred Shares comprised in the certificate or certificates surrendered as aforesaid which are not redeemed.

(5) The provisions of section 17.5.4 to the extent not inconsistent with the provisions of this Article 17.4 shall apply to any redemption pursuant to this Article 17.4.

17.4.4. Retraction Subject to Applicable Law: If the Corporation is not permitted, by applicable law or the rights, restrictions, conditions and limitations attaching to any Senior Preferred Shares or the Preferred Shares, Series X, Y or Z, to redeem all of the Series A Preferred Shares duly tendered pursuant to the Retraction Privilege, the Corporation shall redeem only the maximum number of Series A Preferred Shares (rounded to the next lower multiple of 1,000 shares) which the directors of the Corporation determine the Corporation is then permitted to redeem. Such redemption shall be made from each holder of tendered Series A Preferred Shares pro rata (disregarding fractions of shares) to the number of Series A Preferred Shares tendered for redemption by each such holder and the Corporation shall give to each such holder, with the new share certificate referred to in subsection (4) of section 17.4.3, a notice outlining the Corporation's continuing obligation to redeem Series A Preferred Shares as set out in section 17.4.5.

17.4.5. Continuing Obligation: If the Corporation, for any of the reasons described in section 17.4.4, fails to redeem on the Retraction Date all of the Series A Preferred Shares duly tendered pursuant to the Retraction Privilege (the "Tendered Shares"), then the Corporation shall redeem on each Dividend Payment Date thereafter, from Series A Preferred Shares tendered by the holders thereof not less than 30 nor more than 60 days before such Dividend Payment Date for redemption in the same manner as set forth in section 17.4.3, the lesser of (i) the number of Series A Preferred Shares so tendered, (ii) the number of the Tendered Shares less the number of Series A Preferred Shares previously redeemed in respect thereof under Section 17.4.4 or this Section 17.4.5, and (iii) the number of Series A Preferred Shares (rounded to the next lower multiple of 1,000 shares and selected from each holder of Series A Preferred Shares so tendered pro rata, disregarding fractions of shares, to the number of Series A Preferred Shares so tendered by each such holder) which the directors of the Corporation determine the Corporation is then permitted to redeem.

17.4.6. Liability of the Directors and the Corporation: If the directors of the Corporation have acted in good faith in making any of the determinations referred to above as to the number of Series A Preferred Shares which the Corporation is permitted at any time to redeem, none of the directors of the Corporation nor the Corporation shall have any liability in the event that any such determination proves inaccurate.

17.5. Redemption and Purchase for Cancellation

17.5.1. Right to Redeem or Purchase for Cancellation: Subject to the Act, the provisions of this Article 17.5, Article 17.7 and the restriction in favour of the Senior Preferred Shares contained in Article 4.9, the restriction in favour of the Senior Preferred Shares, First Series contained in clause (b) of Section 5.5.2 and the restrictions in favour of the Preferred Shares, Series X, Y and Z contained in clause (b) of Section 8.6.3, clause (b) of Section 9.6.3 and Article 10.6.3, respectively, to the extent, if any, then applicable, the Series A Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

17.5.2. Redemption Right: The Series A Preferred Shares shall not be redeemable at the option of the Corporation prior to December 1, 1991. On December 1, 1991 and thereafter, subject to section 17.5.1, the Corporation may at its option, upon giving notice as hereinafter provided, redeem at any time all or from time to time any of the outstanding Series A Preferred Shares on payment of the Redemption Price as provided in section 17.5.3. If less than all of the outstanding Series A Preferred Shares are to be redeemed, the shares to be redeemed shall be selected by lot, as nearly as may be pro rata (to the nearest 100 shares) to the number of Series A Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series A Preferred Shares may determine.

17.5.3. Redemption Price: The redemption price per share at which any Series A Preferred Shares are redeemable at the option of the Corporation shall be

- (a) \$26.00 if redeemed in the 12 months beginning December 1, 1991;
- (b) \$25.80 if redeemed in the 12 months beginning December 1, 1992;
- (c) \$25.60 if redeemed in the 12 months beginning December 1, 1993;
- (d) \$25.40 if redeemed in the 12 months beginning December 1, 1994;
- (e) \$25.20 if redeemed in the 12 months beginning December 1, 1995; or
- (f) \$25.00 if redeemed in the 12 months beginning December 1, 1996 or thereafter;

together in each case with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the redemption date (the whole constituting and being hereinafter referred to as the "Redemption Price").

17.5.4. Redemption Procedure:

(1) Not less than 30 nor more than 60 days before the date specified for redemption, the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series A Preferred Shares to be redeemed under this Article 17.5, notice of the intention of the Corporation to redeem such Series A Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(2) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series A Preferred Shares to be redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, an amount equal to the Redemption Price (less any tax required to be deducted or withheld by or on behalf of the Corporation). Such payment in respect of Series A Preferred Shares being redeemed shall be made by cheques payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being.

(3) On the date fixed for redemption the Series A Preferred Shares called for redemption and not converted under Article 17.6 shall be deemed to be redeemed (and from and after that date the holders thereof shall cease to be entitled to dividends declared after such date or to exercise any other rights of holders in respect thereof) unless payment of the Redemption Price is not made upon presentation and surrender of the certificates in accordance with the foregoing provisions (in which event the rights of the holders shall remain unaffected until payment is made of the Redemption Price together with an amount equal to all dividends accrued and unpaid on the redeemed shares from the redemption date to but not including the payment date).

(4) The Corporation shall have the right at any time after delivering, mailing, sending or publishing a notice of redemption to deposit an amount equal to the Redemption Price of the shares thereby called for redemption (less any tax required to be deducted or withheld by or on behalf of the Corporation), or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. Upon such deposit being made or upon the date fixed for redemption, whichever is the later, the rights of each holder of the Series A Preferred Shares in respect of which such deposit shall have been made shall be limited to receiving, without interest, the holder's share of the amount so deposited upon presentation and surrender of the certificates representing the holder's shares so redeemed. Any interest on such deposit shall belong to the Corporation.

(5) Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption shall be forfeited to the Corporation and thereafter no person shall

be entitled to recover such moneys by action or any other proceeding against the Corporation.

(6) If less than all the Series A Preferred Shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

17.5.5. Purchase for Cancellation: Subject to section 17.5.1, the Corporation may purchase for cancellation at any time all or from time to time any of the outstanding Series A Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable provided that if such shares are purchased otherwise than (i) through the facilities of a recognized stock exchange on which the Series A Preferred Shares are listed, or (ii) pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series A Preferred Shares, they may not be purchased at a price exceeding \$26.00 per share or the then applicable Redemption Price (whichever is lower) plus an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the date of purchase, plus in all cases reasonable costs of purchase. If pursuant to such an invitation for tenders the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price in any manner provided in the last sentence of section 17.5.2 (after the Corporation has purchased all the shares, if any, tendered at lower prices).

17.6. Conversion Privileges:

17.6.1. Creation of Further Series: The Corporation may from time to time create one or more further series of Preferred Shares ("Further Shares") into which any Series A Preferred Shares then outstanding may, at the option of the holder, be converted on a share-for-share basis on and subject to the terms and conditions hereinafter appearing. Further Shares shall be identified by an express indication in the rights, privileges, restrictions or conditions attaching thereto that the shares of that series are intended to be shares into which the Series A Preferred Shares are convertible hereunder. Whenever the Corporation proposes to create a series of Further Shares it shall give the holders of the Series A Preferred Shares then outstanding not less than 60 nor more than 90 days' notice of the conversion privilege, the procedure for exercising same, a description of the rights, privileges, restrictions and conditions attaching to the Further Shares and other relevant matters, in sufficient detail to permit holders of the Series A Preferred Shares to form a reasoned judgment on whether or not to exercise the conversion privilege. Such other matters shall include without limitation the eligibility for investment of the Further Shares, the status of listings of the Further Shares for trading on recognized stock exchanges in Canada, the tax consequences of conversion under the Income Tax Act (Canada), and the status of the Further Shares regarding resale restrictions under the Securities Act (Ontario) and the corresponding legislation in all other provinces of Canada then shown as the recorded addresses (as referred to in section 17.12.1) of holders of Series A Preferred Shares or in which there is a recognized stock exchange on which Series A Preferred Shares are then listed for trading.

17.6.2. Right of Conversion: Subject to and in compliance with section 17.6.3 and applicable law, whenever the Corporation creates a series of Further Shares

holder of any Series A Preferred Shares shall have the right, at the holder's option, to convert Series A Preferred Shares into an equivalent number of fully paid and non-assessable Further Shares on the 45th day ("Conversion Date") following the date of delivery, mailing, sending or publication of the notice of conversion privilege given under section 17.6.1.

17.6.3. Conversion Procedure: Any registered holder of Series A Preferred Shares may exercise any conversion right herein provided for by tendering to the transfer agent for Series A Preferred Shares, on or before the Conversion Date, (i) a written notice exercising such right, indicating the number of Series A Preferred Shares to be converted, the person(s) in whose name(s) the Further Shares are to be issued and (where appropriate) the number of Further Shares to be issued to each, and (ii) the certificates for the Series A Preferred Shares to be converted, duly endorsed. On the Conversion Date the holder of the Series A Preferred Shares so tendered for conversion (or, upon satisfaction of any conditions precedent to the Corporation's duty to register a transfer of such shares, the persons named in such notice) shall be deemed for all purposes the holder of record at such date of fully paid and non-assessable Further Shares in the capital of the Corporation in the number indicated by such notice. Such persons shall be entitled to delivery of certificates representing their Further Shares promptly after the Conversion Date and the stated capital accounts maintained by the Corporation for the Series A Preferred Shares and for the Further Shares shall automatically be adjusted to reflect the conversion. Upon the conversion of any Series A Preferred Shares the Corporation shall forthwith pay, to the registered holder of the Series A Preferred Shares which were converted, an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the Conversion Date (and section 17.3.4 shall apply to that payment with the necessary changes). If less than all of the Series A Preferred Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the unconverted balance.

17.6.4. Changes to Further Shares: While any right to convert Series A Preferred Shares into Further Shares is exercisable, that series of Further Shares shall not be reclassified, consolidated, subdivided or otherwise changed except with the approval of the holders of the Series A Preferred Shares then outstanding given in accordance with Article 17.11.

17.7. Restrictions on Dividends, Retirement and Issue of Shares

17.7.1. Issue of Prior Shares: So long as any of the Series A Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series A Preferred Shares given in accordance with Article 17.11, issue any shares Ranking as to Capital or Ranking as to Dividends prior to the Series A Preferred Shares unless all of the outstanding Series A Preferred Shares have been called for redemption and the redemption price for the same has been deposited in accordance with subsection (4) of Section 17.5.4.

17.7.2. Restrictions on Dividends and Retirement of Shares: So long as any of the Series A Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series A Preferred Shares given in accordance with Article 17.11:

- (a) declare, pay or set apart for payment any dividends on any shares Ranking as to Dividends junior to the Series A Preferred Shares (other than stock dividends payable in any shares Ranking as to Dividends junior to the Series A Preferred Shares);
- (b) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends junior to the Series A Preferred Shares except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series A Preferred Shares to the same degree;
- (c) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares Ranking as to Capital or Ranking as to Dividends on a parity with the Series A Preferred Shares except in connection with the exercise of any retraction privilege or any mandatory redemption, purchase, sinking fund or retirement provision attaching thereto or except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series A Preferred Shares to the same degree; or
- (d) call for redemption, purchase or otherwise pay off or retire for value less than all of the Series A Preferred Shares outstanding except in connection with the redemption of Series A Preferred Shares pursuant to the exercise of any Retraction Privilege (including a redemption pursuant to section 17.4.5).

unless, in each such case, all dividends then payable on the Series A Preferred Shares then outstanding up to and including the dividend payable on the immediately preceding Dividend Payment Date shall have been declared and paid or set apart for payment or unless all of the outstanding Series A Preferred Shares have been called for redemption and the redemption price for the same has been deposited in accordance with subsection (4) of Section 17.5.4, provided that clauses (b), (c) and (d) of this section shall not operate to prohibit the Corporation from purchasing shares where required to do so pursuant to any statutory remedy exercised by the holder thereof (including without limitation the remedies now provided in sections 190 and 241 of the Act).

17.8. Liquidation, Dissolution or Winding-up: In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series A Preferred Shares shall be entitled, subject to the prior rights of the Senior Preferred Shares in that respect, to receive a sum equal to \$25.00 per Series A Preferred Share held by them respectively (or, if such liquidation, dissolution, winding-up or distribution be voluntary, \$26.00 per Series A Preferred Share or the Redemption Price applicable at the commencement of such event if lower) plus an amount equal to all dividends accrued thereon and unpaid to but not including the date of payment, the whole before any amount shall be paid by the Corporation, or any assets of the Corporation shall be distributed, to holders of the Junior Preferred Shares, the Common Shares or any other shares of any class of the Corporation Ranking as to Capital junior to the Series A Preferred Shares. After payment to the holders of the Series A Preferred Shares of the amounts so payable to them,

they shall not be entitled to share in any further distribution of the assets of the Corporation.

17.9. Voting Rights: Except as provided in this Article 17.9 or as referred to in Article 7.7 or as specifically provided by law, the holders of the Series A Preferred Shares shall not be entitled as such to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such meeting. In the event that the Corporation fails to pay 8 quarterly dividends on any Series A Preferred Shares, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends, the holders of the Series A Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of the holders of another class or series of shares other than the Common Shares), and shall be entitled to 1 vote for each Series A Preferred Share held on all votes taken at such meetings, until all arrears of dividends on the Series A Preferred Shares shall have been paid (whereupon such rights shall cease unless and until the same shall again arise under the provisions of this section 17.9 and so on from time to time).

17.10. Modification: The rights, privileges, restrictions and conditions attached to the Series A Preferred Shares may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Series A Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

17.11. Approval of Holders of Series A Preferred Shares: The approval or consent of the holders of the Series A Preferred Shares with respect to any and all matters relating to the Series A Preferred Shares as a series of Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that such approval be given by resolution signed by all the holders of Series A Preferred Shares then outstanding or passed by not less than 66-2/3% of the votes cast thereon by the holders of Series A Preferred Shares who voted at a meeting of the holders of Series A Preferred Shares duly called and held for that purpose. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without limitation, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those set out in Article 17.12 and those not inconsistent with Article 17.12 which are from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders. On every poll taken at every such meeting, every holder of Series A Preferred Shares shall be entitled to 1 vote in respect of each such share held.

17.12. Notice:

17.12.1. Normal Means: Any notice or other communication from the Corporation herein provided for, including without limitation any notice of redemption, retraction right, conversion right or meeting of the holders of the Series A Preferred Shares, shall be in writing. Any such notice or other communication or cheque, share certificate or other document from the Corporation to a holder of Series A Preferred Shares may be (i) delivered personally to the holder, or to any director, officer or agent of the holder,

(ii) placed in a sealed envelope addressed to the holder and delivered to any person or letter receptacle at the holder's recorded address, (iii) mailed by prepaid Canadian mail (registered, in the case of share certificates) in a sealed envelope addressed to the holder at the holder's recorded address or (iv) in the case of notices and other communications, sent to the holder by any other means of prepaid legible communication then in common business use. Any such notice, communication, cheque, share certificate or other document shall be deemed to have been received by the holder on the date of delivery if so delivered or, if so mailed, at the earlier of (i) the time it was received by the holder and (ii) the time it would have been delivered in the ordinary course of mail unless there are reasonable grounds for believing that it was not received at that time. Any such notice or communication so sent by other means shall be deemed to have been received by the holder on the Business Day next following the date it was sent by the Corporation. For purposes of this section a holder's recorded address means the holder's latest address appearing in the securities register of the Corporation (or, in the case of joint holders, the first address so appearing in respect of their joint holding) or, in the event of the address of any holder not so appearing, the latest address of such holder known to the Corporation. Accidental failure to give any such notice or other communication to one or more holders of the Series A Preferred Shares shall not affect the validity of the notice or other communication but, upon such failure being discovered, the notice or other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and effect as if given in due time.

17.12.2. Postal Disruptions: If there exists any disruption in the mail services necessary for mailing any such notice or communication to holders of Series A Preferred Shares at addresses in any province, any such notice or other communication may (but need not) be given to the holders in such province by means of (i) publication once in a bona fide newspaper or business or financial publication of general and regular paid circulation published or distributed in the capital city of such province (or if the Corporation maintains a register of transfers for the Series A Preferred Shares in such province, in the city in such province where the register of transfers is maintained), and (ii) delivery to each recognized stock exchange on which the Series A Preferred Shares are then listed for trading. However, if no such newspaper or business or financial publication is being published in that city, the Corporation shall not be required to publish in that city provided that there is at least one recognized stock exchange in Canada on which the Series A Preferred Shares are then listed for trading. Notice given under this section 17.12.2 shall be deemed to have been given on the day on which (i) the publication is completed in all of the cities in which publication is required and (ii) the required deliveries have been made to the stock exchanges.

18. PREFERRED SHARES, SERIES I

The fifth series of Preferred Shares shall consist of 10,000,000 Preferred Shares, shall be designated as Preferred Shares, Series I (hereinafter referred to as the "Series I Preferred Shares") and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

18.1 Rules of Construction

For the purposes of the provisions attaching to the Series I Preferred Shares:

- (a) "Business Day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province or municipality in which the Corporation's registered office is located.
- (b) "Dividend Payment Date" means the 15th day of March, June, September and December in each year.
- (c) "Dividend Payment Period" means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date.
- (d) "Quarterly Dividend Rate" means one quarter of an annual rate of 5.8%. *1.45%*
- (e) "Ranking as to Capital" means ranking with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary.
- (f) "Ranking as to Dividends" means ranking with respect to priority in the payment of dividends by the Corporation on its shares.
- (g) "Redemption Price" has the meaning given thereto in section 18.3.3.
- (h) If any dividend is payable or other action is required to be taken on a day which is not a Business Day, such dividend shall be payable or action taken on the next succeeding Business Day.

18.2 Dividends

18.2.1 Full Dividends: Subject to sections 18.2.2 and 18.2.3, on each Dividend Payment Date, the holders of the Series I Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the Senior Preferred Shares of the Corporation, if any,) quarterly cumulative preferential cash dividends in an amount per share equal to the amount (rounded to the nearest one hundredth of one cent) obtained by multiplying \$25.00 by the Quarterly Dividend Rate (being \$1.45 per share per annum).

18.2.2 Partial-Period Dividends: The amount of the dividend or amount calculated by reference to the dividend for any period which is less than a Dividend Payment Period with respect to any Series I Preferred Share

- (a) which is issued, redeemed or purchased during such Dividend Payment Period, or
- (b) in the event of a distribution to the holders of the Series I Preferred Shares in the circumstances contemplated by Article 18.6 during such Dividend Payment Period

shall be equal to the amount (rounded to the nearest one hundredth of one cent) calculated by multiplying

- (i) an amount equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate; by
- (ii) a fraction, of which the numerator is the number of days in such Dividend Payment Period that such share has been outstanding (including the date of issue or the Dividend Payment Date at the beginning of such Dividend Payment Period if such share was outstanding on that date and excluding the date of redemption, purchase or distribution or the Dividend Payment Date at the end of such Dividend Payment Period if such share was outstanding on that date) and the denominator is the number of days in such Dividend Payment Period.

18.2.3 Payment Dates: Dividends on the Series I Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each Dividend Payment Date to the holders of record at the close of business on the last day of the month preceding such Dividend Payment Date. If on any Dividend Payment Date dividends payable on such date are not paid in full on all the Series I Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors; provided however that the initial dividend if declared will be payable on March 15, 2002 and will amount to \$0.4012 per share. The holders of the Series I Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 18.2.

18.2.4 Manner of Payment: Cheques of the Corporation or its dividend disbursing agent drawn upon a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued to the holders of the Series I Preferred Shares in respect of the dividends payable thereon (less any tax required to be deducted or withheld by the Corporation). The mailing in Canada on or before the third Business Day preceding any Dividend Payment Date of such a cheque, payable on such Dividend Payment Date, to a holder of Series I Preferred Shares when the necessary postal facilities are free from disruption shall be deemed to be payment of the dividends represented thereby unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented for payment or that otherwise remains unclaimed for a period of 6 years after the date of the cheque shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such dividends by action or any other proceeding against the Corporation. Notwithstanding the foregoing, the amount of any dividends payable to a holder of Series I Preferred Shares (less any tax required to be deducted or withheld by the Corporation) may be deposited directly into an account with a deposit-taking institution designated by that holder, provided that the Corporation has received from the holder a written direction to make such deposit at least 10 days prior to the record date for such dividends in such form as the Corporation may prescribe from time to time and provided that such direction has not been revoked by a subsequent written notice received from the holder not less than 10 days prior to the record date for a subsequent dividend payment.

18.2.5 Election under Income Tax Act: The Corporation shall elect under subsection 191.2(1) of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect and take all other necessary action under such Act, to pay tax under section 191.1 of such Act, or any successor or replacement provision of similar effect, at a rate such that no holder of the Series I Preferred Shares will be required to pay tax on dividends received on the Series I Preferred Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect. Such election shall be made in the manner prescribed by such Act and shall be filed within the time provided under paragraph 191.2(1)(a) of such Act, or any successor or replacement provision of similar effect.

18.3 Redemption and Purchase for Cancellation

18.3.1 Right to Redeem or Purchase for Cancellation: Subject to the *Canada Business Corporations Act*, the provisions of this Article 18.3 and the restriction in favour of the Senior Preferred Shares contained in Article 4.9, to the extent, if any, then applicable, the Series I Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

18.3.2 Redemption Right: The Series I Preferred Shares shall not be redeemable by the Corporation prior to December 15, 2006. On December 15, 2006 and thereafter, subject to section 18.3.1 the Corporation may at its option, upon giving notice as hereinafter provided, redeem at any time all, or from time to time any, of the outstanding Series I Preferred Shares on payment of the Redemption Price as provided in section 18.3.3. If less than all of the outstanding Series I Preferred Shares are to be redeemed, the shares to be redeemed shall be selected by lot, as nearly as may be pro rata (to the nearest 100 shares) to the number of Series I Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series I Preferred Shares may determine.

18.3.3 Redemption Price: The redemption price per share at which any Series I Preferred Shares are redeemable shall be

- (a) \$26.00 if redeemed in the 12 months commencing December 15, 2006;
- (b) \$25.75 if redeemed in the 12 months commencing December 15, 2007;
- (c) \$25.50 if redeemed in the 12 months commencing December 15, 2008;
- (d) \$25.25 if redeemed in the 12 months commencing December 15, 2009; or
- (e) \$25.00 if redeemed on or after December 15, 2010;

together, in each case, with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the redemption date (the whole constituting and being hereinafter referred to as the "Redemption Price").

18.3.4 Redemption Procedure:

(1) Not less than 30 nor more than 60 days before the date specified for redemption, the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series I Preferred Shares to be redeemed under this Article 18.3 notice of the intention of the Corporation to redeem such Series I Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(2) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series I Preferred Shares to be redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, an amount equal to the Redemption Price (less any tax required to be deducted or withheld by the Corporation). Such payment in respect of Series I Preferred Shares being redeemed shall be made by cheques payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being.

(3) On the date fixed for redemption the Series I Preferred Shares called for redemption and not converted under Article 18.4 shall be deemed to be redeemed (and from and after that date the holders thereof shall cease to be entitled to dividends declared after such date or to exercise any other rights of holders in respect thereof) unless payment of the Redemption Price is not made upon presentation and surrender of the certificates in accordance with the foregoing provisions (in which event the rights of the holders shall remain unaffected until payment is made of the Redemption Price together with an amount equal to all dividends accrued and unpaid on the redeemed shares from the redemption date to but not including the payment date).

(4) The Corporation shall have the right at any time after delivering, mailing, sending or publishing a notice of redemption to deposit an amount equal to the Redemption Price of the shares thereby called for redemption (less any tax required to be deducted or withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada

specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. Upon such deposit being made or upon the date fixed for redemption, whichever is the later, the rights of each holder of the Series I Preferred Shares in respect of which such deposit shall have been made shall be limited to receiving, without interest, the holder's share of the amount so deposited upon presentation and surrender of the certificates representing the holder's shares so redeemed. Any interest on such deposit shall belong to the Corporation.

(5) Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such moneys by action or any other proceeding against the Corporation.

(6) If less than all the Series I Preferred Shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

18.3.5 Purchase for Cancellation: Subject to section 18.3.1, the Corporation may purchase for cancellation at any time all, or from time to time any, of the outstanding Series I Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable provided that if such shares are purchased otherwise than (i) through the facilities of a recognized stock exchange on which the Series I Preferred Shares are listed, or (ii) pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series I Preferred Shares, they may not be purchased at a price exceeding \$25.00 per share plus an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the date of purchase, plus in all cases reasonable costs of purchase. If pursuant to such an invitation for tenders the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price in any manner provided in the last sentence of section 18.3.2 (after the Corporation has purchased all the shares, if any, tendered at lower prices).

18.4 Conversion Privileges

18.4.1 Creation of Further Series: The Corporation may in its sole discretion at any time and from time to time create one or more further series of Preferred Shares ("Further Shares") into which any Series I Preferred Shares then outstanding may, at the option of the holder, be converted on a share-for-share basis on and subject to the terms and conditions hereinafter appearing. Any such Further Shares shall be identified by an express indication in the rights, privileges, restrictions or conditions attaching thereto that the shares of that series are intended to be shares into which the Series I Preferred Shares have become convertible hereunder. If and whenever the Corporation proposes to create a series of Further Shares it shall give the holders of the Series I Preferred Shares then outstanding not less than 60 nor more than 90 days' notice of the conversion privilege, the procedure for exercising same, a description of the rights, privileges, restrictions and conditions attaching to the Further Shares and other relevant matters, in sufficient detail to permit holders of the Series I Preferred Shares to form a reasoned judgment on whether or not to exercise the conversion privilege. Such other matters shall include without limitation confirmation that the Corporation is in compliance with its continuous reporting

obligations under applicable securities laws, the credit ratings ascribed to the Further Shares, the then current earnings coverage ratios with respect to dividends on the Further Shares calculated in accordance with applicable securities laws, the eligibility for investment of the Further Shares, the status of listings of the Further Shares for trading on recognized stock exchanges in Canada, the tax consequences of conversion under the Income Tax Act (Canada), and the status of the Further Shares regarding resale restrictions under the Securities Act (Ontario) and the corresponding legislation in all other provinces of Canada then shown as the recorded addresses (as referred to in section 18.10.1) of holders of Series I Preferred Shares or in which there is a recognized stock exchange on which Series I Preferred Shares are then listed for trading.

18.4.2 Right of Conversion: Subject to and in compliance with section 18.4.3 and applicable law, if and whenever the Corporation creates a series of Further Shares a holder of any Series I Preferred Shares shall have the right, ~~at the holder's option~~, to convert Series I Preferred Shares into an equivalent number of ~~Further Shares~~ on the 45th day ("Conversion Date") following the date of delivery, mailing, sending or publication of the notice of conversion privilege given under section 18.4.1.

18.4.3 Conversion Procedure: Any registered holder of Series I Preferred Shares may exercise any conversion right herein provided for by tendering to the transfer agent for Series I Preferred Shares, on or before the Conversion Date, (i) a written notice exercising such right, indicating the number of Series I Preferred Shares to be converted, the person(s) in whose name(s) the Further Shares are to be issued and (where appropriate) the number of Further Shares to be issued to each, and (ii) the certificates for the Series I Preferred Shares to be converted, duly endorsed. On the Conversion Date the holder of the Series I Preferred Shares so tendered for conversion (or, upon satisfaction of any conditions precedent to the Corporation's duty to register a transfer of such shares, the persons named in such notice) shall be deemed for all purposes the holder of record at such date of Further Shares in the capital of the Corporation in the number indicated by such notice. Such persons shall be entitled to delivery of certificates representing their Further Shares promptly after the Conversion Date and the stated capital accounts maintained by the Corporation for the Series I Preferred Shares and for the Further Shares shall automatically be adjusted to reflect the conversion. Upon the conversion of any Series I Preferred Shares the Corporation shall forthwith pay, to the registered holder of the Series I Preferred Shares which were converted, an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the Conversion Date (and section 18.2.4 shall apply to that payment with the necessary changes). If less than all of the Series I Preferred Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the unconverted balance.

18.4.4 Changes to Further Shares: While any right to convert Series I Preferred Shares into Further Shares is exercisable, that series of Further Shares shall not be reclassified, consolidated, subdivided or otherwise changed except with the approval of the holders of the Series I Preferred Shares then outstanding given in accordance with Article 18.9.

18.5 Restrictions on Dividends, Retirement and Issue of Shares

18.5.1 Issue of Prior Shares: So long as any of the Series I Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series I

Preferred Shares given in accordance with Article 18.9, issue any shares Ranking as to Capital or Ranking as to Dividends prior to the Series I Preferred Shares unless all of the outstanding Series I Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection (4) of section 18.3.4.

18.5.2 Restrictions on Dividends and Retirement of Shares: So long as any of the Series I Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series I Preferred Shares given in accordance with Article 18.9:

- (a) declare, pay or set apart for payment any dividends on any shares Ranking as to Dividends junior to the Series I Preferred Shares (other than stock dividends payable in any shares Ranking as to Dividends junior to the Series I Preferred Shares);
- (b) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends junior to the Series I Preferred Shares except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series I Preferred Shares to the same degree;
- (c) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends on a parity with the Series I Preferred Shares except in connection with the exercise of any retraction privilege or any mandatory redemption, purchase, sinking fund or retirement provision attaching thereto or except out of the net cash proceeds of a substantially concurrent issue of shares ranking on a parity with the Series I Preferred Shares;
- (d) call for redemption, purchase or otherwise pay off or retire for value less than all of the Series I Preferred Shares outstanding;

unless, in each such case, all dividends then payable on the Series I Preferred Shares then outstanding up to and including the dividend payable on the immediately preceding Dividend Payment Date shall have been declared and paid or set apart for payment or unless all of the outstanding Series I Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection (4) of section 18.3.4, provided that clauses (b), (c) and (d) of this section shall not operate to prohibit the Corporation from purchasing shares where required to do so pursuant to any statutory remedy exercised by the holder thereof (including without limitation the remedies now provided in sections 190 and 241 of the *Canada Business Corporations Act*).

18.6 Liquidation, Dissolution or Winding-up: In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series I Preferred Shares shall be entitled, subject to the prior rights of the Senior Preferred Shares in that respect, to receive a sum equal to \$25.00 per Series I Preferred Share held by them respectively plus an amount equal to all dividends accrued thereon

and unpaid to but not including the date of payment, (or, if such liquidation, dissolution, winding-up or distribution be voluntary, a sum equal to the Redemption Price per share applicable at the date of payment) the whole before any amount shall be paid by the Corporation, or any assets of the Corporation shall be distributed, to holders of the Common Shares or any other shares of any class of the Corporation Ranking as to Capital junior to the Series I Preferred Shares. After payment to the holders of the Series I Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

18.7 Voting Rights: Except as provided in this Article 18.7 and in Articles 18.8 and 18.9 or as referred to in Article 7.7 or as specifically provided by law, the holders of the Series I Preferred Shares shall not be entitled as such to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such meeting. If the Corporation fails to pay 8 quarterly dividends on the Series I Preferred Shares, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends, the holders of the Series I Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of the holders of a class or series of shares other than the Common Shares), and shall be entitled to 1 vote for each Series I Preferred Share held on all votes taken at such meetings, until all arrears of dividends on the Series I Preferred Shares shall have been paid (whereupon such rights shall cease unless and until the same shall again arise under the provisions of this Article 18.7 and so on from time to time).

18.8 Modification: The rights, privileges, restrictions and conditions attached to the Series I Preferred Shares may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Series I Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

18.9 Approval of Holders of Series I Preferred Shares: The approval or consent of the holders of the Series I Preferred Shares with respect to any and all matters relating to the Series I Preferred Shares as a series of Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that such approval be given by resolution signed by all the holders of Series I Preferred Shares then outstanding or passed by not less than 66-2/3% of the votes cast thereon by the holders of Series I Preferred Shares who voted at a meeting of the holders of Series I Preferred Shares duly called and held for that purpose. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without limitation, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those set out in Article 18.10 and those not inconsistent with Article 18.10 which are from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders. On every poll taken at every such meeting, every holder of Series I Preferred Shares shall be entitled to 1 vote in respect of each such share held.

18.10 Notice

18.10.1 Normal Means: Any notice or other communication from the Corporation herein provided for, including without limitation any notice of redemption, conversion right or meeting of the holders of the Series I Preferred Shares, shall be in writing. Any such notice or other communication or cheque, share certificate or other document from the Corporation to a holder of Series I Preferred Shares may be (i) delivered personally to the holder, or to any director, officer or agent of the holder, (ii) placed in a sealed envelope addressed to the holder and delivered to any person or letter receptacle at the holder's recorded address, (iii) mailed by prepaid Canadian mail (registered, in the case of share certificates) in a sealed envelope addressed to the holder at the holder's recorded address or (iv) in the case of notices and other communications, sent to the holder by any other means of prepaid legible communication then in common business use. Any such notice, communication, cheque, share certificate or other document shall be deemed to have been received by the holder on the date of delivery if so delivered or, if so mailed, at the earlier of (i) the time it was received by the holder and (ii) the time it would have been delivered in the ordinary course of mail unless there are reasonable grounds for believing that it was not received at that time. Any such notice or communication so sent by other means shall be deemed to have been received by the holder on the Business Day next following the date it was sent by the Corporation. For purposes of this section a holder's recorded address means the holder's latest address appearing in the securities register of the Corporation (or, in the case of joint holders, the first address so appearing in respect of their joint holding) or, in the event of the address of any holder not so appearing, the latest address of such holder known to the Corporation. Accidental failure to give any such notice or other communication to one or more holders of the Series I Preferred Shares shall not affect the validity of the notice or other communication but, upon such failure being discovered, the notice or other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and effect as if given in due time.

18.10.2 Postal Disruptions: If there exists any disruption in the mail services necessary for mailing any such notice or communication to holders of Series I Preferred Shares at addresses in any province, any such notice or other communication may (but need not) be given to the holders in such province by means of (i) publication once in a bona fide newspaper or business or financial publication of general and regular paid circulation published or distributed in the capital city of such province (or if the Corporation maintains a register of transfers for the Series I Preferred Shares in such province, in the city in such province where the register of transfers is maintained), and (ii) delivery to each recognized stock exchange on which the Series I Preferred Shares are then listed for trading. However, if no such newspaper or business or financial publication is being published in that city, the Corporation shall not be required to publish in that city provided that there is at least one recognized stock exchange in Canada on which the Series I Preferred Shares are then listed for trading. Notice given under this section 18.10.2 shall be deemed to have been given on the day on which (i) the publication is completed in all of the cities in which publication is required and (ii) the required deliveries have been made to the stock exchanges.

19. PREFERRED SHARES, SERIES II

The sixth series of Preferred Shares shall consist of 10,600,000 Preferred Shares, shall be designated as Preferred Shares, Series II (hereinafter referred to as the "Series II Preferred Shares") and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

19.1 Rules of Construction

For the purposes of the provisions attaching to the Series II Preferred Shares:

- (a) "Business Day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province or municipality in which the Corporation's registered office is located.
- (b) "Dividend Payment Date" means the first day of January, April, July and October in each year.
- (c) "Dividend Payment Period" means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date.
- (d) "Quarterly Dividend Rate" means one quarter of an annual rate of 5.15%.
- (e) "Ranking as to Capital" means ranking with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary.
- (f) "Ranking as to Dividends" means ranking with respect to priority in the payment of dividends by the Corporation on its shares.
- (g) "Redemption Price" has the meaning given thereto in section 19.3.3.
- (h) If any dividend is payable or other action is required to be taken on a day which is not a Business Day, such dividend shall be payable or action taken on the next succeeding Business Day.

19.2 Dividends

19.2.1 Full Dividends: Subject to sections 19.2.2 and 19.2.3, on each Dividend Payment Date, the holders of the Series II Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends (and subject to the prior payment of all dividends on the Senior Preferred Shares of the Corporation, if any), quarterly cumulative preferential cash dividends in an amount per share equal to the amount (rounded to the nearest one hundredth of one cent) obtained by multiplying \$25.00 by the Quarterly Dividend Rate . . .

19.2.2 Partial-Period Dividends: The amount of the dividend or amount calculated by reference to the dividend for any period which is less than a Dividend Payment Period with respect to any Series II Preferred Share

- (a) which is issued, redeemed or purchased during such Dividend Payment Period, or
- (b) which is converted to common shares at the option of the Corporation as provided in section 19.4.5 during such Dividend Payment Period, or
- (c) in the event of a distribution to the holders of the Series II Preferred Shares in the circumstances contemplated by Article 19.6 during such Dividend Payment Period,

shall be equal to the amount (rounded to the nearest one hundredth of one cent) calculated by multiplying

- (i) an amount equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate; by
- (ii) a fraction, of which the numerator is the number of days in such Dividend Payment Period that such share has been outstanding (including the date of issue or the Dividend Payment Date at the beginning of such Dividend Payment Period if such share was outstanding on that date and excluding the date of redemption, purchase or distribution or the Dividend Payment Date at the end of such Dividend Payment Period if such share was outstanding on that date) and the denominator is the number of days in such Dividend Payment Period.

19.2.3 Payment Dates: Dividends on the Series II Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each Dividend Payment Date to the holders of record at the close of business on the 15th day of the month preceding such Dividend Payment Date. If on any Dividend Payment Date dividends payable on such date are not paid in full on all the Series II Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors. The holders of the Series II Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 19.2.

19.2.4 Manner of Payment: Cheques of the Corporation or its dividend disbursing agent drawn upon a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued to the holders of the Series II Preferred Shares in respect of the dividends payable thereon (less any tax required to be deducted or withheld by the Corporation). The mailing in Canada on or before the third Business Day preceding any Dividend Payment Date of such a cheque, payable on such Dividend Payment Date, to a holder of Series II Preferred Shares when the necessary postal facilities are free from disruption shall be deemed to be payment of the dividends represented thereby unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented for payment or that otherwise remains unclaimed for a period of 6 years after the date of the cheque shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such dividends by action or any other proceeding against the Corporation. Notwithstanding the foregoing, the amount of any dividends payable to a holder of Series II Preferred Shares (less any tax required to be deducted or withheld by the Corporation) may be deposited directly into an account with a deposit-taking institution designated by that holder, provided that the Corporation has received from the holder a written direction to make such deposit at least 10 days prior to the record date for such dividends in such form as the Corporation may prescribe from time to time and provided that such direction has not been revoked by a subsequent written notice received from the holder not less than 10 days prior to the record date for a subsequent dividend payment.

19.2.5 Election under Income Tax Act: The Corporation shall elect under subsection 191.2(1) of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect and take all other necessary action under such Act, to pay tax under section 191.1 of such Act, or any successor or replacement provision of similar effect, at a rate such that no corporate holder of the Series II Preferred Shares will be required to pay tax on dividends received on the Series II Preferred Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect. Such election shall be made in the manner prescribed by such Act and shall be filed within the time provided under paragraph 191.2(1)(a) of such Act, or any successor or replacement provision of similar effect.

19.3 Redemption and Purchase for Cancellation

19.3.1 Right to Redeem or Purchase for Cancellation: Subject to the *Canada Business Corporations Act*, the provisions of this Article 19.3 and the restriction in favour of the Senior Preferred Shares contained in Article 4.9, to the extent, if any, then applicable, the Series II Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

19.3.2 Redemption Right: The Series II Preferred Shares shall not be redeemable by the Corporation prior to April 1, 2009. On April 1, 2009 and thereafter, subject to section 19.3.1 the Corporation may at its option, upon giving notice as hereinafter provided, redeem at any time all, or from time to time any, of the outstanding Series II Preferred Shares on payment of the Redemption Price as provided in section 19.3.3. If less than all of the outstanding Series II Preferred Shares are to be redeemed, the shares to be redeemed shall be selected by lot or as nearly as may be pro rata (to the nearest 100 shares) to the number of Series II Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series II Preferred Shares may determine.

19.3.3 Redemption Price: The redemption price per share at which any Series II Preferred Shares are redeemable shall be \$25.00, together with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the redemption date (the whole constituting and being hereinafter referred to as the "Redemption Price").

19.3.4 Redemption Procedure:

(1) Not less than 30 nor more than 60 days before the date specified for redemption, the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series II Preferred Shares to be redeemed under this Article 19.3 notice of the intention of the Corporation to redeem such Series II Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(2) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series II Preferred Shares to be redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, an amount equal to the Redemption Price (less any tax required to be deducted or withheld by the Corporation). Such payment in respect of Series II Preferred Shares being redeemed shall be made by cheques payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being.

(3) On the date fixed for redemption the Series II Preferred Shares called for redemption and not converted under section 19.4.2 shall be deemed to be redeemed (and from and after that date the holders thereof shall cease to be entitled to dividends declared after such date or to exercise any other rights of holders in respect thereof) unless payment of the Redemption Price is not made upon presentation and surrender of the certificates in accordance with the foregoing provisions (in which event the rights of the holders shall remain unaffected until payment is made of the Redemption Price together with an amount equal to all dividends accrued and unpaid on the redeemed shares from the redemption date to but not including the payment date).

(4) The Corporation shall have the right at any time after delivering, mailing, sending or publishing a notice of redemption to deposit an amount equal to the Redemption Price of the shares thereby called for redemption (less any tax required to be deducted or withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. Upon such deposit being made or upon the date fixed for redemption, whichever is the later, the rights of each holder of the Series II Preferred Shares in respect of which such deposit shall have been made shall be limited to receiving, without interest, the holder's share of the amount so deposited upon presentation and surrender of the certificates representing the holder's shares so redeemed. Any interest on such deposit shall belong to the Corporation.

(5) Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such moneys by action or any other proceeding against the Corporation.

(6) If less than all the Series II Preferred Shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

19.3.5 Purchase for Cancellation: Subject to section 19.3.1, the Corporation may purchase for cancellation at any time all, or from time to time any, of the outstanding Series II Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable provided that if such shares are purchased otherwise than (i) through the facilities of a recognized stock exchange on which the Series II Preferred Shares are listed, or (ii) pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series II Preferred Shares, they may not be purchased at a price exceeding \$25.00 per share plus an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the date of purchase, plus in all cases reasonable costs of purchase. If pursuant to such an invitation for tenders the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price in any manner provided in the last sentence of section 19.3.2 (after the Corporation has purchased all the shares, if any, tendered at lower prices).

19.4 Conversion Rights and Privileges

19.4.1 Creation of Further Series: The Corporation may in its sole discretion at any time and from time to time create one or more further series of Preferred Shares ("Further Shares") into which any Series II Preferred Shares then outstanding may, at the option of the holder, be converted on a share-for-share basis on and subject to the terms and conditions hereinafter appearing. Any such Further Shares shall be identified by an express indication in the rights, privileges, restrictions or conditions attaching thereto that the shares of that series are intended to be shares into which the Series II Preferred Shares have become convertible hereunder. If and whenever the Corporation creates or proposes to create a series of Further Shares it shall give the holders of the Series II Preferred Shares then outstanding not less than 45 days' notice of the conversion privilege, the procedure for exercising same, a description of the rights, privileges, restrictions and conditions attaching to the Further Shares and other relevant matters, in sufficient detail to permit holders of the Series II Preferred Shares to form a reasoned judgment on whether or not to exercise the conversion privilege. Such other matters shall include without limitation confirmation that the Corporation is in compliance with its continuous reporting obligations under applicable securities laws, the credit ratings ascribed to the Further Shares, the then current earnings coverage ratios with respect to dividends on the Further Shares calculated in accordance with applicable securities laws, the eligibility for investment of the Further Shares, the status of listings of the Further Shares for trading on recognized stock exchanges in Canada, the tax consequences of conversion under the Income Tax Act (Canada), and the status of the Further Shares regarding resale restrictions under the Securities Act (Ontario) and the corresponding legislation in all other provinces of Canada then shown as the recorded addresses

(as referred to in section 19.10.1) of holders of Series II Preferred Shares or in which there is a recognized stock exchange on which Series II Preferred Shares are then listed for trading.

19.4.2 Right of Conversion to Further Preferred Shares: Subject to and in compliance with section 19.4.3 and applicable law, if and whenever the Corporation creates a series of Further Shares a holder of any Series II Preferred Shares shall have the right, at the holder's option, to convert Series II Preferred Shares into an equivalent number of Further Shares on the date specified by the Corporation in the notice given under section 19.4.1 ("Further Share Conversion Date") which shall be no earlier than 45 days following the date of delivery, mailing, sending or publication of the said notice .

19.4.3 Conversion Procedure – Further Preferred Shares: Any registered holder of Series II Preferred Shares may exercise any conversion right above provided for by tendering to the transfer agent for Series II Preferred Shares, on or before the Further Share Conversion Date, (i) a written notice exercising such right, indicating the number of Series II Preferred Shares to be converted, the person(s) in whose name(s) the Further Shares are to be issued and (where appropriate) the number of Further Shares to be issued to each, and (ii) the certificates for the Series II Preferred Shares to be converted, duly endorsed. On the Further Share Conversion Date the holder of the Series II Preferred Shares so tendered for conversion (or, upon satisfaction of any conditions precedent to the Corporation's duty to register a transfer of such shares, the persons named in such notice) shall be deemed for all purposes the holder of record at such date of Further Shares in the capital of the Corporation in the number indicated by such notice. Such persons shall be entitled to delivery of certificates representing their Further Shares promptly after the Further Share Conversion Date and the stated capital accounts maintained by the Corporation for the Series II Preferred Shares and for the Further Shares shall automatically be adjusted to reflect the conversion. Upon the conversion of any Series II Preferred Shares the Corporation shall forthwith pay, to the registered holder of the Series II Preferred Shares which were converted, an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the Further Share Conversion Date (and section 19.2.4 shall apply to that payment with the necessary changes). If less than all of the Series II Preferred Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the unconverted balance.

19.4.4 Changes to Further Preferred Shares: While any right to convert Series II Preferred Shares into Further Shares is exercisable, that series of Further Shares shall not be reclassified, consolidated, subdivided or otherwise changed except with the approval of the holders of the Series II Preferred Shares then outstanding given in accordance with Article 19.9.

19.4.5 Right of Conversion to Common Shares at Option of Corporation: The Series II Preferred Shares will not be convertible into Common Shares at the option of the Corporation prior to April 1, 2009. On or after April 1, 2009 the Corporation may, subject to the approval of the Toronto Stock Exchange and such other stock exchanges on which the Common Shares are then listed, at any time convert all, or from time to time any part, of the outstanding Series II Preferred Shares into fully paid and non-assessable Common Shares of the Corporation. The number of Common Shares into which each such Series II Preferred Share may be so converted shall be determined by dividing \$25.00 together with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the conversion date by the greater of \$2.00

and 95% of the weighted average trading price per share of such Common Shares on the Toronto Stock Exchange (or, if the Common Shares are not then traded on the Toronto Stock Exchange, on such other principal exchange as the Common Shares are then traded on) for the period of 20 trading days (the "Trading Period") which ends on the fourth day prior to the date fixed for conversion or, if that fourth day is not a trading day, on the immediately preceding trading day (the "Current Market Price"). In the event of:

- (a) subdivisions, consolidations or reclassifications of Common Shares;
- (b) distributions to all or substantially all the holders of Common Shares of:
 - (i) shares (other than shares distributed in lieu of dividends paid in the ordinary course),
 - (ii) rights, options or warrants,
 - (iii) evidence of indebtedness, or
 - (iv) assets (other than dividends paid in the ordinary course); or
- (c) other similar changes in the share capital of the Corporation;

which in the opinion of the Board of Directors of the Corporation have or shall have had an effect on the trading price of Common Shares on any date during the period commencing with the first day of the Trading Period and ending on the date fixed for conversion, the Board of Directors, acting reasonably and in good faith, shall, on or prior to the date fixed for conversion, prescribe adjustments to be made to the number of Common Shares to be issued on the date fixed for conversion fully comparable with the number of Common Shares which would otherwise have been issuable had any of the foregoing capital changes not occurred. Fractional Common Shares shall not be issued on any conversion of Series II Preferred Shares but in lieu thereof the Corporation shall make payments in an amount per fractional Common Share otherwise issuable equal to the product of the fraction of the Common Share otherwise issuable and the greater of \$2.00 and 95% of such Current Market Price, as adjusted, if applicable.

19.4.6 Conversion Procedure

In any case of conversion of Series II Preferred Shares pursuant to section 19.4.5, the Corporation shall, at least 40 days before the date fixed for conversion, mail to each person who at the date of mailing is a registered holder of Series II Preferred Shares to be converted a notice in writing of the intention of the Corporation to convert such Series II Preferred Shares. Such notice shall be mailed in a prepaid envelope addressed to each such shareholder at such shareholder's address as it appears in the securities register maintained by or for the Corporation or in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder, provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such conversion. Such notice shall set out the date fixed for conversion and, if part only of the Series II Preferred Shares held by the person to whom it is addressed is to be converted, the number of such Series II Preferred Shares to be converted. If less than all of the outstanding Series II Preferred Shares are to be converted,

the shares to be converted shall be selected by lot or as nearly as may be pro rata (to the nearest 100 shares) to the number of Series II Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series II Preferred Shares may determine. On the date fixed for conversion, the Series II Preferred Shares which are the subject of any such notice shall be converted into whole fully paid and non-assessable Common Shares of the Corporation. As promptly as practicable after the date fixed for conversion, the Corporation shall issue and deliver or cause to be delivered to the registered holders as at the date fixed for conversion of Series II Preferred Shares so converted a certificate or certificates for the number of Common Shares of the Corporation issued to such holders on presentation and surrender at the office of the transfer agent for the Series II Preferred shares, or any other place designated in such notice, of the certificates for the Series II Preferred shares so converted. If less than all of the Series II Preferred Shares represented by any certificate are converted under section 19.4.5, the Corporation shall issue and deliver or cause to be delivered, at the expense of the Corporation, a new certificate representing the unconverted balance. Any payment in respect of a fraction of a Common Share shall be made by cheque payable to the registered holder as at the date fixed for conversion of Series II Preferred Shares so converted. The Corporation shall deliver or cause to be delivered such cheque with the certificate or certificates for the Common Shares deliverable in accordance with the foregoing. From and after the date fixed for conversion, the Series II Preferred Shares called for conversion shall be deemed to be converted and the holders thereof shall cease to be entitled to dividends on such Series II Preferred Shares and shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless the issue and delivery of the Common Shares and any payment to which such holders are entitled shall not be duly made by the Corporation in which case the rights of such holders shall remain unaffected.

19.4.7 Conversion into Common Shares at the Option of the Holder: On or after July 1, 2009, each Series II Preferred Share will be convertible at the option of the holder on the first day of each of January, April, July and October in each year (each such date being herein called a "Conversion Date") on prior notice (the "Conversion Notice") given at least 65 days before the applicable Conversion Date into that number of fully paid and non-assessable Common Shares of the Corporation determined by dividing \$25.00 together with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the Conversion Date by the greater of \$2.00 and 95% of the Current Market Price. In the event of:

- (a) subdivisions, consolidations or reclassifications of Common Shares
- (b) distributions to all or substantially all the holders of Common Shares of:
 - (i) shares (other than shares distributed in lieu of dividends paid in the ordinary course),
 - (ii) rights, options or warrants,
 - (iii) evidences of indebtedness, or
 - (iv) assets (other than dividends paid in the ordinary course); or
- (c) other similar changes in the share capital of the Corporation;

which in the opinion of the Board of Directors of the Corporation have or shall have had an effect on the trading price of Common Shares on any date during the period commencing with the first day of the Trading Period and ending on the Conversion Date, the Board of Directors, acting reasonably and in good faith, shall, on or prior to the Conversion Date, prescribe adjustments to be made to the number of Common Shares to be issued on the Conversion Date in order to make the number of Common Shares to be issued on the Conversion Date fully comparable with the number of Common Shares which would otherwise have been issuable had any of the foregoing capital changes not occurred. Fractional Common Shares shall not be issued on any conversion of Series II Preferred Shares but in lieu thereof the Corporation shall make payments in an amount per fractional Common Share otherwise issuable equal to the product of the fraction of the Common Share otherwise issuable and the greater of \$2.00 and 95% of such Current Market Price, as adjusted, if applicable.

19.4.8 Corporation's Right to Redeem or Arrange Sale: Notwithstanding a holder's election to convert Series II Preferred Shares into Common Shares in accordance with section 19.4.7, the Corporation may in respect of those Series II Preferred Shares which are the subject of a Conversion Notice (the "Subject Shares") either (i) redeem on the Conversion Date any or all of the Subject Shares or (ii) cause the holder to sell on the Conversion Date any or all of the Subject Shares to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase such Series II Preferred Shares is or are found. The number of the Subject Shares to be redeemed or sold to other purchasers shall be determined by the Corporation. Any such redemption or purchase shall be made by the payment of an amount of \$25.00 per Series II Preferred Share, together with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the Conversion Date, by cheque payable to such holder. The Subject Shares to be so redeemed or purchased shall not be converted into Common Shares on the Conversion Date and the right of any holder to convert such shares into Common Shares as herein provided shall cease and terminate in that event, provided, however, that should the Corporation fail to pay or make available for payment the redemption price or the purchaser or purchasers fail to pay the purchase price, as the case may be, by the close of business on the Conversion Date, the right of conversion shall thereupon revive in respect of such shares to have been redeemed or purchased and the conversion requested by the holder of the Subject Shares shall be implemented with effect on the Conversion Date as if such shares had not been called for redemption or sold to a purchaser or purchasers.

If the Corporation elects to redeem or cause the holder to sell any of the Subject Shares, the Corporation shall, not later than 40 days before the Conversion Date, give notice to all holders who have given a Conversion Notice stating:

- (i) the number of Subject Shares to be redeemed by the Corporation;
- (ii) the number of Subject Shares to be sold to another purchaser; and
- (iii) the number of Subject Shares to be converted into Common Shares

such that all of the Subject Shares shall be redeemed, purchased or converted on the Conversion Date. The proportion of the Subject Shares which are either redeemed, purchased or converted

on the Conversion Date shall to the extent practicable be the same for each shareholder delivering a Conversion Notice in respect of that Conversion Date.

19.4.9 Conversion Procedure: A holder of Series II Preferred Shares may elect to convert into Common Shares all or part of the Series II Preferred Shares held by such holder only by delivery to the transfer agent for the Series II Preferred Shares on or before a date not less than 65 days prior to the Conversion Date of the certificate or certificates representing Series II Preferred Shares to be converted together with a duly completed Conversion Notice in the form set out on the back of the certificate for the Series II Preferred Shares to be converted. The Conversion Notice shall be signed by the registered holder of the Series II Preferred Shares to be converted, or such holder's duly authorized attorney, and shall specify the number of Series II Preferred Shares which the holder desires to have converted. If less than all the Series II Preferred Shares represented by a certificate or certificates accompanying any such election are to be converted, the Corporation shall issue and deliver or cause to be delivered, at the expense of the Corporation, a new certificate representing the unconverted balance. As promptly as practicable after the Conversion Date the Corporation shall issue and deliver or cause to be delivered a certificate or certificates for the number of Common Shares resulting from such conversion in the name of and to the registered holder of the Series II Preferred Shares so converted or, subject to payment by the registered holder of any stock transfer or other applicable taxes, in the name of and to such other person or persons as such registered holder may direct in writing satisfactory to the transfer agent in form and execution. Any payment in respect of a fraction of a Common Share shall be made by cheque payable to the registered holder as at the Conversion Date of the Series II Preferred Shares so converted. The Corporation shall deliver or cause to be delivered such cheque with the certificate or certificates for the Common Shares deliverable in accordance with the foregoing.

The registered holder of Series II Preferred Shares to be converted as provided in this section 19.4.9 (or any person or persons in whose name or names any such registered holder of Series II Preferred Shares shall have directed certificates representing Common Shares to be issued as provided in this section 19.4.9) shall be deemed to have become a holder of Common Shares of record on the Conversion Date. From and after the Conversion Date, the Series II Preferred Shares in respect of which such conversion rights shall have been exercised and which are converted into Common Shares as provided in this Section 19.4.9 shall be deemed to be converted and the holders thereof shall cease to be entitled to dividends on such Series II Preferred Shares and shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless the issue and delivery of the Common Shares and any payment to which such holders are entitled shall not be duly made by the Corporation in which case the rights of such holders shall remain unaffected.

For the purposes of this section 19.4.9, the Conversion Date applicable to a particular conversion of Series II Preferred Shares (or any redemption or arranged sale thereof as herein provided) shall be the first Conversion Date which occurs not less than 65 days after an election has been duly made by the holder of such Series II Preferred Shares as provided in this section 19.4.9.

19.4.10 Alternate Conversion Right: Any holder who has delivered a Conversion Notice with respect to conversion of Series II Preferred Shares to Common Shares shall be entitled

instead to convert such Series II Preferred Shares to Further Shares pursuant to section 19.4.2 if a notice has been sent by the Corporation pursuant to section 19.4.1 not later than 40 days before the Conversion Date for conversion to Common Shares.

19.4.11 Corporation's Right Not to Issue Common or Further Preferred Shares: Notwithstanding the Corporation's exercise of its right, or a holder's election, to convert Series II Preferred Shares into Common Shares, or a holder's election to convert Series II Preferred Shares into Further Shares, the Corporation shall have the right not to issue any Common Shares or Further Shares to any person whose address is in, or who the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require compliance by the Corporation with the securities, corporate or analogous laws of such jurisdiction.

19.4.12 Withholding Rights: The Corporation shall be entitled to deduct and withhold from any amount otherwise payable under this Article 19.4 (whether in cash or by the delivery of Common Shares or Further Shares) to a holder of Series II Preferred Shares such taxes as the Corporation is required to deduct and withhold under applicable law. To the extent that amounts are so withheld and remitted to the appropriate governmental authority, such withheld amounts shall be treated for all purposes as having been paid to the holder of the Series II Preferred Shares in respect of which such deduction and withholding was made. To the extent that the amount required to be deducted or withheld from any amount payable to a holder of Series II Preferred Shares exceeds the cash otherwise payable to the holder, the Corporation may either require the holder to remit the difference in cash to the Corporation before the tax is required to be remitted to the taxing authority or sell or otherwise dispose of such portion of the Common Shares or Further Shares it is otherwise required to deliver to the holder as is necessary to provide sufficient funds to the Corporation to enable it to comply with such deduction or withholding requirement.

19.5 Restrictions on Dividends, Retirement and Issue of Shares

19.5.1 Issue of Prior Shares: So long as any of the Series II Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series II Preferred Shares given in accordance with Article 19.9, issue any shares Ranking as to Capital or Ranking as to Dividends prior to the Series II Preferred Shares unless all of the outstanding Series II Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection (4) of section 19.3.4.

19.5.2 Restrictions on Dividends and Retirement of Shares: So long as any of the Series II Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series II Preferred Shares given in accordance with Article 19.9:

- (a) declare, pay or set apart for payment any dividends on any shares Ranking as to Dividends junior to the Series II Preferred Shares (other than stock dividends payable in any shares Ranking as to Dividends junior to the Series II Preferred Shares);

- (b) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends junior to the Series II Preferred Shares except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series II Preferred Shares to the same degree;
- (c) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends on a parity with the Series II Preferred Shares except in connection with the exercise of any retraction privilege or any mandatory redemption, purchase, sinking fund or retirement provision attaching thereto or except out of the net cash proceeds of a substantially concurrent issue of shares ranking on a parity with the Series II Preferred Shares;
- (d) call for redemption, purchase or otherwise pay off or retire for value less than all of the Series II Preferred Shares outstanding;

unless, in each such case, all dividends then payable on the Series II Preferred Shares then outstanding up to and including the dividend payable on the immediately preceding Dividend Payment Date shall have been declared and paid or set apart for payment or unless all of the outstanding Series II Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection (4) of section 19.3.4, provided that clauses (b), (c) and (d) of this section shall not operate to prohibit the Corporation from purchasing shares where required to do so pursuant to any statutory remedy exercised by the holder thereof (including without limitation the remedies now provided in sections 190 and 241 of the *Canada Business Corporations Act*).

19.6 Liquidation, Dissolution or Winding-up: In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series II Preferred Shares shall be entitled, subject to the prior rights of the Senior Preferred Shares in that respect, to receive a sum equal to \$25.00 per Series II Preferred Share held by them respectively plus an amount equal to all dividends accrued thereon and unpaid to but not including the date of payment (or, if such liquidation, dissolution, winding-up or distribution be voluntary, a sum equal to the Redemption Price per share applicable at the date of payment) the whole before any amount shall be paid by the Corporation, or any assets of the Corporation shall be distributed, to holders of the Common Shares or any other shares of any class of the Corporation Ranking as to Capital junior to the Series II Preferred Shares. After payment to the holders of the Series II Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

19.7 Voting Rights: Except as provided in this Article 19.7 and in Articles 19.8 and 19.9 or as referred to in Article 7.7 or as specifically provided by law, the holders of the Series II Preferred Shares shall not be entitled as such to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such meeting. If the Corporation fails to pay eight quarterly dividends on the Series II Preferred Shares, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the

Corporation properly applicable to the payment of dividends, the holders of the Series II Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of the holders of a class or series of shares other than the Common Shares), and shall be entitled to one vote for each Series II Preferred Share held on all votes taken at such meetings, until all arrears of dividends on the Series II Preferred Shares shall have been paid (whereupon such rights shall cease unless and until the same shall again arise under the provisions of this Article 19.7 and so on from time to time).

19.8 Modification: The rights, privileges, restrictions and conditions attached to the Series II Preferred Shares may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Series II Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

19.9 Approval of Holders of Series II Preferred Shares: The approval or consent of the holders of the Series II Preferred Shares with respect to any and all matters relating to the Series II Preferred Shares as a series of Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that such approval be given by resolution signed by all the holders of Series II Preferred Shares then outstanding or passed by not less than 66-2/3% of the votes cast thereon by the holders of Series II Preferred Shares who voted at a meeting of the holders of Series II Preferred Shares duly called and held for that purpose. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without limitation, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those set out in Article 19.10 and those not inconsistent with Article 19.10 which are from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders. On every poll taken at every such meeting, every holder of Series II Preferred Shares shall be entitled to one vote in respect of each such share held.

19.10 Notice

19.10.1 Normal Means: Any notice or other communication from the Corporation herein provided for, including without limitation any notice of redemption, conversion right or meeting of the holders of the Series II Preferred Shares, shall be in writing. Any such notice or other communication or cheque, share certificate or other document from the Corporation to a holder of Series II Preferred Shares may be (i) delivered personally to the holder, or to any director, officer or agent of the holder, (ii) placed in a sealed envelope addressed to the holder and delivered to any person or letter receptacle at the holder's recorded address, (iii) mailed by prepaid Canadian mail (registered, in the case of share certificates) in a sealed envelope addressed to the holder at the holder's recorded address or (iv) in the case of notices and other communications, sent to the holder by any other means of prepaid legible communication then in common business use. Any such notice, communication, cheque, share certificate or other document shall be deemed to have been received by the holder on the date of delivery if so delivered or, if so mailed, at the earlier of (i) the time it was received by the holder and (ii) the time it would have been delivered in the ordinary course of mail unless there are reasonable grounds for believing that it was not received at that time. Any such notice or communication so sent by other means shall be deemed to have been received by the holder on the Business Day

next following the date it was sent by the Corporation. For purposes of this section a holder's recorded address means the holder's latest address appearing in the securities register of the Corporation (or, in the case of joint holders, the first address so appearing in respect of their joint holding) or, in the event of the address of any holder not so appearing, the latest address of such holder known to the Corporation. Accidental failure to give any such notice or other communication to one or more holders of the Series II Preferred Shares shall not affect the validity of the notice or other communication but, upon such failure being discovered, the notice or other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and effect as if given in due time.

19.10.2 Postal Disruptions: If there exists any disruption in the mail services necessary for mailing any such notice or communication to holders of Series II Preferred Shares at addresses in any province, any such notice or other communication may (but need not) be given to the holders in such province by means of (i) publication once in a bona fide newspaper or business or financial publication of general and regular paid circulation published or distributed in the capital city of such province (or if the Corporation maintains a register of transfers for the Series II Preferred Shares in such province, in the city in such province where the register of transfers is maintained), and (ii) delivery to each recognized stock exchange on which the Series II Preferred Shares are then listed for trading. However, if no such newspaper or business or financial publication is being published in that city, the Corporation shall not be required to publish in that city provided that there is at least one recognized stock exchange in Canada on which the Series II Preferred Shares are then listed for trading. Notice given under this section 19.10.2 shall be deemed to have been given on the day on which (i) the publication is completed in all of the cities in which publication is required and (ii) the required deliveries have been made to the stock exchanges.

20. **PREFERRED SHARES, SERIES III**

The seventh series of Preferred Shares shall consist of 10,000,000 Preferred Shares, shall be designated as Preferred Shares, Series III (hereinafter referred to as the "Series III Preferred Shares") and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

20.1 Rules of Construction

For the purposes of the provisions attaching to the Series III Preferred Shares:

- (a) "Business Day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province or municipality in which the Corporation's registered office is located.
- (b) "Dividend Payment Date" means the 1st day of January, April, July and October in each year.
- (c) "Dividend Payment Period" means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date.
- (d) "Quarterly Dividend Rate" means one quarter of an annual rate of 5.20%.
- (e) "Ranking as to Capital" means ranking with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary.
- (f) "Ranking as to Dividends" means ranking with respect to priority in the payment of dividends by the Corporation on its shares.
- (g) "Redemption Price" has the meaning given thereto in section 20.3.3.
- (h) If any dividend is payable or other action is required to be taken on a day which is not a Business Day, such dividend shall be payable or action taken on the next succeeding Business Day.

20.2 Dividends

20.2.1 Full Dividends: Subject to sections 20.2.2 and 20.2.3, on each Dividend Payment Date, the holders of the Series III Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the Senior Preferred Shares of the Corporation, if any,) quarterly cumulative preferential cash dividends in an amount per share equal to the amount (rounded to the nearest one hundredth of one cent) obtained by multiplying \$25.00 by the Quarterly Dividend Rate (being \$0.325 per share on each Dividend Payment Date or \$1.30 per share per annum).

20.2.2 Partial-Period Dividends: The amount of the dividend or amount calculated by reference to the dividend for any period which is less than a Dividend Payment Period with respect to any Series III Preferred Share

- (a) which is issued, redeemed or purchased during such Dividend Payment Period, or
- (b) in the event of a distribution to the holders of the Series III Preferred Shares in the circumstances contemplated by Article 20.6 during such Dividend Payment Period

shall be equal to the amount (rounded to the nearest one hundredth of one cent) calculated by multiplying

- (i) an amount equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate; by
- (ii) a fraction, of which the numerator is the number of days in such Dividend Payment Period that such share has been outstanding (including the date of issue or the Dividend Payment Date at the beginning of such Dividend Payment Period if such share was outstanding on that date and excluding the date of redemption, purchase or distribution or the Dividend Payment Date at the end of such Dividend Payment Period if such share was outstanding on that date) and the denominator is the number of days in such Dividend Payment Period.

20.2.3 Payment Dates: Dividends on the Series III Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each Dividend Payment Date to the holders of record at the close of business on the fifteenth day of the month preceding such Dividend Payment Date. If on any Dividend Payment Date dividends payable on such date are not paid in full on all the Series III Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors; provided however that the initial dividend, if declared, will be payable on July 1, 2005 and will amount to \$0.26356 per share, based on an anticipated issue date of April 18, 2005. The holders of the Series III Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 20.2.

20.2.4 Manner of Payment: Cheques of the Corporation or its dividend disbursing agent drawn upon a Canadian chartered bank and payable at par at any branch in Canada of such bank

shall be issued to the holders of the Series III Preferred Shares in respect of the dividends payable thereon (less any tax required to be deducted or withheld by the Corporation). The mailing in Canada on or before the third Business Day preceding any Dividend Payment Date of such a cheque, payable on such Dividend Payment Date, to a holder of Series III Preferred Shares when the necessary postal facilities are free from disruption shall be deemed to be payment of the dividends represented thereby unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented for payment or that otherwise remains unclaimed for a period of 6 years after the date of the cheque shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such dividends by action or any other proceeding against the Corporation. Notwithstanding the foregoing, the amount of any dividends payable to a holder of Series III Preferred Shares (less any tax required to be deducted or withheld by the Corporation) may be deposited directly into an account with a deposit-taking institution designated by that holder, provided that the Corporation has received from the holder a written direction to make such deposit at least 10 days prior to the record date for such dividends in such form as the Corporation may prescribe from time to time and provided that such direction has not been revoked by a subsequent written notice received from the holder not less than 10 days prior to the record date for a subsequent dividend payment.

20.2.5 Election under Income Tax Act: The Corporation shall elect under subsection 191.2(1) of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect and take all other necessary action under such Act, to pay tax under section 191.1 of such Act, or any successor or replacement provision of similar effect, at a rate such that no holder of the Series III Preferred Shares will be required to pay tax on dividends received on the Series III Preferred Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect. Such election shall be made in the manner prescribed by such Act and shall be filed within the time provided under paragraph 191.2(1)(a) of such Act, or any successor or replacement provision of similar effect.

20.3 Redemption and Purchase for Cancellation

20.3.1 Right to Redeem or Purchase for Cancellation: Subject to the *Canada Business Corporations Act*, the provisions of this Article 20.3 and the restriction in favour of the Senior Preferred Shares contained in Article 4.9, to the extent, if any, then applicable, the Series III Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

20.3.2 Redemption Right: The Series III Preferred Shares shall not be redeemable by the Corporation prior to July 1, 2010. On July 1, 2010 and thereafter, subject to section 20.3.1, the Corporation may at its option, upon giving notice as hereinafter provided, redeem at any time all, or from time to time any, of the outstanding Series III Preferred Shares on payment of the Redemption Price as provided in section 20.3.3. If less than all of the outstanding Series III Preferred Shares are to be redeemed, the shares to be redeemed shall be pro rata to the number of Series III Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series III Preferred Shares may determine and as may be acceptable to any relevant regulatory authority.

20.3.3 Redemption Price: The redemption price per share at which any Series III Preferred Shares are redeemable shall be

- (a) \$26.00 if redeemed in the 12 months commencing July 1, 2010;
- (b) \$25.75 if redeemed in the 12 months commencing July 1, 2011;
- (c) \$25.50 if redeemed in the 12 months commencing July 1, 2012;
- (d) \$25.25 if redeemed in the 12 months commencing July 1, 2013; or
- (e) \$25.00 if redeemed on or after July 1, 2014;

together, in each case, with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the redemption date (the whole constituting and being hereinafter referred to as the "Redemption Price").

20.3.4 Redemption Procedure:

(1) Not less than 30 nor more than 60 days before the date specified for redemption, the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series III Preferred Shares to be redeemed under this Article 20.3 notice of the intention of the Corporation to redeem such Series III Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(2) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series III Preferred Shares to be redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, an amount equal to the Redemption Price (less any tax required to be deducted or withheld by the Corporation). Such payment in respect of Series III Preferred Shares being redeemed shall be made by cheques payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being.

(3) On the date fixed for redemption the Series III Preferred Shares called for redemption and not converted under Article 20.4 shall be deemed to be redeemed (and from and after that date the holders thereof shall cease to be entitled to dividends declared after such date or to exercise any other rights of holders in respect thereof) unless payment of the Redemption Price is not made upon presentation and surrender of the certificates in accordance with the foregoing provisions (in which event the rights of the holders shall remain unaffected until payment is made of the Redemption Price together with an amount equal to all dividends accrued and unpaid on the redeemed shares from the redemption date to but not including the payment date).

(4) The Corporation shall have the right at any time after delivering, mailing, sending or publishing a notice of redemption to deposit an amount equal to the Redemption Price of the shares thereby called for redemption (less any tax required to be deducted or withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. Upon such deposit being made or upon the date fixed for redemption, whichever is the later, the rights

of each holder of the Series III Preferred Shares in respect of which such deposit shall have been made shall be limited to receiving, without interest, the holder's share of the amount so deposited upon presentation and surrender of the certificates representing the holder's shares so redeemed. Any interest on such deposit shall belong to the Corporation.

(5) Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such moneys by action or any other proceeding against the Corporation.

(6) If less than all the Series III Preferred Shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

20.3.5 Purchase for Cancellation: Subject to section 20.3.1, the Corporation may purchase for cancellation at any time all, or from time to time any, of the outstanding Series III Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable provided that if such shares are purchased otherwise than (i) through the facilities of a recognized stock exchange on which the Series III Preferred Shares are listed, or (ii) pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series III Preferred Shares, they may not be purchased at a price exceeding \$25.00 per share plus an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the date of purchase, plus in all cases reasonable costs of purchase. If pursuant to such an invitation for tenders the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price in any manner provided in the last sentence of section 20.3.2 (after the Corporation has purchased all the shares, if any, tendered at lower prices).

20.4 Conversion Privileges

20.4.1 Creation of Further Series: The Corporation may in its sole discretion at any time and from time to time create one or more further series of Preferred Shares ("Further Shares") into which any Series III Preferred Shares then outstanding may, at the option of the holder, be converted on a share-for-share basis on and subject to the terms and conditions hereinafter appearing. Any such Further Shares shall be identified by an express indication in the rights, privileges, restrictions or conditions attaching thereto that the shares of that series are intended to be shares into which the Series III Preferred Shares have become convertible hereunder and the rights, privileges, restrictions and conditions attaching to the shares shall not be short-term preferred shares as defined under the *Income Tax Act* (Canada). If and whenever the Corporation proposes to create a series of Further Shares it shall give the holders of the Series III Preferred Shares then outstanding not less than 45 days' notice of the conversion privilege, the procedure for exercising same, a description of the rights, privileges, restrictions and conditions attaching to the Further Shares and other relevant matters, in sufficient detail to permit holders of the Series III Preferred Shares to form a reasoned judgment on whether or not to exercise the conversion privilege. Such other matters shall include without limitation confirmation that the Corporation is in compliance with its continuous reporting obligations under applicable securities laws, the credit ratings ascribed to the Further Shares, the then current earnings coverage ratios with

respect to dividends on the Further Shares calculated in accordance with applicable securities laws, the eligibility for investment of the Further Shares, the status of listings of the Further Shares for trading on recognized stock exchanges in Canada, the tax consequences of conversion under the *Income Tax Act* (Canada), and the status of the Further Shares regarding resale restrictions under the *Securities Act* (Ontario) and the corresponding legislation in all other provinces of Canada then shown as the recorded addresses (as referred to in section 20.10.1) of holders of Series III Preferred Shares or in which there is a recognized stock exchange on which Series III Preferred Shares are then listed for trading.

20.4.2 Right of Conversion: Subject to and in compliance with section 20.4.3 and applicable law, if and whenever the Corporation creates a series of Further Shares a holder of any Series III Preferred Share shall have the right, at the holder's option, to convert Series III Preferred Shares into an equivalent number of Further Shares on the 45th day ("Conversion Date") following the date of delivery, mailing, sending or publication of the notice of conversion privilege given under section 20.4.1.

20.4.3 Conversion Procedure: Any registered holder of Series III Preferred Shares may exercise any conversion right herein provided for by tendering to the transfer agent for Series III Preferred Shares, on or before, the Conversion Date, (i) a written notice exercising such right, indicating the number of Series III Preferred Shares to be converted, the person(s) in whose name(s) the Further Shares are to be issued and (where appropriate) the number of Further Shares to be issued to each, and (ii) the certificates for the Series III Preferred Shares to be converted, duly endorsed. On the Conversion Date the holder of the Series III Preferred Shares so tendered for conversion (or, upon satisfaction of any conditions precedent to the Corporation's duty to register a transfer of such shares, the persons named in such notice) shall be deemed for all purposes the holder of record at such date of Further Shares in the capital of the Corporation in the number indicated by such notice. Such persons shall be entitled to delivery of certificates representing their Further Shares promptly after the Conversion Date and the stated capital accounts maintained by the Corporation for the Series III Preferred Shares and for the Further Shares shall automatically be adjusted to reflect the conversion. Upon the conversion of any Series III Preferred Shares the Corporation shall forthwith pay, to the registered holder of the Series III Preferred Shares which were converted, an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the Conversion Date (and section 20.2.4 shall apply to that payment with the necessary changes). If less than all of the Series III Preferred Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the unconverted balance.

20.4.4 Changes to Further Shares: While any right to convert Series III Preferred Shares into Further Shares is exercisable, that series of Further Shares shall not be reclassified, consolidated, subdivided or otherwise changed except with the approval of the holders of the Series III Preferred Shares then outstanding given in accordance with Article 20.9.

20.5 Restrictions on Dividends, Retirement and Issue of Shares

20.5.1 Issue of Prior Shares: So long as any of the Series III Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series III Preferred Shares given in accordance with Article 20.9, issue any shares Ranking as to Capital or

Ranking as to Dividends prior to the Series III Preferred Shares unless all of the outstanding Series III Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection 20.3.4(4) of section 20.3.4.

20.5.2 Restrictions on Dividends and Retirement of Shares: So long as any of the Series III Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series III Preferred Shares given in accordance with Article 20.9:

- (a) declare, pay or set apart for payment any dividends on any shares Ranking as to Dividends junior to the Series III Preferred Shares (other than stock dividends payable in any shares Ranking as to Dividends junior to the Series III Preferred Shares);
- (b) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends junior to the Series III Preferred Shares except out of net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series III Preferred Shares to the same degree;
- (c) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends on a parity with the Series III Preferred Shares except in connection with the exercise of any retraction privilege or any mandatory redemption, purchase, sinking fund or retirement provision attaching thereto or except out of the net cash proceeds of a substantially concurrent issue of shares ranking on a parity with the Series III Preferred Shares;
- (d) call for redemption, purchase or otherwise pay off or retire for value less than all of the Series III Preferred Shares outstanding;

unless, in each such case, all dividends then payable on the Series III Preferred Shares then outstanding up to and including the dividend payable on the immediately preceding Dividend Payment Date shall have been declared and paid or set apart for payment or unless all of the outstanding Series III Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection 20.3.4(4) of section 20.3.4, provided that clauses (b), (c) and (d) of this section shall not operate to prohibit the Corporation from purchasing shares where required to do so pursuant to any statutory remedy exercised by the holder thereof (including without limitation the remedies now provided in sections 190 and 241 of the *Canada Business Corporations Act*).

20.6 Liquidation, Dissolution or Winding-up: In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series III Preferred Shares shall be entitled, subject to the prior rights of the Senior Preferred Shares in that respect, to receive a sum equal to \$25.00 per Series III Preferred Share held by them respectively plus an amount equal to all dividends accrued thereon and unpaid to but not including the date of payment, (or, if such liquidation, dissolution, winding-up or distribution be voluntary, a sum equal to the Redemption Price per share

applicable at the date of payment) the whole before any amount shall be paid by the Corporation, or any assets of the Corporation shall be distributed, to holders of the Common Shares or any other shares of any class of the Corporation Ranking as to Capital junior to the Series III Preferred Shares. After payment to the holders of the Series III Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

20.7 Voting Rights: Except as provided in this Article 20.7 and in Articles 20.8 and 20.9 or as referred to in Article 7.7 or as specifically provided by law, the holders of the Series III Preferred Shares shall not be entitled as such to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such meeting. If the Corporation fails to pay 8 quarterly dividends on the Series III Preferred Shares, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends, the holders of the Series III Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of the holders of a class or series of shares other than the Common Shares), and shall be entitled to 1 vote for each Series III Preferred Share held on all votes taken at such meetings, until all arrears of dividends on the Series III Preferred Shares shall have been paid (whereupon such rights shall cease unless and until the same shall again arise under the provisions of this Article 20.7 and so on from time to time).

20.8 Modification: The rights, privileges, restrictions and conditions attached to the Series III Preferred Shares may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Series III Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

20.9 Approval of Holders of Series III Preferred Shares: The approval or consent of the holders of the Series III Preferred Shares with respect to any and all matters relating to the Series III Preferred Shares as a series of Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that such approval be given by resolution signed by all the holders of Series III Preferred Shares then outstanding or passed by not less than 66-2/3% of the votes cast thereon by the holders of Series III Preferred Shares who voted at a meeting of the holders of Series III Preferred Shares duly called and held for that purpose. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without limitation, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those set out in Article 20.10 and those not inconsistent with Article 20.10 which are from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders. On every poll taken at every such meeting, every holder of Series III Preferred Shares shall be entitled to 1 vote in respect of each such share held.

20.10 Notice

20.10.1 Normal Means: Any notice or other communication from the Corporation herein provided for, including without limitation any notice of redemption, conversion right or meeting of the holders of the Series III Preferred Shares, shall be in writing. Any such notice or other communication or cheque, share certificate or other document from the Corporation to a holder of Series III Preferred Shares may be (i) delivered personally to the holder, or to any director, officer or agent of the holder, (ii) placed in a sealed envelope addressed to the holder and delivered to any person or letter receptacle at the holder's recorded address, (iii) mailed by prepaid Canadian mail (registered, in the case of share certificates) in a sealed envelope addressed to the holder at the holder's recorded address or (iv) in the case of notices and other communications, sent to the holder by any other means of prepaid legible communication then in common business use. Any such notice, communication, cheque, share certificate or other document shall be deemed to have been received by the holder on the date of delivery if so delivered or, if so mailed, at the earlier of (i) the time it was received by the holder and (ii) the time it would have been delivered in the ordinary course of mail unless there are reasonable grounds for believing that it was not received at that time. Any such notice or communication so sent by other means shall be deemed to have been received by the holder on the Business Day next following the date it was sent by the Corporation. For purposes of this section a holder's recorded address means the holder's latest address appearing in the securities register of the Corporation (or, in the case of joint holders, the first address so appearing in respect of their joint holding) or, in the event of the address of any holder not so appearing, the latest address of such holder known to the Corporation. Accidental failure to give any such notice or other communication to one or more holders of the Series III Preferred Shares shall not affect the validity of the notice or other communication but, upon such failure being discovered, the notice or other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and effect as if given in due time.

20.10.2 Postal Disruptions: If there exists any disruption in the mail services necessary for mailing any such notice or communication to holders of Series III Preferred Shares at addresses in any province, any such notice or other communication may (but need not) be given to the holders in such province by means of (i) publication once in a bona fide newspaper or business or financial publication of general and regular paid circulation published or distributed in the capital city of such province (or if the Corporation maintains a register of transfers for the Series III Preferred Shares in such province, in the city in such province where the register of transfers is maintained), and (ii) delivery to each recognized stock exchange on which the Series III Preferred Shares are then listed for trading. However, if no such newspaper or business or financial publication is being published in that city, the Corporation shall not be required to publish in that city provided that there is at least one recognized stock exchange in Canada on which the Series III Preferred Shares are then listed for trading. Notice given under this section 20.10.2 shall be deemed to have been given on the day on which (i) the publication is completed in all of the cities in which publication is required and (ii) the required deliveries have been made to the stock exchanges.

21. **PREFERRED SHARES, SERIES IV**

The eighth series of Preferred Shares shall consist of 8,000,000 Preferred Shares, shall be designated as Preferred Shares, Series IV (hereinafter referred to as the “Series IV Preferred Shares”) and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

21.1 Rules of Construction

For the purposes of the provisions attaching to the Series IV Preferred Shares:

- (a) “Business Day” means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province or municipality in which the Corporation’s registered office is located.
- (b) “Dividend Payment Date” means the 1st day of January, April, July and October in each year.
- (c) “Dividend Payment Period” means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date.
- (d) “Quarterly Dividend Rate” means one quarter of an annual rate of 5.20%.
- (e) “Ranking as to Capital” means ranking with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary.
- (f) “Ranking as to Dividends” means ranking with respect to priority in the payment of dividends by the Corporation on its shares.
- (g) “Redemption Price” has the meaning given thereto in section 21.3.3.
- (h) If any dividend is payable or other action is required to be taken on a day which is not a Business Day, such dividend shall be payable or action taken on the next succeeding Business Day.

21.2 Dividends

21.2.1 Full Dividends: Subject to sections 21.2.2 and 21.2.3, on each Dividend Payment Date, the holders of the Series IV Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the Senior Preferred Shares of the Corporation, if any,) quarterly cumulative preferential cash dividends in an amount per share equal to the amount (rounded to the nearest one hundredth of one cent) obtained by multiplying \$25.00 by the Quarterly Dividend Rate (being \$0.325 per share on each Dividend Payment Date or \$1.30 per share per annum).

21.2.2 Partial-Period Dividends: The amount of the dividend or amount calculated by reference to the dividend for any period which is less than a Dividend Payment Period with respect to any Series IV Preferred Share

- (a) which is issued, redeemed or purchased during such Dividend Payment Period, or
- (b) in the event of a distribution to the holders of the Series IV Preferred Shares in the circumstances contemplated by Article 21.6 during such Dividend Payment Period

shall be equal to the amount (rounded to the nearest one hundredth of one cent) calculated by multiplying

- (i) an amount equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate; by
- (ii) a fraction, of which the numerator is the number of days in such Dividend Payment Period that such share has been outstanding (including the date of issue or the Dividend Payment Date at the beginning of such Dividend Payment Period if such share was outstanding on that date and excluding the date of redemption, purchase or distribution or the Dividend Payment Date at the end of such Dividend Payment Period if such share was outstanding on that date) and the denominator is the number of days in such Dividend Payment Period.

21.2.3 Payment Dates: Dividends on the Series IV Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each Dividend Payment Date to the holders of record at the close of business on the fifteenth day of the month preceding such Dividend Payment Date. If on any Dividend Payment Date dividends payable on such date are not paid in full on all the Series IV Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors; provided however that the initial dividend, if declared, will be payable on October 1, 2005 and will amount to \$0.2120 per share, based on an anticipated issue date of August 2, 2005. The holders of the Series IV Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 21.2.

21.2.4 Manner of Payment: Cheques of the Corporation or its dividend disbursing agent drawn upon a Canadian chartered bank and payable at par at any branch in Canada of such bank

shall be issued to the holders of the Series IV Preferred Shares in respect of the dividends payable thereon (less any tax required to be deducted or withheld by the Corporation). The mailing in Canada on or before the third Business Day preceding any Dividend Payment Date of such a cheque, payable on such Dividend Payment Date, to a holder of Series IV Preferred Shares when the necessary postal facilities are free from disruption shall be deemed to be payment of the dividends represented thereby unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented for payment or that otherwise remains unclaimed for a period of 6 years after the date of the cheque shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such dividends by action or any other proceeding against the Corporation. Notwithstanding the foregoing, the amount of any dividends payable to a holder of Series IV Preferred Shares (less any tax required to be deducted or withheld by the Corporation) may be deposited directly into an account with a deposit-taking institution designated by that holder, provided that the Corporation has received from the holder a written direction to make such deposit at least 10 days prior to the record date for such dividends in such form as the Corporation may prescribe from time to time and provided that such direction has not been revoked by a subsequent written notice received from the holder not less than 10 days prior to the record date for a subsequent dividend payment.

21.2.5 Election under Income Tax Act: The Corporation shall elect under subsection 191.2(1) of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect and take all other necessary action under such Act, to pay tax under section 191.1 of such Act, or any successor or replacement provision of similar effect, at a rate such that no holder of the Series IV Preferred Shares will be required to pay tax on dividends received on the Series IV Preferred Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect. Such election shall be made in the manner prescribed by such Act and shall be filed within the time provided under paragraph 191.2(1)(a) of such Act, or any successor or replacement provision of similar effect.

21.3 Redemption and Purchase for Cancellation

21.3.1 Right to Redeem or Purchase for Cancellation: Subject to the *Canada Business Corporations Act*, the provisions of this Article 21.3 and the restriction in favour of the Senior Preferred Shares contained in Article 4.9, to the extent, if any, then applicable, the Series IV Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

21.3.2 Redemption Right: The Series IV Preferred Shares shall not be redeemable by the Corporation prior to October 1, 2010. On October 1, 2010 and thereafter, subject to section 21.3.1, the Corporation may at its option, upon giving notice as hereinafter provided, redeem at any time all, or from time to time any, of the outstanding Series IV Preferred Shares on payment of the Redemption Price as provided in section 21.3.3. If less than all of the outstanding Series IV Preferred Shares are to be redeemed, the shares to be redeemed shall be pro rata to the number of Series IV Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series IV Preferred Shares may determine and as may be acceptable to any relevant regulatory authority.

21.3.3 Redemption Price: The redemption price per share at which any Series IV Preferred Shares are redeemable shall be:

- (a) \$26.00 if redeemed in the 12 months commencing October 1, 2010;
- (b) \$25.75 if redeemed in the 12 months commencing October 1, 2011;
- (c) \$25.50 if redeemed in the 12 months commencing October 1, 2012;
- (d) \$25.25 if redeemed in the 12 months commencing October 1, 2013; or
- (e) \$25.00 if redeemed on or after October 1, 2014;

together, in each case, with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the redemption date (the whole constituting and being hereinafter referred to as the "Redemption Price").

21.3.4 Redemption Procedure:

(1) Not less than 30 nor more than 60 days before the date specified for redemption, the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series IV Preferred Shares to be redeemed under this Article 21.3 notice of the intention of the Corporation to redeem such Series IV Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(2) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series IV Preferred Shares to be redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, an amount equal to the Redemption Price (less any tax required to be deducted or withheld by the Corporation). Such payment in respect of Series IV Preferred Shares being redeemed shall be made by cheques payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being.

(3) On the date fixed for redemption the Series IV Preferred Shares called for redemption and not converted under Article 21.4 shall be deemed to be redeemed (and from and after that date the holders thereof shall cease to be entitled to dividends declared after such date or to exercise any other rights of holders in respect thereof) unless payment of the Redemption Price is not made upon presentation and surrender of the certificates in accordance with the foregoing provisions (in which event the rights of the holders shall remain unaffected until payment is made of the Redemption Price together with an amount equal to all dividends accrued and unpaid on the redeemed shares from the redemption date to but not including the payment date).

(4) The Corporation shall have the right at any time after delivering, mailing, sending or publishing a notice of redemption to deposit an amount equal to the Redemption Price of the shares thereby called for redemption (less any tax required to be deducted or withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the

shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. Upon such deposit being made or upon the date fixed for redemption, whichever is the later, the rights of each holder of the Series IV Preferred Shares in respect of which such deposit shall have been made shall be limited to receiving, without interest, the holder's share of the amount so deposited upon presentation and surrender of the certificates representing the holder's shares so redeemed. Any interest on such deposit shall belong to the Corporation.

(5) Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such moneys by action or any other proceeding against the Corporation.

(6) If less than all the Series IV Preferred Shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

21.3.5 Purchase for Cancellation: Subject to section 21.3.1, the Corporation may purchase for cancellation at any time all, or from time to time any, of the outstanding Series IV Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable provided that if such shares are purchased otherwise than (i) through the facilities of a recognized stock exchange on which the Series IV Preferred Shares are listed, or (ii) pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series IV Preferred Shares, they may not be purchased at a price exceeding \$25.00 per share plus an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the date of purchase, plus in all cases reasonable costs of purchase. If pursuant to such an invitation for tenders the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price in any manner provided in the last sentence of section 21.3.2 (after the Corporation has purchased all the shares, if any, tendered at lower prices).

21.4 Conversion Privileges

21.4.1 Creation of Further Series: The Corporation may in its sole discretion at any time and from time to time create one or more further series of Preferred Shares ("Further Shares") into which any Series IV Preferred Shares then outstanding may, at the option of the holder, be converted on a share-for-share basis on and subject to the terms and conditions hereinafter appearing. Any such Further Shares shall be identified by an express indication in the rights, privileges, restrictions or conditions attaching thereto that the shares of that series are intended to be shares into which the Series IV Preferred Shares have become convertible hereunder and the rights, privileges, restrictions and conditions attaching to the shares shall not be short-term preferred shares as defined under the *Income Tax Act* (Canada). If and whenever the Corporation proposes to create a series of Further Shares it shall give the holders of the Series IV Preferred Shares then outstanding not less than 45 days' notice of the conversion privilege, the procedure for exercising same, a description of the rights, privileges, restrictions and conditions attaching to

the Further Shares and other relevant matters, in sufficient detail to permit holders of the Series IV Preferred Shares to form a reasoned judgment on whether or not to exercise the conversion privilege. Such other matters shall include without limitation confirmation that the Corporation is in compliance with its continuous reporting obligations under applicable securities laws, the credit ratings ascribed to the Further Shares, the then current earnings coverage ratios with respect to dividends on the Further Shares calculated in accordance with applicable securities laws, the eligibility for investment of the Further Shares, the status of listings of the Further Shares for trading on recognized stock exchanges in Canada, the tax consequences of conversion under the *Income Tax Act* (Canada), and the status of the Further Shares regarding resale restrictions under the *Securities Act* (Ontario) and the corresponding legislation in all other provinces of Canada then shown as the recorded addresses (as referred to in section 21.10.1) of holders of Series IV Preferred Shares or in which there is a recognized stock exchange on which Series IV Preferred Shares are then listed for trading.

21.4.2 Right of Conversion: Subject to and in compliance with section 21.4.3 and applicable law, if and whenever the Corporation creates a series of Further Shares a holder of any Series IV Preferred Share shall have the right, at the holder's option, to convert Series IV Preferred Shares into an equivalent number of Further Shares on the 45th day ("Conversion Date") following the date of delivery, mailing, sending or publication of the notice of conversion privilege given under section 21.4.1.

21.4.3 Conversion Procedure: Any registered holder of Series IV Preferred Shares may exercise any conversion right herein provided for by tendering to the transfer agent for Series IV Preferred Shares, on or before, the Conversion Date, (i) a written notice exercising such right, indicating the number of Series IV Preferred Shares to be converted, the person(s) in whose name(s) the Further Shares are to be issued and (where appropriate) the number of Further Shares to be issued to each, and (ii) the certificates for the Series IV Preferred Shares to be converted, duly endorsed. On the Conversion Date the holder of the Series IV Preferred Shares so tendered for conversion (or, upon satisfaction of any conditions precedent to the Corporation's duty to register a transfer of such shares, the persons named in such notice) shall be deemed for all purposes the holder of record at such date of Further Shares in the capital of the Corporation in the number indicated by such notice. Such persons shall be entitled to delivery of certificates representing their Further Shares promptly after the Conversion Date and the stated capital accounts maintained by the Corporation for the Series IV Preferred Shares and for the Further Shares shall automatically be adjusted to reflect the conversion. Upon the conversion of any Series IV Preferred Shares the Corporation shall forthwith pay, to the registered holder of the Series IV Preferred Shares which were converted, an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the Conversion Date (and section 21.2.4 shall apply to that payment with the necessary changes). If less than all of the Series IV Preferred Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the unconverted balance.

21.4.4 Changes to Further Shares: While any right to convert Series IV Preferred Shares into Further Shares is exercisable, that series of Further Shares shall not be reclassified, consolidated, subdivided or otherwise changed except with the approval of the holders of the Series IV Preferred Shares then outstanding given in accordance with Article 21.9.

21.5 Restrictions on Dividends, Retirement and Issue of Shares

21.5.1 Issue of Prior Shares: So long as any of the Series IV Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series IV Preferred Shares given in accordance with Article 21.9, issue any shares Ranking as to Capital or Ranking as to Dividends prior to the Series IV Preferred Shares unless all of the outstanding Series IV Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection 21.3.4(4) of section 21.3.4.

21.5.2 Restrictions on Dividends and Retirement of Shares: So long as any of the Series IV Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series IV Preferred Shares given in accordance with Article 21.9:

- (a) declare, pay or set apart for payment any dividends on any shares Ranking as to Dividends junior to the Series IV Preferred Shares (other than stock dividends payable in any shares Ranking as to Dividends junior to the Series IV Preferred Shares);
- (b) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends junior to the Series IV Preferred Shares except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series IV Preferred Shares to the same degree;
- (c) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends on a parity with the Series IV Preferred Shares except in connection with the exercise of any retraction privilege or any mandatory redemption, purchase, sinking fund or retirement provision attaching thereto or except out of the net cash proceeds of a substantially concurrent issue of shares ranking on a parity with the Series IV Preferred Shares;
- (d) call for redemption, purchase or otherwise pay off or retire for value less than all of the Series IV Preferred Shares outstanding;

unless, in each such case, all dividends then payable on the Series IV Preferred Shares then outstanding up to and including the dividend payable on the immediately preceding Dividend Payment Date shall have been declared and paid or set apart for payment or unless all of the outstanding Series IV Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection 21.3.4(4) of section 21.3.4, provided that clauses (b), (c) and (d) of this section shall not operate to prohibit the Corporation from purchasing shares where required to do so pursuant to any statutory remedy exercised by the holder thereof (including without limitation the remedies now provided in sections 190 and 241 of the *Canada Business Corporations Act*).

21.6 Liquidation, Dissolution or Winding-up: In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series IV Preferred Shares shall be entitled, subject to the prior rights

of the Senior Preferred Shares in that respect, to receive a sum equal to \$25.00 per Series IV Preferred Share held by them respectively plus an amount equal to all dividends accrued thereon and unpaid to but not including the date of payment, (or, if such liquidation, dissolution, winding-up or distribution be voluntary, a sum equal to the Redemption Price per share applicable at the date of payment) the whole before any amount shall be paid by the Corporation, or any assets of the Corporation shall be distributed, to holders of the Common Shares or any other shares of any class of the Corporation Ranking as to Capital junior to the Series IV Preferred Shares. After payment to the holders of the Series IV Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

21.7 Voting Rights: Except as provided in this Article 21.7 and in Articles 21.8 and 21.9 or as referred to in Article 7.7 or as specifically provided by law, the holders of the Series IV Preferred Shares shall not be entitled as such to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such meeting. If the Corporation fails to pay 8 quarterly dividends on the Series IV Preferred Shares, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends, the holders of the Series IV Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of the holders of a class or series of shares other than the Common Shares), and shall be entitled to 1 vote for each Series IV Preferred Share held on all votes taken at such meetings, until all arrears of dividends on the Series IV Preferred Shares shall have been paid (whereupon such rights shall cease unless and until the same shall again arise under the provisions of this Article 21.7 and so on from time to time).

21.8 Modification: The rights, privileges, restrictions and conditions attached to the Series IV Preferred Shares may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Series IV Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

21.9 Approval of Holders of Series IV Preferred Shares: The approval or consent of the holders of the Series IV Preferred Shares with respect to any and all matters relating to the Series IV Preferred Shares as a series of Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that such approval be given by resolution signed by all the holders of Series IV Preferred Shares then outstanding or passed by not less than 66-2/3% of the votes cast thereon by the holders of Series IV Preferred Shares who voted at a meeting of the holders of Series IV Preferred Shares duly called and held for that purpose. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without limitation, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those set out in Article 21.10 and those not inconsistent with Article 21.10 which are from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders. On every poll taken at every such meeting, every holder of Series IV Preferred Shares shall be entitled to 1 vote in respect of each such share held.

21.10 Notice

21.10.1 Normal Means: Any notice or other communication from the Corporation herein provided for, including without limitation any notice of redemption, conversion right or meeting of the holders of the Series IV Preferred Shares, shall be in writing. Any such notice or other communication or cheque, share certificate or other document from the Corporation to a holder of Series IV Preferred Shares may be (i) delivered personally to the holder, or to any director, officer or agent of the holder, (ii) placed in a sealed envelope addressed to the holder and delivered to any person or letter receptacle at the holder's recorded address, (iii) mailed by prepaid Canadian mail (registered, in the case of share certificates) in a sealed envelope addressed to the holder at the holder's recorded address or (iv) in the case of notices and other communications, sent to the holder by any other means of prepaid legible communication then in common business use. Any such notice, communication, cheque, share certificate or other document shall be deemed to have been received by the holder on the date of delivery if so delivered or, if so mailed, at the earlier of (i) the time it was received by the holder and (ii) the time it would have been delivered in the ordinary course of mail unless there are reasonable grounds for believing that it was not received at that time. Any such notice or communication so sent by other means shall be deemed to have been received by the holder on the Business Day next following the date it was sent by the Corporation. For purposes of this section a holder's recorded address means the holder's latest address appearing in the securities register of the Corporation (or, in the case of joint holders, the first address so appearing in respect of their joint holding) or, in the event of the address of any holder not so appearing, the latest address of such holder known to the Corporation. Accidental failure to give any such notice or other communication to one or more holders of the Series IV Preferred Shares shall not affect the validity of the notice or other communication but, upon such failure being discovered, the notice or other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and affect as if given in due time.

21.10.2 Postal Disruptions: If there exists any disruption in the mail services necessary for mailing any such notice or communication to holders of Series IV Preferred Shares at addresses in any province, any such notice or other communication may (but need not) be given to the holders in such province by means of (i) publication once in a bona fide newspaper or business or financial publication of general and regular paid circulation published or distributed in the capital city of such province (or if the Corporation maintains a register of transfers for the Series IV Preferred Shares in such province, in the city in such province where the register of transfers is maintained), and (ii) delivery to each recognized stock exchange on which the Series IV Preferred Shares are then listed for trading. However, if no such newspaper or business or financial publication is being published in that city, the Corporation shall not be required to publish in that city provided that there is at least one recognized stock exchange in Canada on which the Series IV Preferred Shares are then listed for trading. Notice given under this section 21.10.2 shall be deemed to have been given on the day on which (i) the publication is completed in all of the cities in which publication is required and (ii) the required deliveries have been made to the stock exchanges.

22. PREFERRED SHARES, SERIES V

The ninth series of Preferred Shares shall consist of 8,000,000 Preferred Shares, shall be designated as Preferred Shares, Series V (hereinafter referred to as the “Series V Preferred Shares”) and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

22.1 Rules of Construction

For the purposes of the provisions attaching to the Series V Preferred Shares:

- (a) “Business Day” means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province or municipality in which the Corporation’s registered office is located.
- (b) “Dividend Payment Date” means the 1st day of January, April, July and October in each year.
- (c) “Dividend Payment Period” means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date.
- (d) “Quarterly Dividend Rate” means one quarter of an annual rate of 4.75%.
- (e) “Ranking as to Capital” means ranking with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary.
- (f) “Ranking as to Dividends” means ranking with respect to priority in the payment of dividends by the Corporation on its shares.
- (g) “Redemption Price” has the meaning given thereto in section 22.3.3.
- (h) If any dividend is payable or other action is required to be taken on a day which is not a Business Day, such dividend shall be payable or action taken on the next succeeding Business Day.

22.2 Dividends

22.2.1 Full Dividends: Subject to sections 22.2.2 and 22.2.3, on each Dividend Payment Date, the holders of the Series V Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the Senior Preferred Shares of the Corporation, if any,) quarterly cumulative preferential cash dividends in an amount per share equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate (being \$0.2969 per share on each Dividend Payment Date or \$1.1875 per share per annum).

22.2.2 Partial-Period Dividends: The amount of the dividend or amount calculated by reference to the dividend for any period which is less than a Dividend Payment Period with respect to any Series V Preferred Share

- (a) which is issued, redeemed or purchased during such Dividend Payment Period, or
- (b) in the event of a distribution to the holders of the Series V Preferred Shares in the circumstances contemplated by Article 22.6 during such Dividend Payment Period

shall be equal to the amount (rounded to the nearest one hundredth of one cent) calculated by multiplying

- (i) an amount equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate; by
- (ii) a fraction, of which the numerator is the number of days in such Dividend Payment Period that such share has been outstanding (including the date of issue or the Dividend Payment Date at the beginning of such Dividend Payment Period if such share was outstanding on that date and excluding the date of redemption, purchase or distribution or the Dividend Payment Date at the end of such Dividend Payment Period if such share was outstanding on that date) and the denominator is the number of days in such Dividend Payment Period.

22.2.3 Payment Dates: Dividends on the Series V Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each Dividend Payment Date to the holders of record at the close of business on the fifteenth day of the month preceding such Dividend Payment Date. If on any Dividend Payment Date dividends payable on such date are not paid in full on all the Series V Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors; provided however that the initial dividend, if declared, will be payable on July 1, 2006 and will amount to \$0.2382 per share, based on an anticipated issue date of April 19, 2006. The holders of the Series V Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 22.2.

22.2.4 Manner of Payment: Cheques of the Corporation or its dividend disbursing agent drawn upon a Canadian chartered bank and payable at par at any branch in Canada of such bank

shall be issued to the holders of the Series V Preferred Shares in respect of the dividends payable thereon (less any tax required to be deducted or withheld by the Corporation). The mailing in Canada on or before the third Business Day preceding any Dividend Payment Date of such a cheque, payable on such Dividend Payment Date, to a holder of Series V Preferred Shares when the necessary postal facilities are free from disruption shall be deemed to be payment of the dividends represented thereby unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented for payment or that otherwise remains unclaimed for a period of 6 years after the date of the cheque shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such dividends by action or any other proceeding against the Corporation. Notwithstanding the foregoing, the amount of any dividends payable to a holder of Series V Preferred Shares (less any tax required to be deducted or withheld by the Corporation) may be deposited directly into an account with a deposit-taking institution designated by that holder, provided that the Corporation has received from the holder a written direction to make such deposit at least 10 days prior to the record date for such dividends in such form as the Corporation may prescribe from time to time and provided that such direction has not been revoked by a subsequent written notice received from the holder not less than 10 days prior to the record date for a subsequent dividend payment.

22.2.5 Election under Income Tax Act: The Corporation shall elect under subsection 191.2(1) of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect and take all other necessary action under such Act, to pay tax under section 191.1 of such Act, or any successor or replacement provision of similar effect, at a rate such that no holder of the Series V Preferred Shares will be required to pay tax on dividends received on the Series V Preferred Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect. Such election shall be made in the manner prescribed by such Act and shall be filed within the time provided under paragraph 191.2(1)(a) of such Act, or any successor or replacement provision of similar effect.

22.3 Redemption and Purchase for Cancellation

22.3.1 Right to Redeem or Purchase for Cancellation: Subject to the *Canada Business Corporations Act*, the provisions of this Article 22.3 and the restriction in favour of the Senior Preferred Shares contained in Article 4.9, to the extent, if any, then applicable, the Series V Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

22.3.2 Redemption Right: The Series V Preferred Shares shall not be redeemable by the Corporation prior to July 1, 2011. On July 1, 2011 and thereafter, subject to section 22.3.1, the Corporation may at its option, upon giving notice as hereinafter provided, redeem at any time all, or from time to time any, of the outstanding Series V Preferred Shares on payment of the Redemption Price as provided in section 22.3.3. If less than all of the outstanding Series V Preferred Shares are to be redeemed, the shares to be redeemed shall be pro rata to the number of Series V Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series V Preferred Shares may determine and as may be acceptable to any relevant regulatory authority.

22.3.3 Redemption Price: The redemption price per share at which any Series V Preferred Shares are redeemable shall be:

- (a) \$26.00 if redeemed in the 12 months commencing July 1, 2011;
- (b) \$25.75 if redeemed in the 12 months commencing July 1, 2012;
- (c) \$25.50 if redeemed in the 12 months commencing July 1, 2013;
- (d) \$25.25 if redeemed in the 12 months commencing July 1, 2014; or
- (e) \$25.00 if redeemed on or after July 1, 2015;

together, in each case, with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the redemption date (the whole constituting and being hereinafter referred to as the "Redemption Price").

22.3.4 Redemption Procedure:

(1) Not less than 30 nor more than 60 days before the date specified for redemption, the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series V Preferred Shares to be redeemed under this Article 22.3 notice of the intention of the Corporation to redeem such Series V Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(2) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series V Preferred Shares to be redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, an amount equal to the Redemption Price (less any tax required to be deducted or withheld by the Corporation). Such payment in respect of Series V Preferred Shares being redeemed shall be made by cheques payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being.

(3) On the date fixed for redemption the Series V Preferred Shares called for redemption and not converted under Article 22.4 shall be deemed to be redeemed (and from and after that date the holders thereof shall cease to be entitled to dividends declared after such date or to exercise any other rights of holders in respect thereof) unless payment of the Redemption Price is not made upon presentation and surrender of the certificates in accordance with the foregoing provisions (in which event the rights of the holders shall remain unaffected until payment is made of the Redemption Price together with an amount equal to all dividends accrued and unpaid on the redeemed shares from the redemption date to but not including the payment date).

(4) The Corporation shall have the right at any time after delivering, mailing, sending or publishing a notice of redemption to deposit an amount equal to the Redemption Price of the shares thereby called for redemption (less any tax required to be deducted or withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the

shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. Upon such deposit being made or upon the date fixed for redemption, whichever is the later, the rights of each holder of the Series V Preferred Shares in respect of which such deposit shall have been made shall be limited to receiving, without interest, the holder's share of the amount so deposited upon presentation and surrender of the certificates representing the holder's shares so redeemed. Any interest on such deposit shall belong to the Corporation.

(5) Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such moneys by action or any other proceeding against the Corporation.

(6) If less than all the Series V Preferred Shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

22.3.5 Purchase for Cancellation: Subject to section 22.3.1, the Corporation may purchase for cancellation at any time all, or from time to time any, of the outstanding Series V Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable provided that if such shares are purchased otherwise than (i) through the facilities of a recognized stock exchange on which the Series V Preferred Shares are listed, or (ii) pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series V Preferred Shares, they may not be purchased at a price exceeding \$25.00 per share plus an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the date of purchase, plus in all cases reasonable costs of purchase. If pursuant to such an invitation for tenders the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price in any manner provided in the last sentence of section 22.3.2 (after the Corporation has purchased all the shares, if any, tendered at lower prices).

22.4 Conversion Privileges

22.4.1 Creation of Further Series: The Corporation may in its sole discretion at any time and from time to time create one or more further series of Preferred Shares ("Further Shares") into which any Series V Preferred Shares then outstanding may, at the option of the holder, be converted on a share-for-share basis on and subject to the terms and conditions hereinafter appearing. Any such Further Shares shall be identified by an express indication in the rights, privileges, restrictions or conditions attaching thereto that the shares of that series are intended to be shares into which the Series V Preferred Shares have become convertible hereunder and the rights, privileges, restrictions and conditions attaching to the shares shall not be short-term preferred shares as defined under the *Income Tax Act* (Canada). If and whenever the Corporation proposes to create a series of Further Shares it shall give the holders of the Series V Preferred Shares then outstanding not less than 45 days' notice of the conversion privilege, the procedure for exercising same, a description of the rights, privileges, restrictions and conditions attaching to

the Further Shares and other relevant matters, in sufficient detail to permit holders of the Series V Preferred Shares to form a reasoned judgment on whether or not to exercise the conversion privilege. Such other matters shall include without limitation confirmation that the Corporation is in compliance with its continuous reporting obligations under applicable securities laws, the credit ratings ascribed to the Further Shares, the then current earnings coverage ratios with respect to dividends on the Further Shares calculated in accordance with applicable securities laws, the eligibility for investment of the Further Shares, the status of listings of the Further Shares for trading on recognized stock exchanges in Canada, the tax consequences of conversion under the *Income Tax Act* (Canada), and the status of the Further Shares regarding resale restrictions under the *Securities Act* (Ontario) and the corresponding legislation in all other provinces of Canada then shown as the recorded addresses (as referred to in section 22.10.1) of holders of Series V Preferred Shares or in which there is a recognized stock exchange on which Series V Preferred Shares are then listed for trading.

22.4.2 Right of Conversion: Subject to and in compliance with section 22.4.3 and applicable law, if and whenever the Corporation creates a series of Further Shares a holder of any Series V Preferred Share shall have the right, at the holder's option, to convert Series V Preferred Shares into an equivalent number of Further Shares on the 45th day ("Conversion Date") following the date of delivery, mailing, sending or publication of the notice of conversion privilege given under section 22.4.1.

22.4.3 Conversion Procedure: Any registered holder of Series V Preferred Shares may exercise any conversion right herein provided for by tendering to the transfer agent for Series V Preferred Shares, on or before, the Conversion Date, (i) a written notice exercising such right, indicating the number of Series V Preferred Shares to be converted, the person(s) in whose name(s) the Further Shares are to be issued and (where appropriate) the number of Further Shares to be issued to each, and (ii) the certificates for the Series V Preferred Shares to be converted, duly endorsed. On the Conversion Date the holder of the Series V Preferred Shares so tendered for conversion (or, upon satisfaction of any conditions precedent to the Corporation's duty to register a transfer of such shares, the persons named in such notice) shall be deemed for all purposes the holder of record at such date of Further Shares in the capital of the Corporation in the number indicated by such notice. Such persons shall be entitled to delivery of certificates representing their Further Shares promptly after the Conversion Date and the stated capital accounts maintained by the Corporation for the Series V Preferred Shares and for the Further Shares shall automatically be adjusted to reflect the conversion. Upon the conversion of any Series V Preferred Shares the Corporation shall forthwith pay, to the registered holder of the Series V Preferred Shares which were converted, an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the Conversion Date (and section 22.2.4 shall apply to that payment with the necessary changes). If less than all of the Series V Preferred Shares represented by any certificate are converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the unconverted balance.

22.4.4 Changes to Further Shares: While any right to convert Series V Preferred Shares into Further Shares is exercisable, that series of Further Shares shall not be reclassified, consolidated, subdivided or otherwise changed except with the approval of the holders of the Series V Preferred Shares then outstanding given in accordance with Article 22.9.

22.5 Restrictions on Dividends, Retirement and Issue of Shares

22.5.1 Issue of Prior Shares: So long as any of the Series V Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series V Preferred Shares given in accordance with Article 22.9, issue any shares Ranking as to Capital or Ranking as to Dividends prior to the Series V Preferred Shares unless all of the outstanding Series V Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection 22.3.4(4) of section 22.3.4.

22.5.2 Restrictions on Dividends and Retirement of Shares: So long as any of the Series V Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series V Preferred Shares given in accordance with Article 22.9:

- (a) declare, pay or set apart for payment any dividends on any shares Ranking as to Dividends junior to the Series V Preferred Shares (other than stock dividends payable in any shares Ranking as to Dividends junior to the Series V Preferred Shares);
- (b) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends junior to the Series V Preferred Shares except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series V Preferred Shares to the same degree;
- (c) call for redemption, purchase or otherwise pay off or retire for value, or make any capital distribution on or in respect of, any shares of the Corporation Ranking as to Capital or Ranking as to Dividends on a parity with the Series V Preferred Shares except in connection with the exercise of any retraction privilege or any mandatory redemption, purchase, sinking fund or retirement provision attaching thereto or except out of the net cash proceeds of a substantially concurrent issue of shares ranking on a parity with the Series V Preferred Shares; or
- (d) call for redemption, purchase or otherwise pay off or retire for value less than all of the Series V Preferred Shares outstanding;

unless, in each such case, all dividends then payable on the Series V Preferred Shares then outstanding up to and including the dividend payable on the immediately preceding Dividend Payment Date shall have been declared and paid or set apart for payment or unless all of the outstanding Series V Preferred Shares have been called for redemption and the Redemption Price for the same has been deposited in accordance with subsection 22.3.4(4) of section 22.3.4, provided that clauses (b), (c) and (d) of this section shall not operate to prohibit the Corporation from purchasing shares where required to do so pursuant to any statutory remedy exercised by the holder thereof (including without limitation the remedies now provided in sections 190 and 241 of the *Canada Business Corporations Act*).

22.6 Liquidation, Dissolution or Winding-up: In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series V Preferred Shares shall be entitled, subject to the prior rights of

the Senior Preferred Shares in that respect, to receive a sum equal to \$25.00 per Series V Preferred Share held by them respectively plus an amount equal to all dividends accrued thereon and unpaid to but not including the date of payment, (or, if such liquidation, dissolution, winding-up or distribution be voluntary, a sum equal to the Redemption Price per share applicable at the date of payment) the whole before any amount shall be paid by the Corporation, or any assets of the Corporation shall be distributed, to holders of the Common Shares or any other shares of any class of the Corporation Ranking as to Capital junior to the Series V Preferred Shares. After payment to the holders of the Series V Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

22.7 Voting Rights: Except as provided in this Article 22.7 and in Articles 22.8 and 22.9 or as referred to in Article 7.7 or as specifically provided by law, the holders of the Series V Preferred Shares shall not be entitled as such to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such meeting. If the Corporation fails to pay 8 quarterly dividends on the Series V Preferred Shares, whether or not consecutive, whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends, the holders of the Series V Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of the holders of a class or series of shares other than the Common Shares), and shall be entitled to 1 vote for each Series V Preferred Share held on all votes taken at such meetings, until all arrears of dividends on the Series V Preferred Shares shall have been paid (whereupon such rights shall cease unless and until the same shall again arise under the provisions of this Article 22.7 and so on from time to time).

22.8 Modification: The rights, privileges, restrictions and conditions attached to the Series V Preferred Shares may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Series V Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

22.9 Approval of Holders of Series V Preferred Shares: The approval or consent of the holders of the Series V Preferred Shares with respect to any and all matters relating to the Series V Preferred Shares as a series of Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that such approval be given by resolution signed by all the holders of Series V Preferred Shares then outstanding or passed by not less than 66-2/3% of the votes cast thereon by the holders of Series V Preferred Shares who voted at a meeting of the holders of Series V Preferred Shares duly called and held for that purpose. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without limitation, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those set out in Article 22.10 and those not inconsistent with Article 22.10 which are from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders. On every poll taken at every such meeting, every holder of Series V Preferred Shares shall be entitled to 1 vote in respect of each such share held.

22.10 Notice

22.10.1 Normal Means: Any notice or other communication from the Corporation herein provided for, including without limitation any notice of redemption, conversion right or meeting of the holders of the Series V Preferred Shares, shall be in writing. Any such notice or other communication or cheque, share certificate or other document from the Corporation to a holder of Series V Preferred Shares may be (i) delivered personally to the holder, or to any director, officer or agent of the holder, (ii) placed in a sealed envelope addressed to the holder and delivered to any person or letter receptacle at the holder's recorded address, (iii) mailed by prepaid Canadian mail (registered, in the case of share certificates) in a sealed envelope addressed to the holder at the holder's recorded address or (iv) in the case of notices and other communications, sent to the holder by any other means of prepaid legible communication then in common business use. Any such notice, communication, cheque, share certificate or other document shall be deemed to have been received by the holder on the date of delivery if so delivered or, if so mailed, at the earlier of (i) the time it was received by the holder and (ii) the time it would have been delivered in the ordinary course of mail unless there are reasonable grounds for believing that it was not received at that time. Any such notice or communication so sent by other means shall be deemed to have been received by the holder on the Business Day next following the date it was sent by the Corporation. For purposes of this section a holder's recorded address means the holder's latest address appearing in the securities register of the Corporation (or, in the case of joint holders, the first address so appearing in respect of their joint holding) or, in the event of the address of any holder not so appearing, the latest address of such holder known to the Corporation. Accidental failure to give any such notice or other communication to one or more holders of the Series V Preferred Shares shall not affect the validity of the notice or other communication but, upon such failure being discovered, the notice or other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and affect as if given in due time.

22.10.2 Postal Disruptions: If there exists any disruption in the mail services necessary for mailing any such notice or communication to holders of Series V Preferred Shares at addresses in any province, any such notice or other communication may (but need not) be given to the holders in such province by means of (i) publication once in a bona fide newspaper or business or financial publication of general and regular paid circulation published or distributed in the capital city of such province (or if the Corporation maintains a register of transfers for the Series V Preferred Shares in such province, in the city in such province where the register of transfers is maintained), and (ii) delivery to each recognized stock exchange on which the Series V Preferred Shares are then listed for trading. However, if no such newspaper or business or financial publication is being published in that city, the Corporation shall not be required to publish in that city provided that there is at least one recognized stock exchange in Canada on which the Series V Preferred Shares are then listed for trading. Notice given under this section 22.10.2 shall be deemed to have been given on the day on which (i) the publication is completed in all of the cities in which publication is required and (ii) the required deliveries have been made to the stock exchanges.

SCHEDULE II
TO THE ARTICLES OF AMALGAMATION OF
GEORGE WESTON LIMITED
GEORGE WESTON LIMITÉE

7 – Other provisions, if any

1. **Charging Power:** Without restricting any of the powers and capacities of the Corporation, whether derived from the *Canada Business Corporations Act* or otherwise, the Corporation may mortgage, hypothecate, pledge or otherwise create a security interest in all or any present or future, real or personal, movable or immovable property of the Corporation (including without limitation its book debts, rights, powers, franchises and undertaking) for any purpose whatsoever.

2. **Lien on Shares:** Subject to the *Canada Business Corporations Act*, the Corporation has a lien on any share registered in the name of a shareholder or his legal representative for any debt of that shareholder to the Corporation.

3. **Appointment of Additional Directors:** The directors will be allowed to appoint one or more additional directors up to a maximum of one third of the number of directors elected at the previous annual meeting of shareholders, without obtaining shareholder approval, to hold office for a term expiring no later than the close of the Corporation's next annual meeting of shareholders.