



## Certificate of Amendment

*Canada Business Corporations Act*

## Certificat de modification

*Loi canadienne sur les sociétés par actions*

BCE INC.  
BCE INC.

Corporate name / Dénomination sociale

425229-2

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Virginie Ethier

Director / Directeur

2014-09-22

Date of Amendment (YYYY-MM-DD)  
Date de modification (AAAA-MM-JJ)



**Form 4**  
**Articles of Amendment**  
*Canada Business Corporations Act*  
*(CBCA) (s. 27 or 177)*

**Formulaire 4**  
**Clauses modificatrices**  
*Loi canadienne sur les sociétés par*  
*actions (LCSA) (art. 27 ou 177)*

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- 1 Corporate name  
Dénomination sociale  
BCE INC.  
BCE INC.
- 
- 2 Corporation number  
Numéro de la société  
425229-2
- 
- 3 The articles are amended as follows  
Les statuts sont modifiés de la façon suivante

See attached schedule / Voir l'annexe ci-jointe

- 
- 4 Declaration: I certify that I am a director or an officer of the corporation.  
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par  
Michel Lalande  
\_\_\_\_\_  
Michel Lalande  
514-391-8386

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

## SCHEDULE

1. Two series of first preferred shares of the Corporation, each consisting of 30,000,000 shares, be and they are hereby created, authorized for issuance and designated as the Cumulative Redeemable First Preferred Shares, Series AM (the “**BCE Series AM Preferred Shares**”) and the Cumulative Redeemable First Preferred Shares, Series AN (the “**BCE Series AN Preferred Shares**”) which, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares as a class, shall have attached thereto the rights, privileges, restrictions and conditions as provided for in the attached Schedules 1 and 2 respectively;
2. Two other series of first preferred shares of the Corporation, each consisting of 30,000,000 shares, be and they are hereby created, authorized for issuance and designated as the Cumulative Redeemable First Preferred Shares, Series AO (the “**BCE Series AO Preferred Shares**”) and the Cumulative Redeemable First Preferred Shares, Series AP (the “**BCE Series AP Preferred Shares**”) which, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares as a class, shall have attached thereto the rights, privileges, restrictions and conditions as provided for in the attached Schedules 3 and 4 respectively; and
3. Two other series of first preferred shares of the Corporation, each consisting of 30,000,000 shares, be and they are hereby created, authorized for issuance and designated as the Cumulative Redeemable First Preferred Shares, Series AQ (the “**BCE Series AQ Preferred Shares**”) and the Cumulative Redeemable First Preferred Shares, Series AR (the “**BCE Series AR Preferred Shares**”) which, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares as a class, shall have attached thereto the rights, privileges, restrictions and conditions as provided for in the attached Schedules 5 and 6 respectively.

## SCHEDULE 1

The Series AM Preferred Shares shall, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares of the Corporation (the “**First Preferred Shares**”) as a class, have the following rights, privileges, restrictions and conditions:

### 1 Definitions

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Accrued and Unpaid Dividends**” means the aggregate of: (i) all unpaid Series AM Dividends for any completed Dividend Period; and (ii) a cash amount calculated as though Series AM Dividends had been accruing on a day to day basis from and including the most recent Quarterly Period Commencement Date up to, but excluding, the date to which the computation of accrued dividends is to be made.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.09%.

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

“**Book-Entry Only System**” means the record book-entry only securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or statutory holiday, when banks are generally open in both of the Cities of Montreal, Québec, and Toronto, Ontario, for the transaction of banking business.

“**Common Shares**” has the meaning attributed to it in Section 5(a).

“**Conversion Privilege**” has the meaning attributed to it in Section 4.1(a).

“**Corporation**” has the meaning attributed to it in the heading to these Series AM Preferred Shares provisions.

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Corporation.

**“Dividend Commencement Date”** means (a) if the Issue Date occurs on or before the Prefco Preferred Share Record Date during a quarterly dividend period for the Prefco Preferred Shares, the Quarterly Period Commencement Date immediately preceding the Issue Date, or (b) if the Issue Date occurs after the Prefco Preferred Share Record Date for such quarterly dividend period for the Prefco Preferred Shares, the next Quarterly Period Commencement Date after the Issue Date.

**“Dividend Payment Date”** has the meaning attributed to it in Section 2.1.

**“Dividend Period”** means the period from and including the Dividend Commencement Date up to, but excluding, the next succeeding Quarterly Period Commencement Date and, thereafter, each period from and including the last calendar day of December, March, June and September in each year, up to but excluding the next succeeding Quarterly Period Commencement Date.

**“Election Notice”** has the meaning attributed to it in Section 4.3.

**“Electronic Delivery”** means the delivery by facsimile, electronic mail, the Internet or other electronic means.

**“First Preferred Shares”** has the meaning attributed to it in the introductory paragraph to these Series AM Preferred Shares provisions.

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

**“Floating Quarterly Dividend Rate”** means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.09% calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365.

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

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

**“Holders”** has the meaning attributed to it in Section 2.1.

**“Ineligible Person”** means any person whose address is in, or whom the Corporation or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where the

issue or delivery to that person of Series AM Preferred Shares or Series AN Preferred Shares, as the case may be, would require the Corporation to take any action to comply with securities or analogous laws of that jurisdiction.

**“Initial Fixed Dividend Rate”** means 4.85% per annum.

**“Initial Fixed Rate Period”** means the period from and including the Dividend Commencement Date up to, but excluding, March 31, 2016.

**“In priority to”, “on a parity with” and “junior to”** have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

**“Issue Date”** means the date on which the Series AM Preferred Shares are first issued.

**“Prefco”** means Bell Aliant Preferred Equity Inc.

**“Prefco Preferred Share Record Date”** means the record date for the purpose of determining Prefco Preferred Shareholders entitled to receive payment of any cash dividend payable to Prefco Preferred Shareholders in respect of any quarterly dividend period for the Prefco Preferred Shares, in accordance with the articles of Prefco.

**“Prefco Preferred Shareholders”** means holders of the Prefco Preferred Shares.

**“Prefco Preferred Shares”** means the Cumulative 5-Year Rate Reset Preferred Shares, Series A of Prefco.

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

**“Quarterly Period Commencement Date”** means the last calendar day of each of March, June, September and December in each year.

**“Redemption Price”** has the meaning attributed to it in Section 3.1.

**“Series AM Conversion Date”** has the meaning attributed to it in Section 3.1.

**“Series AM Dividends”** has the meaning attributed to it in Section 2.1.

**“Series AM Preferred Shares”** means the Cumulative Redeemable First Preferred Shares, Series AM of the Corporation.

**“Series AN Preferred Shares”** has the meaning attributed to it in Section 4.1.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including March 31, 2016 up to, but excluding, March 31, 2021 and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, March 31 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means CST Trust Company, a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series AM Preferred Shares.

## **2 Dividends**

### **2.1 Payment of Dividends**

Holders of Series AM Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends (the “**Series AM Dividends**”) payable quarterly on the last day of March, June, September and December commencing on the first such day after the Dividend Commencement Date (each, a “**Dividend Payment Date**”) at the rates herein provided by cheque at par in lawful money of Canada at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means the Corporation deems desirable.

- (a) During the Initial Fixed Rate Period, the Series AM Dividends payable on the Series AM Preferred Shares will be in an annual amount per share equal to the Initial Fixed Dividend Rate multiplied by \$25.00, and shall be payable in equal quarterly amounts on each Dividend Payment Date. On each Dividend Payment Date during the Initial Fixed Rate Period, the Series AM Dividend will be \$0.303125 per share.
- (b) During each Subsequent Fixed Rate Period, Series AM Dividends payable on the Series AM Preferred Shares will be in an annual amount per share (rounded to the nearest one-thousandth (1/1000) of one cent) determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00, and shall be payable in equal quarterly amounts on each Dividend Payment Date in each year during such Subsequent Fixed Rate Period.
- (c) The Corporation will calculate, on each Fixed Rate Calculation Date, the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and will, on the Fixed Rate Calculation Date, send written notice thereof to the Holders. Each such determination by the Corporation of the Annual Fixed Dividend Rate will, in

the absence of manifest error, be final and binding upon the Corporation and upon all Holders.

## **2.2 Method of Payment**

The Corporation shall pay Series AM Dividends (less any tax required to be deducted and withheld by the Corporation), except in case of redemption or conversion in which case payment of Series AM Dividends shall, subject to the provisions of Section 15, be made on surrender of the certificate, if any, representing the Series AM Preferred Shares to be redeemed or converted, by electronic funds transfer or by sending to each Holder (in the manner provided for in Section 13) a cheque for such Series AM Dividends payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary or in such other manner, not contrary to applicable law, as the Corporation shall reasonably determine. The making of such payment or the posting or delivery of such cheque on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation from the related dividends as aforesaid and remitted to the proper taxing authority) unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

## **2.3 Cumulative Payment of Dividends**

If on any Dividend Payment Date, the Series AM Dividends accrued to such date are not paid in full on all of the Series AM Preferred Shares then outstanding, such Series AM Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the directors on which the Corporation shall have sufficient moneys properly applicable to the payment of such Series AM Dividends. The Holders shall not be entitled to any dividends other than or in excess of the Series AM Dividends.

## **2.4 Dividend for Other than a Full Dividend Period**

The Holders shall be entitled to receive, and the Corporation shall pay, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, in respect of any period that is more or less than a full Dividend Period, a dividend in an amount per Series AM Preferred Share equal to the amount obtained (rounded to five decimal places) when the product of the Annual Fixed Dividend Rate and \$25.00 is multiplied by a fraction, the numerator of which is the number of calendar days in the relevant period (which shall include the first and exclude the last day of such period) and the denominator of which is the number of calendar days in the year in which such period falls.



### **3 Redemption**

#### **3.1 Redemption**

The Corporation may not redeem any of the Series AM Preferred Shares prior to March 31, 2016. On March 31, 2016 and on March 31 every five years thereafter (each, a “**Series AM Conversion Date**”), the Corporation may, subject to the terms of any shares ranking prior to the Series AM Preferred Shares, to applicable law and to the provisions described in Section 5 below, upon giving notice as hereinafter provided, at its option and without the consent of the Holders, redeem all, or from time to time any part, of the then outstanding Series AM Preferred Shares by the payment of an amount in cash for each such Series AM Preferred Share so redeemed equal to \$25.00, together with all Accrued and Unpaid Dividends on the Series AM Preferred Shares up to, but excluding, the date fixed for redemption (the “**Redemption Price**”) (less any tax required to be deducted and withheld by the Corporation).

#### **3.2 Partial Redemption**

If less than all of the then outstanding Series AM Preferred Shares are at any time to be redeemed, then the particular Series AM Preferred Shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if the Series AM Preferred Shares are at such time listed on a stock exchange, with the consent of the applicable stock exchange, in such other manner as the directors of the Corporation in their sole discretion may, by resolution, determine.

#### **3.3 Method of Redemption**

The Corporation shall give notice in writing, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption of any Series AM Preferred Shares, that it is redeeming Series AM Preferred Shares pursuant to Section 3.1 hereof to each person who at the date of giving such notice is the Holder of Series AM Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent to each Holder of Series AM Preferred Shares to be redeemed in the manner provided for in Section 13. Such notice shall set out the number of such Series AM Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to the applicable Holders the Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series AM Preferred Shares so called for redemption, if any, subject to the provisions of Section 15. Such payment shall be made by electronic funds transfer or by cheque in the amount of the Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means that the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation’s obligation to pay the Redemption Price owed to the Holders of Series AM Preferred Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority), unless the cheque is not honoured when presented for

payment. From and after the date specified in any such notice, the Series AM Preferred Shares called for redemption shall cease to be entitled to receive Series AM Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the Redemption Price shall not be duly made by or on behalf of the Corporation. At any time after notice of redemption is given as aforesaid, the Corporation shall have the right to deposit the Redemption Price of any or all Series AM Preferred Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 15. Upon such deposit or deposits being made, such shares shall be redeemed on the redemption date specified in the notice of redemption. After the Corporation has made a deposit as aforesaid with respect to the applicable Series AM Preferred Shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption moneys that 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 in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

## **4 Conversion of Series AM Preferred Shares**

### **4.1 Conversion at the Option of the Holder**

- (a) Subject to applicable law and the terms and provisions hereof, each Holder will have the right, at its option, on each Series AM Conversion Date, to convert all, or any part of, the then outstanding Series AM Preferred Shares registered in the name of the Holder into Cumulative Redeemable First Preferred Shares, Series AN of the Corporation (the "**Series AN Preferred Shares**") on the basis of one Series AN Preferred Share for each Series AM Preferred Share converted. The Corporation shall provide written notice not less than thirty (30) and not more than sixty (60) days prior to the applicable Series AM Conversion Date to the Holders of the conversion privilege provided for herein (the "**Conversion Privilege**"). Such notice shall (i) set out the Series AM Conversion Date, and (ii) include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 4.3. On the 30th day prior to each Series AM Conversion Date, the Corporation will send to the Holders written notice of the Annual Fixed Dividend Rate applicable to the Series AM Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series AN Preferred Shares

for the next succeeding Quarterly Floating Rate Period, in each case as determined by the Corporation.

- (b) If the Corporation gives notice to the Holders, as provided in Section 3, of the redemption of all the Series AM Preferred Shares, the Corporation will not be required to give notice to the Holders, as provided in this Section 4.1, of the Floating Quarterly Dividend Rate, Annual Fixed Dividend Rate or Conversion Privilege and the right of any Holder to convert Series AM Preferred Shares as herein provided shall cease and terminate in that event.
- (c) Holders shall not be entitled to convert their Series AM Preferred Shares into Series AN Preferred Shares on a Series AM Conversion Date if the Corporation determines that there would remain outstanding on the Series AM Conversion Date less than 1,000,000 Series AN Preferred Shares after taking into account all Series AM Preferred Shares tendered for conversion into Series AN Preferred Shares and all Series AN Preferred Shares tendered for conversion into Series AM Preferred Shares. The Corporation shall give written notice thereof to all affected Holders prior to the applicable Series AM Conversion Date and, subject to the provisions of Section 15, shall issue and deliver, or cause to be delivered, prior to such Series AM Conversion Date, at the expense of the Corporation, to the Holders who have surrendered for conversion any certificate or certificates representing Series AM Preferred Shares, new certificates representing the Series AM Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

#### **4.2 Automatic Conversion**

If the Corporation determines that there would remain outstanding on a Series AM Conversion Date less than 1,000,000 Series AM Preferred Shares after taking into account all Series AM Preferred Shares tendered for conversion into Series AN Preferred Shares and all Series AN Preferred Shares tendered for conversion into Series AM Preferred Shares, then, all, but not part, of the remaining outstanding Series AM Preferred Shares shall automatically be converted into Series AN Preferred Shares on the basis of one (1) Series AN Preferred Share for each Series AM Preferred Share on the applicable Series AM Conversion Date. The Corporation shall give notice in writing thereof to the Holders of such remaining Series AM Preferred Shares prior to the Series AM Conversion Date.

#### **4.3 Manner of Conversion**

- (a) Subject to the provisions of Section 15, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given not earlier than the 30th day prior to a Series AM Conversion Date but not later than 5:00 p.m. (Montreal time) on the 15th day preceding the applicable Series AM Conversion Date during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, accompanied by: (1) payment or evidence of payment of the tax (if any) payable as provided in this Section 4.3; and (2) the certificate or certificates, if any, representing the Series AM Preferred Shares in respect of which the Holder

thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series AM Preferred Shares represented by such certificate or certificates and that have not been called for redemption in which event the Corporation will issue and deliver or cause to be delivered to such Holder, at the expense of the Corporation, a new certificate, representing the Series AM Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Corporation.

- (b) If the Corporation does not receive an Election Notice from a Holder during the notice period therefor, then the Series AM Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 4.2).
- (c) In the event the Corporation is required to convert all remaining outstanding Series AM Preferred Shares into Series AN Preferred Shares on the applicable Series AM Conversion Date as provided for in Section 4.2, the Series AM Preferred Shares in respect of which the Holders have not previously elected to convert shall be converted on the Series AM Conversion Date into Series AN Preferred Shares and the Holders thereof shall be deemed to be holders of Series AN Preferred Shares at 5:00 p.m. (Montreal time) on the Series AM Conversion Date and shall be entitled, upon surrender during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, of the certificate or certificates, if any, representing Series AM Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series AN Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 4.3 and Section 15.
- (d) Subject to the provisions of Section 15, as promptly as practicable after the Series AM Conversion Date, the Corporation shall issue and deliver, or cause to be delivered to or upon the written order of the Holder of the Series AM Preferred Shares so surrendered in accordance with this Section 4, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully paid and non-assessable Series AN Preferred Shares and the number of remaining Series AM Preferred Shares, if any, to which such Holder is entitled. Such conversion shall be deemed to have been made at 5:00 p.m. (Montreal time) on the Series AM Conversion Date, so that the rights of the Holder of such Series AM Preferred Shares as the Holder thereof shall cease at such time and the person or persons entitled to receive the Series AN Preferred Shares upon such conversion will be treated for all purposes as having become the holder or holders of record of such Series AN Preferred Shares at such time.

- (e) The Holder of any Series AM Preferred Share on the record date for any Series AM Dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted into a Series AN Preferred Share after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 15, the issuance of certificates for the Series AN Preferred Shares upon the conversion of Series AM Preferred Shares shall be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series AN Preferred Shares represented thereby; provided, however, that the Corporation shall not be required to pay any tax which may be imposed upon the person or persons to whom such Series AN Preferred Shares are issued in respect of the issuance of such Series AN Preferred Shares or the certificate therefor or which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in the name or names other than that of the Holder or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

#### **4.4 Right Not to Deliver Series AN Preferred Shares**

On the exercise of the Conversion Privilege by a Holder or an automatic conversion pursuant to Section 4.2, the Corporation reserves the right not to deliver Series AN Preferred Shares to any Ineligible Person.

#### **4.5 Status of Converted Series AM Preferred Shares**

All Series AM Preferred Shares converted into Series AN Preferred Shares on a Series AM Conversion Date shall not be cancelled but shall be restored to the status of authorized but unissued shares of the Corporation as at the close of business on the Series AM Conversion Date.

### **5 Restrictions on Dividends and Retirement of Shares**

So long as any of the Series AM Preferred Shares are outstanding, the Corporation shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series AM Preferred Shares) on the common shares of the Corporation (the “**Common Shares**”) or any other shares of the Corporation ranking as to dividends junior to the Series AM Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series AM Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of the Common Shares

or any other shares of the Corporation ranking as to capital junior to the Series AM Preferred Shares;

- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series AM Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire for value or make any return of capital in respect of any other shares of the Corporation, ranking as to dividends or capital on a parity with the Series AM Preferred Shares;

unless, in each such case, all Accrued and Unpaid Dividends on the Series AM Preferred Shares up to and including the Series AM Dividend payable for the last completed Dividend Period have been declared and paid or moneys set apart for payment.

Notwithstanding the provisions of Section 11 hereof, any approval required to be given pursuant to this Section 5 shall be required to be given only by the affirmative vote of the holders of the majority of the Series AM Preferred Shares present or represented at a meeting, or adjourned meeting, of the holders of Series AM Preferred Shares duly called for the purpose and at which a quorum is present.

## **6 Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 5 above, the Corporation may at any time purchase for cancellation all or any number of the Series AM Preferred Shares outstanding from time to time at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable in the open market (including purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by tender available to all Holders or by private agreement or otherwise.

## **7 Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series AM Preferred Shares, the Holders shall be entitled to payment of an amount equal to \$25.00 per Series AM Preferred Share, plus an amount equal to all Accrued and Unpaid Dividends on the Series AM Preferred Shares up to, but excluding, the date of payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series AM Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Corporation.

## **8 Voting Rights**

The Holders will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the Holders as a series) to receive notice of, attend, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight (8) quarterly Series AM Dividends whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than sixty (60) days after the date on which such failure first occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and such Holders shall have the right, at any such meeting, to one (1) vote in respect of each Series AM Preferred Share held by such Holder. No other voting rights shall attach to the Series AM Preferred Shares in any circumstances. Upon payment of the entire amount of all Series AM Dividends in arrears, the voting rights of the Holders shall forthwith cease, unless and until the same default shall again arise under the provisions of this Section 8.

## **9 Issue of Additional Series of First Preferred Shares**

The Corporation may issue other series of First Preferred Shares ranking on a parity with the Series AM Preferred Shares without the authorization of the holders of the Series AM Preferred Shares.

## **10 Modifications**

These Series AM Preferred Share provisions may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Canada Business Corporations Act*, any such approval to be given in accordance with Section 11.

## **11 Approval of Holders**

### **11.1 Approval**

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders as a series may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders or passed by the affirmative vote of not less than two-thirds of the votes cast by the Holders who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of at least 10% of the outstanding Series AM Preferred Shares are present in person or represented by proxy. If at any such meeting a quorum is not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holder(s) of Series AM Preferred Shares represented in person or by proxy may transact the business for which the meeting

was originally called and the Holders represented in person or by proxy shall form the necessary quorum. At any meeting of Holders as a series, each Holder shall be entitled to one (1) vote in respect of each Series AM Preferred Share held by such Holder.

Holders of the Series AM Preferred Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series AM Preferred Shares or (b) create a new class or series of shares equal or superior to the Series AM Preferred Shares.

## **11.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the bylaws of the Corporation with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders, each Holder entitled to vote thereat shall have one (1) vote in respect of each Series AM Preferred Share held by such Holder.

## **12 Tax Election**

The Corporation will elect, in the manner and within the time provided under the Tax Act, under Subsection 191.2(1) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series AM Preferred Shares under Section 187.2 of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

## **13 Communications with Holders**

Except as specifically provided elsewhere in these Series AM Preferred Share provisions, any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, or courier to each Holder at the last address of such Holder as it appears on the securities register of the Corporation or, in the case of joint Holders, to the address of the Holder whose name appears first in the securities register of the Corporation as one of such joint Holders, or, in the event of the address of any of such Holders not so appearing, then to the last address of such Holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders 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 tender 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.



If any notice, cheque, invitation for tenders or other communication from the Corporation given to a Holder is returned on three consecutive occasions because the Holder cannot be found, the Corporation shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such Holder until the Holder informs the Corporation in writing of such Holder's new address.

If the Corporation determines that mail service is, or is threatened to be, interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder, whether in connection with the redemption or conversion of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by Electronic Delivery or by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in Montreal and Toronto and such notice shall be deemed to have been given on the date on which such Electronic Delivery was given or on the date on which the first publication has taken place; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for delivery thereof to the principal office of the Corporation in Montreal, and such cheque and/or certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by ordinary unregistered first class prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate, or in the event of the address of any such Holder not appearing on the securities register of the Corporation, then at the last address of such Holder known to the Corporation.

## **14 Interpretation of Terms**

In these Series AM Preferred Share provisions:

- (a) in the event that any date on which any Series AM Dividend is payable by the Corporation, or any date that is a Series AM Conversion Date, or any date on or by which any other action is required to be taken or determination made by the Corporation or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on or by the next succeeding day that is a Business Day;
- (b) in the event of the non-receipt of a cheque by a Holder entitled to the cheque, or the loss or destruction of the cheque, the Corporation, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an

indemnity reasonably satisfactory to the Corporation, will issue to the Holder a replacement cheque for the amount of the original cheque;

- (c) the Corporation will be entitled to deduct or withhold from any amount payable to a Holder under these Series AM Preferred Share provisions any amount required by law to be deducted or withheld from that payment and any reference herein to the Corporation deducting tax and remitting to a taxing authority shall be interpreted to include deducting any such amount required by law to be deducted or withheld and remitted to the applicable authorities;
- (d) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (e) if it is necessary to convert any amount into Canadian dollars, the Corporation will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (f) all references herein to a Holder shall be interpreted as referring to a registered Holder.

## **15 Book-Entry Only System**

### **15.1 Transfers etc. Through Participants**

If the Series AM Preferred Shares are held through the Book-Entry Only System, then the beneficial owner thereof shall provide instructions with respect to Series AM Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series AM Preferred Shares or otherwise through the Depository's systems and registrations of ownership, transfers, purchases, surrenders, conversions and exchanges of Series AM Preferred Shares will be made only through the Book-Entry Only System. Beneficial owners of Series AM Preferred Shares will not have the right to receive share certificates representing their ownership of the Series AM Preferred Shares.

### **15.2 Depository is Registered Holder**

For the purposes of these Series AM Preferred Share provisions, as long as the Depository, or its nominee, is the registered Holder of the Series AM Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series AM Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series AM Preferred Shares, including payments of Series AM Dividends, the Redemption Price or Accrued and Unpaid Dividends on the Series AM Preferred Shares, and the delivery of Series AN Preferred Shares and certificates for those shares on the conversion into Series AN Preferred Shares.

## SCHEDULE 2

The Series AN Preferred Shares shall, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares of the Corporation (the “**First Preferred Shares**”) as a class, have the following rights, privileges, restrictions and conditions:

### 1 Definitions

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Accrued and Unpaid Dividends**” means the aggregate of: (i) all unpaid Series AN Dividends for any completed Quarterly Floating Rate Period; and (ii) a cash amount calculated as though Series AN Dividends had been accruing on a day to day basis from and including the most recent Quarterly Period Commencement Date up to, but excluding, the date to which the computation of accrued dividends is to be made.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.09%.

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

“**Book-Entry Only System**” means the record book-entry only securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or statutory holiday, when banks are generally open in both of the Cities of Montreal, Québec, and Toronto, Ontario, for the transaction of banking business.

“**Common Shares**” has the meaning attributed to it in Section 5(a).

“**Conversion Privilege**” has the meaning attributed to it in Section 4.1(a).

“**Corporation**” has the meaning attributed to it in the heading to these Series AN Preferred Shares provisions.

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Corporation.

“**Dividend Payment Date**” has the meaning attributed to it in Section 2.1.

“**Election Notice**” has the meaning attributed to it in Section 4.3.

“**Electronic Delivery**” means the delivery by facsimile, electronic mail, the Internet or other electronic means.

“**First Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series AN Preferred Shares provisions.

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

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.09% calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365.

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

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

“**Holder**s” has the meaning attributed to it in Section 2.1.

“**Ineligible Person**” means any person whose address is in, or whom the Corporation or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series AN Preferred Shares or Series AM Preferred Shares, as the case may be, would require the Corporation to take any action to comply with securities or analogous laws of that jurisdiction.

“**In priority to**”, “**on a parity with**” and “**junior to**” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

“**Quarterly Amount**” has the meaning attributed to it in Section 2.1.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period from and including March 31, 2016 up to, but excluding, June 30, 2016, and thereafter the period from and including the day immediately following the end of the

immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Period Commencement Date.

“**Quarterly Period Commencement Date**” means the last calendar day of each of March, June, September and December in each year.

“**Redemption Price**” has the meaning attributed to it in Section 3.1.

“**Series AM Preferred Shares**” has the meaning attributed to it in Section 4.1.

“**Series AN Conversion Date**” has the meaning attributed to it in Section 3.1.

“**Series AN Dividends**” has the meaning attributed to it in Section 2.1.

“**Series AN Preferred Shares**” means the Cumulative Redeemable First Preferred Shares, Series AN of the Corporation.

“**Subsequent Fixed Rate Period**” means, for the initial Subsequent Fixed Rate Period, the period from and including March 31, 2016 up to, but excluding, March 31, 2021 and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, March 31 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means CST Trust Company, a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series AN Preferred Shares.

## **2 Dividends**

### **2.1 Payment of Dividends**

Holders of Series AN Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, floating rate, cumulative, preferential cash dividends (the “**Series AN Dividends**”) payable quarterly on the last day of March, June, September and December (each, a “**Dividend Payment Date**”), in the amount per share (rounded to the nearest one-thousandth (1/1000) of one cent) determined by multiplying the applicable Floating Quarterly Dividend Rate for the applicable Quarterly Floating Rate Period by \$25.00 (a “**Quarterly Amount**”), by cheque at par in lawful money of Canada at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means the

Corporation deems desirable.

The Corporation will calculate, on each Floating Rate Calculation Date, the Floating Quarterly Dividend Rate for the applicable Quarterly Floating Rate Period and will, on the Floating Rate Calculation Date, send written notice thereof to the Holders. Each such determination by the Corporation of the Floating Quarterly Dividend Rate will, in the absence of manifest error, be final and binding upon the Corporation and upon all Holders.

## **2.2 Method of Payment**

The Corporation shall pay Series AN Dividends (less any tax required to be deducted and withheld by the Corporation), except in case of redemption or conversion in which case payment of Series AN Dividends shall, subject to the provisions of Section 15, be made on surrender of the certificate, if any, representing the Series AN Preferred Shares to be redeemed or converted, by electronic funds transfer or by sending to each Holder (in the manner provided for in Section 13) a cheque for such Series AN Dividends payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary or in such other manner, not contrary to applicable law, as the Corporation shall reasonably determine. The making of such payment or the posting or delivery of such cheque on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation from the related dividends as aforesaid and remitted to the proper taxing authority) unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

## **2.3 Cumulative Payment of Dividends**

If on any Dividend Payment Date, the Series AN Dividends accrued to such date are not paid in full on all of the Series AN Preferred Shares then outstanding, such Series AN Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the directors on which the Corporation shall have sufficient moneys properly applicable to the payment of such Series AN Dividends. The Holders shall not be entitled to any dividends other than or in excess of the Series AN Dividends.

## **2.4 Dividend for Other than a Full Quarterly Floating Rate Period**

The Holders shall be entitled to receive, and the Corporation shall pay, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, Series AN Dividends for any period which is less than a full Quarterly Floating Rate Period in an amount per share with respect to any Series AN Preferred Share equal to the amount obtained (rounded to five decimal places) when the applicable Quarterly Amount is multiplied by a fraction of which the numerator is the number of days in such Quarterly Floating Rate Period that such share has

been outstanding (excluding the date of payment or redemption or the effective date for the distribution of assets in connection with the liquidation, dissolution or winding up of the Corporation) and the denominator is the total number of days in such Quarterly Floating Rate Period.

### **3 Redemption**

#### **3.1 Redemption**

The Corporation may not redeem any of the Series AN Preferred Shares on or prior to March 31, 2016. The Corporation may, subject to the terms of any shares ranking prior to the Series AN Preferred Shares, to applicable law and to the provisions described in Section 5 below, upon giving notice as hereinafter provided, at its option and without the consent of the Holders, redeem all, or from time to time any part, of the then outstanding Series AN Preferred Shares by the payment of an amount in cash for each such Series AN Preferred Share so redeemed equal to:

- (a) \$25.00, in the case of redemptions on March 31, 2021 and on March 31 every five years thereafter (each, a “**Series AN Conversion Date**”); or
- (b) \$25.50 in the case of redemptions on any date after March 31, 2016 which is not a Series AN Conversion Date;

in each case together with all Accrued and Unpaid Dividends on the Series AN Preferred Shares up to, but excluding, the date fixed for redemption (the “**Redemption Price**”) (less any tax required to be deducted and withheld by the Corporation).

#### **3.2 Partial Redemption**

If less than all of the then outstanding Series AN Preferred Shares are at any time to be redeemed, then the particular Series AN Preferred Shares to be redeemed shall be selected on a pro rata basis disregarding fractions or, if the Series AN Preferred Shares are at such time listed on a stock exchange, with the consent of the applicable stock exchange, in such other manner as the directors of the Corporation in their sole discretion may, by resolution, determine.

#### **3.3 Method of Redemption**

The Corporation shall give notice in writing not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption of any Series AN Preferred Shares, that it is redeeming Series AN Preferred Shares pursuant to Section 3.1 hereof, to each person who at the date of giving such notice is the Holder of Series AN Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent to each Holder of Series AN Preferred Shares to be redeemed in the manner provided for in Section 13. Such notice shall set out the number of such Series AN Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Corporation shall pay or cause to be

paid to the applicable Holders the Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series AN Preferred Shares so called for redemption, if any, subject to the provisions of Section 15. Such payment shall be made by electronic funds transfer or by cheque in the amount of the Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in Canada of the Corporation's bankers for the time being or by any other reasonable means that the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the Holders of Series AN Preferred Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority); unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series AN Preferred Shares called for redemption shall cease to be entitled to receive Series AN Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the Redemption Price shall not be duly made by or on behalf of the Corporation. At any time after notice of redemption is given as aforesaid, the Corporation shall have the right to deposit the Redemption Price of any or all Series AN Preferred Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 15. Upon such deposit or deposits being made, such shares shall be redeemed on the redemption date specified in the notice of redemption. After the Corporation has made a deposit as aforesaid with respect to the applicable Series AN Preferred Shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption moneys that 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 in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

#### **4 Conversion of Series AN Preferred Shares**

##### **4.1 Conversion at the Option of the Holder**

- (a) Subject to applicable law and the terms and provisions hereof, each Holder will have the right, at its option, on each Series AN Conversion Date, to convert all, or any part of, the then outstanding Series AN Preferred Shares registered in the



name of the Holder into Cumulative Redeemable First Preferred Shares, Series AM of the Corporation (the “**Series AM Preferred Shares**”) on the basis of one Series AM Preferred Share for each Series AN Preferred Share converted. The Corporation shall provide written notice not less than thirty (30) and not more than sixty (60) days prior to the applicable Series AN Conversion Date to the Holders of the conversion privilege provided for herein (the “**Conversion Privilege**”). Such notice shall (i) set out the Series AN Conversion Date, and (ii) include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 4.3. On the 30th day prior to each Series AN Conversion Date, the Corporation will send to the Holders written notice of the Floating Quarterly Dividend Rate applicable to the Series AN Preferred Shares for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series AM Preferred Shares for the next succeeding Subsequent Fixed Rate Period, in each case as determined by the Corporation.

- (b) If the Corporation gives notice to the Holders as provided in Section 3 of the redemption of all the Series AN Preferred Shares, the Corporation will not be required to give notice to the Holders as provided in this Section 4.1 to the Holders of the Floating Quarterly Dividend Rate, Annual Fixed Dividend Rate or Conversion Privilege and the right of any Holder to convert Series AN Preferred Shares as herein provided shall cease and terminate in that event.
- (c) Holders shall not be entitled to convert their Series AN Preferred Shares into Series AM Preferred Shares on a Series AN Conversion Date if the Corporation determines that there would remain outstanding on the Series AN Conversion Date less than 1,000,000 Series AM Preferred Shares after taking into account all Series AN Preferred Shares tendered for conversion into Series AM Preferred Shares and all Series AM Preferred Shares tendered for conversion into Series AN Preferred Shares. The Corporation shall give written notice thereof to all affected Holders prior to the applicable Series AN Conversion Date and, subject to the provisions of Section 15, shall issue and deliver, or cause to be delivered, prior to such Series AN Conversion Date, at the expense of the Corporation, to the Holders who have surrendered for conversion any certificate or certificates representing Series AN Preferred Shares, new certificates representing the Series AN Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

## **4.2 Automatic Conversion**

If the Corporation determines that there would remain outstanding on a Series AN Conversion Date less than 1,000,000 Series AN Preferred Shares after taking into account all Series AN Preferred Shares tendered for conversion into Series AM Preferred Shares and all Series AM Preferred Shares tendered for conversion into Series AN Preferred Shares, then, all, but not part, of the remaining outstanding Series AN Preferred Shares

shall automatically be converted into Series AM Preferred Shares on the basis of one (1) Series AM Preferred Share for each Series AN Preferred Share on the applicable Series AN Conversion Date. The Corporation shall give notice in writing thereof to the Holders of such remaining Series AN Preferred Shares prior to the Series AN Conversion Date.

#### **4.3 Manner of Conversion**

- (a) Subject to the provisions of Section 15, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given not earlier than the 30th day prior to a Series AN Conversion Date but not later than 5:00 p.m. (Montreal time) on the 15th day preceding the applicable Series AN Conversion Date during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, accompanied by (1) payment or evidence of payment of the tax (if any) payable as provided in this Section 4.3; and (2) the certificate or certificates, if any, representing the Series AN Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series AN Preferred Shares represented by such certificate or certificates and that have not been called for redemption in which event the Corporation will issue and deliver or cause to be delivered to such Holder, at the expense of the Corporation, a new certificate, representing the Series AN Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Corporation.
- (b) If the Corporation does not receive an Election Notice from a Holder during the notice period therefor, then the Series AN Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 4.2).
- (c) In the event the Corporation is required to convert all remaining outstanding Series AN Preferred Shares into Series AM Preferred Shares on the applicable Series AN Conversion Date as provided for in Section 4.2, the Series AN Preferred Shares in respect of which the Holders have not previously elected to convert shall be converted on the Series AN Conversion Date into Series AM Preferred Shares and the Holders thereof shall be deemed to be holders of Series AM Preferred Shares at 5:00 p.m. (Montreal time) on the Series AN Conversion Date and shall be entitled, upon surrender during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, of the certificate or certificates, if any, representing Series AN Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series AM Preferred Shares in the manner and subject to the terms and provisions as

provided in this Section 4.3 and Section 15.

- (d) Subject to the provisions of Section 15, as promptly as practicable after the Series AN Conversion Date, the Corporation shall issue and deliver, or cause to be delivered to or upon the written order of the Holder of the Series AN Preferred Shares so surrendered in accordance with this Section 4, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully-paid and non-assessable Series AM Preferred Shares and the number of remaining Series AN Preferred Shares, if any, to which such Holder is entitled. Such conversion shall be deemed to have been made at 5:00 p.m. (Montreal time) on the Series AN Conversion Date, so that the rights of the Holder of such Series AN Preferred Shares as the Holder thereof shall cease at such time and the person or persons entitled to receive the Series AM Preferred Shares upon such conversion will be treated for all purposes as having become the holder or holders of record of such Series AM Preferred Shares at such time.
- (e) The Holder of any Series AN Preferred Share on the record date for any Series AN Dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted into a Series AM Preferred Share after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 15, the issuance of certificates for the Series AM Preferred Shares upon the conversion of Series AN Preferred Shares shall be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series AM Preferred Shares represented thereby; provided, however, that the Corporation shall not be required to pay any tax which may be imposed upon the person or persons to whom such Series AM Preferred Shares are issued in respect of the issuance of such Series AM Preferred Shares or the certificate therefor or which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in the name or names other than that of the Holder or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

#### **4.4 Right Not to Deliver Series AM Preferred Shares**

On the exercise of the Conversion Privilege by a Holder or an automatic conversion pursuant to Section 4.2, the Corporation reserves the right not to deliver Series AM Preferred Shares to any Ineligible Person.

#### **4.5 Status of Converted Series AN Preferred Shares**

All Series AN Preferred Shares converted into Series AM Preferred Shares on a Series AN Conversion Date shall not be cancelled but shall be restored to the status of authorized but unissued shares of the Corporation as at the close of business on the Series AN Conversion Date.

#### **5 Restrictions on Dividends and Retirement of Shares**

So long as any of the Series AN Preferred Shares are outstanding, the Corporation shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series AN Preferred Shares) on common shares of the Corporation (the “**Common Shares**”) or any other shares of the Corporation ranking as to dividends junior to the Series AN Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series AN Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of the Common Shares or any other shares of the Corporation ranking as to capital junior to the Series AN Preferred Shares;
- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series AN Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire for value or make any return of capital in respect of any other shares of the Corporation, ranking as to dividends or capital on a parity with the Series AN Preferred Shares;

unless, in each such case, all Accrued and Unpaid Dividends on the Series AN Preferred Shares up to and including the Series AN Dividend payable for the last completed Quarterly Floating Rate Period have been declared and paid or moneys set apart for payment.

Notwithstanding the provisions of Section 11.2 hereof, any approval required to be given pursuant to this Section 5 shall be required to be given only by the affirmative vote of the holders of the majority of the Series AN Preferred Shares present or represented at a meeting, or adjourned meeting, of the holders of Series AN Preferred Shares duly called for the purpose and at which a quorum is present.

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

Subject to applicable law and to the provisions described in Section 5 above, the

Corporation may at any time purchase for cancellation all or any number of the Series AN Preferred Shares outstanding from time to time at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable in the open market (including purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by tender available to all Holders or by private agreement or otherwise.

## **7 Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series AN Preferred Shares, the Holders shall be entitled to payment of an amount equal to

\$25.00 per Series AN Preferred Share, plus an amount equal to all Accrued and Unpaid Dividends on the Series AN Preferred Shares up to, but excluding, the date of payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series AN Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Corporation.

## **8 Voting Rights**

The Holders will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the Holders as a series) to receive notice of, attend, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight (8) quarterly Series AN Dividends whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than sixty (60) days after the date on which such failure first occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and such Holders shall have the right, at any such meeting, to one (1) vote in respect of each Series AN Preferred Share held by such Holder. No other voting rights shall attach to the Series AN Preferred Shares in any circumstances. Upon payment of the entire amount of all Series AN Dividends in arrears, the voting rights of the Holders shall forthwith cease, unless and until the same default shall again arise under the provisions of this Section 8.

## **9 Issue of Additional Series of First Preferred Shares**

The Corporation may issue other series of First Preferred Shares ranking on a parity with the Series AN Preferred Shares without the authorization of the holders of the Series AN Preferred Shares.

## **10 Modifications**

These Series AN Preferred Share provisions may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Canada Business Corporations Act*, any such approval to be given in accordance with Section 11.

## **11 Approval of Holders**

### **11.1 Approval**

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders as a series may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders or passed by the affirmative vote of not less than two-thirds of the votes cast by the Holders who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of at least 10% of the outstanding Series AN Preferred Shares are present in person or represented by proxy. If at any such meeting a quorum is not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holder(s) of Series AN Preferred Shares represented in person or by proxy may transact the business for which the meeting was originally called and the Holders represented in person or by proxy shall form the necessary quorum. At any meeting of Holders as a series, each Holder shall be entitled to one (1) vote in respect of each Series AN Preferred Share held by such Holder.

Holders of the Series AN Preferred Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series AN Preferred Shares or (b) create a new class or series of shares equal or superior to the Series AN Preferred Shares.

### **11.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders, each Holder entitled to vote thereat shall have one (1) vote in respect of each Series AN Preferred Share held by such Holder.

## **12 Tax Election**

The Corporation will elect, in the manner and within the time provided under the Tax Act, under Subsection 191.2(1) of Part VI.1 of the Tax Act, or any successor or

replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series AN Preferred Shares under Section 187.2 of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

### **13 Communications with Holders**

Except as specifically provided elsewhere in these Series AN Preferred Share provisions, any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, or courier to each Holder at the last address of such Holder as it appears on the securities register of the Corporation or, in the case of joint Holders, to the address of the Holder whose name appears first in the securities register of the Corporation as one of such joint Holders, or, in the event of the address of any of such Holders not so appearing, then to the last address of such Holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders 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 tender 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.

If any notice, cheque, invitation for tenders or other communication from the Corporation given to a Holder is returned on three consecutive occasions because the Holder cannot be found, the Corporation shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such Holder until the Holder informs the Corporation in writing of such Holder's new address.

If the Corporation determines that mail service is, or is threatened to be, interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder, whether in connection with the redemption or conversion of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by Electronic Delivery or by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in Montreal and Toronto and such notice shall be deemed to have been given on the date on which such Electronic Delivery was given or on the date on which the first publication has taken place; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for delivery thereof to the principal office of the Corporation in Montreal, and such cheque and/or certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted such

cheque or share certificate, if not theretofor delivered to such Holder, shall be sent by ordinary unregistered first class prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate, or in the event of the address of any such Holder not appearing on the securities register of the Corporation, then at the last address of such Holder known to the Corporation.

## **14 Interpretation of Terms**

In these Series AN Preferred Share provisions:

- (a) in the event that any date on which any Series AN Dividend is payable by the Corporation, or any date that is a Series AN Conversion Date, or any date on or by which any other action is required to be taken or determination made by the Corporation or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on or by the next succeeding day that is a Business Day;
- (b) in the event of the non-receipt of a cheque by a Holder entitled to the cheque, or the loss or destruction of the cheque, the Corporation, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Corporation, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (c) the Corporation will be entitled to deduct or withhold from any amount payable to a Holder under these Series AN Preferred Share provisions any amount required by law to be deducted or withheld from that payment and any reference herein to the Corporation deducting tax and remitting to a taxing authority shall be interpreted to include deducting any such amount required by law to be deducted or withheld and remitted to the applicable authorities;
- (d) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (e) if it is necessary to convert any amount into Canadian dollars, the Corporation will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (f) all references herein to a Holder shall be interpreted as referring to a registered Holder.



## **15 Book-Entry Only System**

### **15.1 Transfers etc. Through Participants**

If the Series AN Preferred Shares are held through the Book-Entry Only System then the beneficial owner thereof shall provide instructions with respect to Series AN Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series AN Preferred Shares or otherwise through the Depository's systems and registrations of ownership, transfers, purchases, surrenders, conversions and exchanges of Series AN Preferred Shares will be made only through the Book-Entry Only System. Beneficial owners of Series AN Preferred Shares will not have the right to receive share certificates representing their ownership of the Series AN Preferred Shares.

### **15.2 Depository is Registered Holder**

For the purposes of these Series AN Preferred Share provisions, as long as the Depository, or its nominee, is the registered Holder of the Series AN Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series AN Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series AN Preferred Shares, including payments of Series AN Dividends, the Redemption Price or Accrued and Unpaid Dividends on the Series AN Preferred Shares, and the delivery of Series AM Preferred Shares and certificates for those shares on the conversion into Series AM Preferred Shares.

### SCHEDULE 3

The Series AO Preferred Shares shall, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares of the Corporation (the “**First Preferred Shares**”) as a class, have the following rights, privileges, restrictions and conditions:

#### 1 Definitions

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Accrued and Unpaid Dividends**” means the aggregate of: (i) all unpaid Series AO Dividends for any completed Dividend Period; and (ii) a cash amount calculated as though Series AO Dividends had been accruing on a day to day basis from and including the most recent Quarterly Period Commencement Date up to, but excluding, the date to which the computation of accrued dividends is to be made.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.09%.

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

“**Book-Entry Only System**” means the record book-entry only securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or statutory holiday, when banks are generally open in both of the Cities of Montreal, Québec, and Toronto, Ontario, for the transaction of banking business.

“**Common Shares**” has the meaning attributed to it in Section 5(a).

“**Conversion Privilege**” has the meaning attributed to it in Section 4.1(a).

“**Corporation**” has the meaning attributed to it in the heading to these Series AO Preferred Shares provisions.

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Corporation.

“**Dividend Commencement Date**” means (a) if the Issue Date occurs on or before the Prefco Preferred Share Record Date during a quarterly dividend period for the Prefco Preferred Shares, the Quarterly Period Commencement Date immediately preceding the Issue Date, or (b) if the Issue Date occurs after the Prefco Preferred Share Record Date for such quarterly dividend period for the Prefco Preferred Shares, the next Quarterly

Period Commencement Date after the Issue Date.

“**Dividend Payment Date**” has the meaning attributed to it in Section 2.1.

“**Dividend Period**” means the period from and including the Dividend Commencement Date up to, but excluding, the next succeeding Quarterly Period Commencement Date and, thereafter, each period from and including the last calendar day of December, March, June and September in each year, up to but excluding the next succeeding Quarterly Period Commencement Date.

“**Election Notice**” has the meaning attributed to it in Section 4.3.

“**Electronic Delivery**” means the delivery by facsimile, electronic mail, the Internet or other electronic means.

“**First Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series AO Preferred Shares provisions.

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

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 3.09% calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365.

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

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

“**Holdings**” has the meaning attributed to it in Section 2.1.

“**Ineligible Person**” means any person whose address is in, or whom the Corporation or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series AO Preferred Shares or Series AP Preferred Shares, as the case may be, would require the Corporation to take any action to comply with securities or analogous laws of that jurisdiction.

**“Initial Fixed Dividend Rate”** means 4.55% per annum.

**“Initial Fixed Rate Period”** means the period from and including the Dividend Commencement Date up to, but excluding, March 31, 2017.

**“In priority to”, “on a parity with” and “junior to”** have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

**“Issue Date”** means the date on which the Series AO Preferred Shares are first issued.

**“Prefco”** means Bell Aliant Preferred Equity Inc.

**“Prefco Preferred Share Record Date”** means the record date for the purpose of determining Prefco Preferred Shareholders entitled to receive payment of any cash dividend payable to Prefco Preferred Shareholders in respect of any quarterly dividend period for the Prefco Preferred Shares, in accordance with the articles of Prefco.

**“Prefco Preferred Shareholders”** means holders of the Prefco Preferred Shares.

**“Prefco Preferred Shares”** means the Cumulative 5-Year Rate Reset Preferred Shares, Series C of Prefco.

**“Quarterly Floating Rate Period”** means, for the initial Quarterly Floating Rate Period, the period from and including March 31, 2017 up to, but excluding, June 30, 2017, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Period Commencement Date.

**“Quarterly Period Commencement Date”** means the last calendar day of each of March, June, September and December in each year.

**“Redemption Price”** has the meaning attributed to it in Section 3.1.

**“Series AO Conversion Date”** has the meaning attributed to it in Section 3.1.

**“Series AO Dividends”** has the meaning attributed to it in Section 2.1.

**“Series AO Preferred Shares”** means the Cumulative Redeemable First Preferred Shares, Series AO of the Corporation.

**“Series AP Preferred Shares”** has the meaning attributed to it in Section 4.1.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including March 31, 2017 up to, but excluding, March 31, 2022 and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, March 31 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means CST Trust Company, a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series AO Preferred Shares.

## **2 Dividends**

### **2.1 Payment of Dividends**

Holder of Series AO Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends (the “**Series AO Dividends**”) payable quarterly on the last day of March, June, September and December commencing on the first such day after the Dividend Commencement Date (each, a “**Dividend Payment Date**”) at the rates herein provided by cheque at par in lawful money of Canada at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means the Corporation deems desirable.

- (a) During the Initial Fixed Rate Period, the Series AO Dividends payable on the Series AO Preferred Shares will be in an annual amount per share equal to the Initial Fixed Dividend Rate multiplied by \$25.00, and shall be payable in equal quarterly amounts on each Dividend Payment Date. On each Dividend Payment Date during the Initial Fixed Rate Period, the Series AO Dividend will be \$0.284375 per share.
- (b) During each Subsequent Fixed Rate Period, Series AO Dividends payable on the Series AO Preferred Shares will be in an annual amount per share (rounded to the nearest one-thousandth (1/1000) of one cent) determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00, and shall be payable in equal quarterly amounts on each Dividend Payment Date in each year during such Subsequent Fixed Rate Period.

- (c) The Corporation will calculate, on each Fixed Rate Calculation Date, the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and will, on the Fixed Rate Calculation Date, send written notice thereof to the Holders. Each such determination by the Corporation of the Annual Fixed Dividend Rate will, in the absence of manifest error, be final and binding upon the Corporation and upon all Holders.

## **2.2 Method of Payment**

The Corporation shall pay Series AO Dividends (less any tax required to be deducted and withheld by the Corporation), except in case of redemption or conversion in which case payment of Series AO Dividends shall, subject to the provisions of Section 15, be made on surrender of the certificate, if any, representing the Series AO Preferred Shares to be redeemed or converted, by electronic funds transfer or by sending to each Holder (in the manner provided for in Section 13) a cheque for such Series AO Dividends payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary or in such other manner, not contrary to applicable law, as the Corporation shall reasonably determine. The making of such payment or the posting or delivery of such cheque on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation from the related dividends as aforesaid and remitted to the proper taxing authority) unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

## **2.3 Cumulative Payment of Dividends**

If on any Dividend Payment Date, the Series AO Dividends accrued to such date are not paid in full on all of the Series AO Preferred Shares then outstanding, such Series AO Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the directors on which the Corporation shall have sufficient moneys properly applicable to the payment of such Series AO Dividends. The Holders shall not be entitled to any dividends other than or in excess of the Series AO Dividends.

## **2.4 Dividend for Other than a Full Dividend Period**

The Holders shall be entitled to receive, and the Corporation shall pay, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, in respect of any period that is more or less than a full Dividend Period, a dividend in an amount per Series AO Preferred Share equal to the amount obtained (rounded to five decimal places) when the product of the Annual Fixed Dividend Rate and \$25.00 is multiplied by a fraction, the numerator of which is the number of calendar days in the relevant period (which shall include the first and

exclude the last day of such period) and the denominator of which is the number of calendar days in the year in which such period falls.

### **3 Redemption**

#### **3.1 Redemption**

The Corporation may not redeem any of the Series AO Preferred Shares prior to March 31, 2017. On March 31, 2017 and on March 31 every five years thereafter (each, a “**Series AO Conversion Date**”), the Corporation may, subject to the terms of any shares ranking prior to the Series AO Preferred Shares, to applicable law and to the provisions described in Section 5 below, upon giving notice as hereinafter provided, at its option and without the consent of the Holders, redeem all, or from time to time any part, of the then outstanding Series AO Preferred Shares by the payment of an amount in cash for each such Series AO Preferred Share so redeemed equal to \$25.00, together with all Accrued and Unpaid Dividends on the Series AO Preferred Shares up to, but excluding, the date fixed for redemption (the “**Redemption Price**”) (less any tax required to be deducted and withheld by the Corporation).

#### **3.2 Partial Redemption**

If less than all of the then outstanding Series AO Preferred Shares are at any time to be redeemed, then the particular Series AO Preferred Shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if the Series AO Preferred Shares are at such time listed on a stock exchange, with the consent of the applicable stock exchange, in such other manner as the directors of the Corporation in their sole discretion may, by resolution, determine.

#### **3.3 Method of Redemption**

The Corporation shall give notice in writing, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption of any Series AO Preferred Shares, that it is redeeming Series AO Preferred Shares pursuant to Section 3.1 hereof to each person who at the date of giving such notice is the Holder of Series AO Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent to each Holder of Series AO Preferred Shares to be redeemed in the manner provided for in Section 13. Such notice shall set out the number of such Series AO Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to the applicable Holders the Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series AO Preferred Shares so called for redemption, if any, subject to the provisions of Section 15. Such payment shall be made by electronic funds transfer or by cheque in the amount of the Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means that

the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the Holders of Series AO Preferred Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority), unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series AO Preferred Shares called for redemption shall cease to be entitled to receive Series AO Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the Redemption Price shall not be duly made by or on behalf of the Corporation. At any time after notice of redemption is given as aforesaid, the Corporation shall have the right to deposit the Redemption Price of any or all Series AO Preferred Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 15. Upon such deposit or deposits being made, such shares shall be redeemed on the redemption date specified in the notice of redemption. After the Corporation has made a deposit as aforesaid with respect to the applicable Series AO Preferred Shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption moneys that 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 in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

#### **4 Conversion of Series AO Preferred Shares**

##### **4.1 Conversion at the Option of the Holder**

- (a) Subject to applicable law and the terms and provisions hereof, each Holder will have the right, at its option, on each Series AO Conversion Date, to convert all, or any part of, the then outstanding Series AO Preferred Shares registered in the name of the Holder into Cumulative Redeemable First Preferred Shares, Series AP of the Corporation (the "**Series AP Preferred Shares**") on the basis of one Series AP Preferred Share for each Series AO Preferred Share converted. The Corporation shall provide written notice not less than thirty (30) and not more than sixty (60) days prior to the applicable Series AO Conversion Date to the Holders of the conversion privilege provided for herein (the "**Conversion Privilege**"). Such notice shall (i) set out the Series AO Conversion Date, and (ii) include instructions to such Holders as to the method by which such Conversion



Privilege may be exercised, as described in Section 4.3. On the 30th day prior to each Series AO Conversion Date, the Corporation will send to the Holders written notice of the Annual Fixed Dividend Rate applicable to the Series AO Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series AP Preferred Shares for the next succeeding Quarterly Floating Rate Period, in each case as determined by the Corporation.

- (b) If the Corporation gives notice to the Holders, as provided in Section 3, of the redemption of all the Series AO Preferred Shares, the Corporation will not be required to give notice to the Holders, as provided in this Section 4.1, of the Floating Quarterly Dividend Rate, Annual Fixed Dividend Rate or Conversion Privilege and the right of any Holder to convert Series AO Preferred Shares as herein provided shall cease and terminate in that event.
- (c) Holders shall not be entitled to convert their Series AO Preferred Shares into Series AP Preferred Shares on a Series AO Conversion Date if the Corporation determines that there would remain outstanding on the Series AO Conversion Date less than 1,000,000 Series AP Preferred Shares after taking into account all Series AO Preferred Shares tendered for conversion into Series AP Preferred Shares and all Series AP Preferred Shares tendered for conversion into Series AO Preferred Shares. The Corporation shall give written notice thereof to all affected Holders prior to the applicable Series AO Conversion Date and, subject to the provisions of Section 15, shall issue and deliver, or cause to be delivered, prior to such Series AO Conversion Date, at the expense of the Corporation, to the Holders who have surrendered for conversion any certificate or certificates representing Series AO Preferred Shares, new certificates representing the Series AO Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

## **4.2 Automatic Conversion**

If the Corporation determines that there would remain outstanding on a Series AO Conversion Date less than 1,000,000 Series AO Preferred Shares after taking into account all Series AO Preferred Shares tendered for conversion into Series AP Preferred Shares and all Series AP Preferred Shares tendered for conversion into Series AO Preferred Shares, then, all, but not part, of the remaining outstanding Series AO Preferred Shares shall automatically be converted into Series AP Preferred Shares on the basis of one (1) Series AP Preferred Share for each Series AO Preferred Share on the applicable Series AO Conversion Date. The Corporation shall give notice in writing thereof to the Holders of such remaining Series AO Preferred Shares prior to the Series AO Conversion Date.

## **4.3 Manner of Conversion**

- (a) Subject to the provisions of Section 15, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given not earlier than the 30th day prior to a Series AO Conversion Date but not later than 5:00 p.m. (Montreal time) on the 15th day preceding the applicable Series AO Conversion

Date during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, accompanied by: (1) payment or evidence of payment of the tax (if any) payable as provided in this Section 4.3; and (2) the certificate or certificates, if any, representing the Series AO Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series AO Preferred Shares represented by such certificate or certificates and that have not been called for redemption in which event the Corporation will issue and deliver or cause to be delivered to such Holder, at the expense of the Corporation, a new certificate, representing the Series AO Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Corporation.

- (b) If the Corporation does not receive an Election Notice from a Holder during the notice period therefor, then the Series AO Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 4.2).
- (c) In the event the Corporation is required to convert all remaining outstanding Series AO Preferred Shares into Series AP Preferred Shares on the applicable Series AO Conversion Date as provided for in Section 4.2, the Series AO Preferred Shares in respect of which the Holders have not previously elected to convert shall be converted on the Series AO Conversion Date into Series AP Preferred Shares and the Holders thereof shall be deemed to be holders of Series AP Preferred Shares at 5:00 p.m. (Montreal time) on the Series AO Conversion Date and shall be entitled, upon surrender during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, of the certificate or certificates, if any, representing Series AO Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series AP Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 4.3 and Section 15.
- (d) Subject to the provisions of Section 15, as promptly as practicable after the Series AO Conversion Date, the Corporation shall issue and deliver, or cause to be delivered to or upon the written order of the Holder of the Series AO Preferred Shares so surrendered in accordance with this Section 4, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully paid and non-assessable Series AP Preferred Shares and the number of remaining Series AO Preferred Shares, if any, to which such Holder is entitled. Such conversion shall be deemed to have been made at 5:00 p.m. (Montreal time) on the Series AO Conversion Date, so that the rights of the Holder of such Series AO Preferred Shares as the Holder thereof shall cease at such time and the person or persons entitled to receive the

Series AP Preferred Shares upon such conversion will be treated for all purposes as having become the holder or holders of record of such Series AP Preferred Shares at such time.

- (e) The Holder of any Series AO Preferred Share on the record date for any Series AO Dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted into a Series AP Preferred Share after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 15, the issuance of certificates for the Series AP Preferred Shares upon the conversion of Series AO Preferred Shares shall be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series AP Preferred Shares represented thereby; provided, however, that the Corporation shall not be required to pay any tax which may be imposed upon the person or persons to whom such Series AP Preferred Shares are issued in respect of the issuance of such Series AP Preferred Shares or the certificate therefor or which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in the name or names other than that of the Holder or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

#### **4.4 Right Not to Deliver Series AP Preferred Shares**

On the exercise of the Conversion Privilege by a Holder or an automatic conversion pursuant to Section 4.2, the Corporation reserves the right not to deliver Series AP Preferred Shares to any Ineligible Person.

#### **4.5 Status of Converted Series AO Preferred Shares**

All Series AO Preferred Shares converted into Series AP Preferred Shares on a Series AO Conversion Date shall not be cancelled but shall be restored to the status of authorized but unissued shares of the Corporation as at the close of business on the Series AO Conversion Date.

### **5 Restrictions on Dividends and Retirement of Shares**

So long as any of the Series AO Preferred Shares are outstanding, the Corporation shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series AO Preferred Shares) on the common shares of the Corporation (the “**Common Shares**”) or any other shares of the Corporation ranking as to dividends junior to the Series AO Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series AO

Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of the Common Shares or any other shares of the Corporation ranking as to capital junior to the Series AO Preferred Shares;

- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series AO Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire for value or make any return of capital in respect of any other shares of the Corporation, ranking as to dividends or capital on a parity with the Series AO Preferred Shares;

unless, in each such case, all Accrued and Unpaid Dividends on the Series AO Preferred Shares up to and including the Series AO Dividend payable for the last completed Dividend Period have been declared and paid or moneys set apart for payment.

Notwithstanding the provisions of Section 11 hereof, any approval required to be given pursuant to this Section 5 shall be required to be given only by the affirmative vote of the holders of the majority of the Series AO Preferred Shares present or represented at a meeting, or adjourned meeting, of the holders of Series AO Preferred Shares duly called for the purpose and at which a quorum is present.

## **6 Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 5 above, the Corporation may at any time purchase for cancellation all or any number of the Series AO Preferred Shares outstanding from time to time at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable in the open market (including purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by tender available to all Holders or by private agreement or otherwise.

## **7 Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series AO Preferred Shares, the Holders shall be entitled to payment of an amount equal to \$25.00 per Series AO Preferred Share, plus an amount equal to all Accrued and Unpaid Dividends on the Series AO Preferred Shares up to, but excluding, the date of payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series AO Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled

to share in any further distribution of the assets of the Corporation.

## **8 Voting Rights**

The Holders will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the Holders as a series) to receive notice of, attend, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight (8) quarterly Series AO Dividends whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than sixty (60) days after the date on which such failure first occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and such Holders shall have the right, at any such meeting, to one (1) vote in respect of each Series AO Preferred Share held by such Holder. No other voting rights shall attach to the Series AO Preferred Shares in any circumstances. Upon payment of the entire amount of all Series AO Dividends in arrears, the voting rights of the Holders shall forthwith cease, unless and until the same default shall again arise under the provisions of this Section 8.

## **9 Issue of Additional Series of First Preferred Shares**

The Corporation may issue other series of First Preferred Shares ranking on a parity with the Series AO Preferred Shares without the authorization of the holders of the Series AO Preferred Shares.

## **10 Modifications**

These Series AO Preferred Share provisions may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Canada Business Corporations Act*, any such approval to be given in accordance with Section 11.

## **11 Approval of Holders**

### **11.1 Approval**

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders as a series may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders or passed by the affirmative vote of not less than two-thirds of the votes cast by the Holders who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of at least 10% of the outstanding Series AO Preferred Shares are present in person or represented by proxy. If at any such meeting a quorum is not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the

chairman of such meeting, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holder(s) of Series AO Preferred Shares represented in person or by proxy may transact the business for which the meeting was originally called and the Holders represented in person or by proxy shall form the necessary quorum. At any meeting of Holders as a series, each Holder shall be entitled to one (1) vote in respect of each Series AO Preferred Share held by such Holder.

Holders of the Series AO Preferred Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series AO Preferred Shares or (b) create a new class or series of shares equal or superior to the Series AO Preferred Shares.

### **11.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the bylaws of the Corporation with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders, each Holder entitled to vote thereat shall have one (1) vote in respect of each Series AO Preferred Share held by such Holder.

## **12 Tax Election**

The Corporation will elect, in the manner and within the time provided under the Tax Act, under Subsection 191.2(1) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series AO Preferred Shares under Section 187.2 of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

## **13 Communications with Holders**

Except as specifically provided elsewhere in these Series AO Preferred Share provisions, any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, or courier to each Holder at the last address of such Holder as it appears on the securities register of the Corporation or, in the case of joint Holders, to the address of the Holder whose name appears first in the securities register of the Corporation as one of such joint Holders, or, in the event of the address of any of such Holders not so appearing, then to the last address of such Holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders 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 tender 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.

If any notice, cheque, invitation for tenders or other communication from the Corporation given to a Holder is returned on three consecutive occasions because the Holder cannot be found, the Corporation shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such Holder until the Holder informs the Corporation in writing of such Holder's new address.

If the Corporation determines that mail service is, or is threatened to be, interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder, whether in connection with the redemption or conversion of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by Electronic Delivery or by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in Montreal and Toronto and such notice shall be deemed to have been given on the date on which such Electronic Delivery was given or on the date on which the first publication has taken place; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for delivery thereof to the principal office of the Corporation in Montreal, and such cheque and/or certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by ordinary unregistered first class prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate, or in the event of the address of any such Holder not appearing on the securities register of the Corporation, then at the last address of such Holder known to the Corporation.

## **14 Interpretation of Terms**

In these Series AO Preferred Share provisions:

- (a) in the event that any date on which any Series AO Dividend is payable by the Corporation, or any date that is a Series AO Conversion Date, or any date on or by which any other action is required to be taken or determination made by the Corporation or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on or by the next succeeding day that is a Business Day;
- (b) in the event of the non-receipt of a cheque by a Holder entitled to the cheque,

or the loss or destruction of the cheque, the Corporation, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Corporation, will issue to the Holder a replacement cheque for the amount of the original cheque;

- (c) the Corporation will be entitled to deduct or withhold from any amount payable to a Holder under these Series AO Preferred Share provisions any amount required by law to be deducted or withheld from that payment and any reference herein to the Corporation deducting tax and remitting to a taxing authority shall be interpreted to include deducting any such amount required by law to be deducted or withheld and remitted to the applicable authorities;
- (d) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (e) if it is necessary to convert any amount into Canadian dollars, the Corporation will select an appropriate method and rate of exchange to convert any non- Canadian currency into Canadian dollars; and
- (f) all references herein to a Holder shall be interpreted as referring to a registered Holder.

## **15 Book-Entry Only System**

### **15.1 Transfers etc. Through Participants**

If the Series AO Preferred Shares are held through the Book-Entry Only System, then the beneficial owner thereof shall provide instructions with respect to Series AO Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series AO Preferred Shares or otherwise through the Depository's systems and registrations of ownership, transfers, purchases, surrenders, conversions and exchanges of Series AO Preferred Shares will be made only through the Book-Entry Only System. Beneficial owners of Series AO Preferred Shares will not have the right to receive share certificates representing their ownership of the Series AO Preferred Shares.

### **15.2 Depository is Registered Holder**

For the purposes of these Series AO Preferred Share provisions, as long as the Depository, or its nominee, is the registered Holder of the Series AO Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series AO Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series AO Preferred Shares, including payments of Series AO Dividends, the Redemption Price or Accrued and Unpaid Dividends on the Series AO Preferred Shares, and the delivery of Series AP Preferred Shares and certificates for those shares on the conversion into Series AP Preferred Shares.



## SCHEDULE 4

The Series AP Preferred Shares shall, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares of the Corporation (the “**First Preferred Shares**”) as a class, have the following rights, privileges, restrictions and conditions:

### 1 Definitions

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Accrued and Unpaid Dividends**” means the aggregate of: (i) all unpaid Series AP Dividends for any completed Quarterly Floating Rate Period; and (ii) a cash amount calculated as though Series AP Dividends had been accruing on a day to day basis from and including the most recent Quarterly Period Commencement Date up to, but excluding, the date to which the computation of accrued dividends is to be made.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.09%.

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

“**Book-Entry Only System**” means the record book-entry only securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or statutory holiday, when banks are generally open in both of the Cities of Montreal, Québec, and Toronto, Ontario, for the transaction of banking business.

“**Common Shares**” has the meaning attributed to it in Section 5(a).

“**Conversion Privilege**” has the meaning attributed to it in Section 4.1(a).

“**Corporation**” has the meaning attributed to it in the heading to these Series AP Preferred Shares provisions.

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Corporation.

“**Dividend Payment Date**” has the meaning attributed to it in Section 2.1.

“**Election Notice**” has the meaning attributed to it in Section 4.3.

“**Electronic Delivery**” means the delivery by facsimile, electronic mail, the Internet or other electronic means.

“**First Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series AP Preferred Shares provisions.

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

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 3.09% calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365.

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

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

“**Holder**” has the meaning attributed to it in Section 2.1.

“**Ineligible Person**” means any person whose address is in, or whom the Corporation or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series AP Preferred Shares or Series AO Preferred Shares, as the case may be, would require the Corporation to take any action to comply with securities or analogous laws of that jurisdiction.

“**In priority to**”, “**on a parity with**” and “**junior to**” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

“**Quarterly Amount**” has the meaning attributed to it in Section 2.1.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period from and including March 31, 2017 up to, but excluding, June 30, 2017, and thereafter the period from and including the day immediately following the end of the

immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Period Commencement Date.

“**Quarterly Period Commencement Date**” means the last calendar day of each of March, June, September and December in each year.

“**Redemption Price**” has the meaning attributed to it in Section 3.1.

“**Series AO Preferred Shares**” has the meaning attributed to it in Section 4.1.

“**Series AP Conversion Date**” has the meaning attributed to it in Section 3.1.

“**Series AP Dividends**” has the meaning attributed to it in Section 2.1.

“**Series AP Preferred Shares**” means the Cumulative Redeemable First Preferred Shares, Series AP of the Corporation.

“**Subsequent Fixed Rate Period**” means, for the initial Subsequent Fixed Rate Period, the period from and including March 31, 2017 up to, but excluding, March 31, 2022 and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, March 31 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means CST Trust Company, a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series AP Preferred Shares.

## **2 Dividends**

### **2.1 Payment of Dividends**

Holders of Series AP Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, floating rate, cumulative, preferential cash dividends (the “**Series AP Dividends**”) payable quarterly on the last day of March, June, September and December (each, a “**Dividend Payment Date**”), in the amount per share (rounded to the nearest one-thousandth (1/1000) of one cent) determined by multiplying the applicable Floating Quarterly Dividend Rate for the applicable Quarterly Floating Rate Period by \$25.00 (a “**Quarterly Amount**”), by cheque at par in lawful money of Canada at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means the

Corporation deems desirable.

The Corporation will calculate, on each Floating Rate Calculation Date, the Floating Quarterly Dividend Rate for the applicable Quarterly Floating Rate Period and will, on the Floating Rate Calculation Date, send written notice thereof to the Holders. Each such determination by the Corporation of the Floating Quarterly Dividend Rate will, in the absence of manifest error, be final and binding upon the Corporation and upon all Holders.

## **2.2 Method of Payment**

The Corporation shall pay Series AP Dividends (less any tax required to be deducted and withheld by the Corporation), except in case of redemption or conversion in which case payment of Series AP Dividends shall, subject to the provisions of Section 15, be made on surrender of the certificate, if any, representing the Series AP Preferred Shares to be redeemed or converted, by electronic funds transfer or by sending to each Holder (in the manner provided for in Section 13) a cheque for such Series AP Dividends payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary or in such other manner, not contrary to applicable law, as the Corporation shall reasonably determine. The making of such payment or the posting or delivery of such cheque on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation from the related dividends as aforesaid and remitted to the proper taxing authority) unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

## **2.3 Cumulative Payment of Dividends**

If on any Dividend Payment Date, the Series AP Dividends accrued to such date are not paid in full on all of the Series AP Preferred Shares then outstanding, such Series AP Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the directors on which the Corporation shall have sufficient moneys properly applicable to the payment of such Series AP Dividends. The Holders shall not be entitled to any dividends other than or in excess of the Series AP Dividends.

## **2.4 Dividend for Other than a Full Quarterly Floating Rate Period**

The Holders shall be entitled to receive, and the Corporation shall pay, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, Series AP Dividends for any period which is less than a full Quarterly Floating Rate Period in an amount per share with respect to any Series AP Preferred Share equal to the amount obtained (rounded to five decimal places) when the applicable Quarterly Amount is multiplied by a fraction of which the

numerator is the number of days in such Quarterly Floating Rate Period that such share has been outstanding (excluding the date of payment or redemption or the effective date for the distribution of assets in connection with the liquidation, dissolution or winding up of the Corporation) and the denominator is the total number of days in such Quarterly Floating Rate Period.

### **3 Redemption**

#### **3.1 Redemption**

The Corporation may not redeem any of the Series AP Preferred Shares on or prior to March 31, 2017. The Corporation may, subject to the terms of any shares ranking prior to the Series AP Preferred Shares, to applicable law and to the provisions described in Section 5 below, upon giving notice as hereinafter provided, at its option and without the consent of the Holders, redeem all, or from time to time any part, of the then outstanding Series AP Preferred Shares by the payment of an amount in cash for each such Series AP Preferred Share so redeemed equal to:

- (a) \$25.00, in the case of redemptions on March 31, 2022 and on March 31 every five years thereafter (each, a “**Series AP Conversion Date**”); or
- (b) \$25.50 in the case of redemptions on any date after March 31, 2017 which is not a Series AP Conversion Date;

in each case together with all Accrued and Unpaid Dividends on the Series AP Preferred Shares up to, but excluding, the date fixed for redemption (the “**Redemption Price**”) (less any tax required to be deducted and withheld by the Corporation).

#### **3.2 Partial Redemption**

If less than all of the then outstanding Series AP Preferred Shares are at any time to be redeemed, then the particular Series AP Preferred Shares to be redeemed shall be selected on a pro rata basis disregarding fractions or, if the Series AP Preferred Shares are at such time listed on a stock exchange, with the consent of the applicable stock exchange, in such other manner as the directors of the Corporation in their sole discretion may, by resolution, determine.

#### **3.3 Method of Redemption**

The Corporation shall give notice in writing not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption of any Series AP Preferred Shares, that it is redeeming Series AP Preferred Shares pursuant to Section 3.1 hereof, to each person who at the date of giving such notice is the Holder of Series AP Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent to each Holder of Series AP Preferred Shares to be redeemed in the manner provided for in Section 13. Such notice shall set out the number of such Series AP Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place.

On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to the applicable Holders the Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series AP Preferred Shares so called for redemption, if any, subject to the provisions of Section 15. Such payment shall be made by electronic funds transfer or by cheque in the amount of the Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in Canada of the Corporation's bankers for the time being or by any other reasonable means that the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the Holders of Series AP Preferred Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority); unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series AP Preferred Shares called for redemption shall cease to be entitled to receive Series AP Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the Redemption Price shall not be duly made by or on behalf of the Corporation. At any time after notice of redemption is given as aforesaid, the Corporation shall have the right to deposit the Redemption Price of any or all Series AP Preferred Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 15. Upon such deposit or deposits being made, such shares shall be redeemed on the redemption date specified in the notice of redemption. After the Corporation has made a deposit as aforesaid with respect to the applicable Series AP Preferred Shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption moneys that 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 in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

#### **4 Conversion of Series AP Preferred Shares**

##### **4.1 Conversion at the Option of the Holder**

- (a) Subject to applicable law and the terms and provisions hereof, each Holder will have the right, at its option, on each Series AP Conversion Date, to convert all, or

any part of, the then outstanding Series AP Preferred Shares registered in the name of the Holder into Cumulative Redeemable First Preferred Shares, Series AO of the Corporation (the “**Series AO Preferred Shares**”) on the basis of one Series AO Preferred Share for each Series AP Preferred Share converted. The Corporation shall provide written notice not less than thirty (30) and not more than sixty (60) days prior to the applicable Series AP Conversion Date to the Holders of the conversion privilege provided for herein (the “**Conversion Privilege**”). Such notice shall (i) set out the Series AP Conversion Date, and (ii) include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 4.3. On the 30th day prior to each Series AP Conversion Date, the Corporation will send to the Holders written notice of the Floating Quarterly Dividend Rate applicable to the Series AP Preferred Shares for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series AO Preferred Shares for the next succeeding Subsequent Fixed Rate Period, in each case as determined by the Corporation.

- (b) If the Corporation gives notice to the Holders as provided in Section 3 of the redemption of all the Series AP Preferred Shares, the Corporation will not be required to give notice to the Holders as provided in this Section 4.1 to the Holders of the Floating Quarterly Dividend Rate, Annual Fixed Dividend Rate or Conversion Privilege and the right of any Holder to convert Series AP Preferred Shares as herein provided shall cease and terminate in that event.
- (c) Holders shall not be entitled to convert their Series AP Preferred Shares into Series AO Preferred Shares on a Series AP Conversion Date if the Corporation determines that there would remain outstanding on the Series AP Conversion Date less than 1,000,000 Series AO Preferred Shares after taking into account all Series AP Preferred Shares tendered for conversion into Series AO Preferred Shares and all Series AO Preferred Shares tendered for conversion into Series AP Preferred Shares. The Corporation shall give written notice thereof to all affected Holders prior to the applicable Series AP Conversion Date and, subject to the provisions of Section 15, shall issue and deliver, or cause to be delivered, prior to such Series AP Conversion Date, at the expense of the Corporation, to the Holders who have surrendered for conversion any certificate or certificates representing Series AP Preferred Shares, new certificates representing the Series AP Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

## **4.2 Automatic Conversion**

If the Corporation determines that there would remain outstanding on a Series AP Conversion Date less than 1,000,000 Series AP Preferred Shares after taking into account all Series AP Preferred Shares tendered for conversion into Series AO Preferred Shares and all Series AO Preferred Shares tendered for conversion into Series AP Preferred

Shares, then, all, but not part, of the remaining outstanding Series AP Preferred Shares shall automatically be converted into Series AO Preferred Shares on the basis of one (1) Series AO Preferred Share for each Series AP Preferred Share on the applicable Series AP Conversion Date. The Corporation shall give notice in writing thereof to the Holders of such remaining Series AP Preferred Shares prior to the Series AP Conversion Date.

#### **4.3 Manner of Conversion**

- (a) Subject to the provisions of Section 15, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given not earlier than the 30th day prior to a Series AP Conversion Date but not later than 5:00 p.m. (Montreal time) on the 15th day preceding the applicable Series AP Conversion Date during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, accompanied by (1) payment or evidence of payment of the tax (if any) payable as provided in this Section 4.3; and (2) the certificate or certificates, if any, representing the Series AP Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series AP Preferred Shares represented by such certificate or certificates and that have not been called for redemption in which event the Corporation will issue and deliver or cause to be delivered to such Holder, at the expense of the Corporation, a new certificate, representing the Series AP Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Corporation.
- (b) If the Corporation does not receive an Election Notice from a Holder during the notice period therefor, then the Series AP Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 4.2).
- (c) In the event the Corporation is required to convert all remaining outstanding Series AP Preferred Shares into Series AO Preferred Shares on the applicable Series AP Conversion Date as provided for in Section 4.2, the Series AP Preferred Shares in respect of which the Holders have not previously elected to convert shall be converted on the Series AP Conversion Date into Series AO Preferred Shares and the Holders thereof shall be deemed to be holders of Series AO Preferred Shares at 5:00 p.m. (Montreal time) on the Series AP Conversion Date and shall be entitled, upon surrender during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, of the certificate or certificates, if any, representing Series AP Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series AO Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 4.3 and Section 15.



- (d) Subject to the provisions of Section 15, as promptly as practicable after the Series AP Conversion Date, the Corporation shall issue and deliver, or cause to be delivered to or upon the written order of the Holder of the Series AP Preferred Shares so surrendered in accordance with this Section 4, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully-paid and non-assessable Series AO Preferred Shares and the number of remaining Series AP Preferred Shares, if any, to which such Holder is entitled. Such conversion shall be deemed to have been made at 5:00 p.m. (Montreal time) on the Series AP Conversion Date, so that the rights of the Holder of such Series AP Preferred Shares as the Holder thereof shall cease at such time and the person or persons entitled to receive the Series AO Preferred Shares upon such conversion will be treated for all purposes as having become the holder or holders of record of such Series AO Preferred Shares at such time.
- (e) The Holder of any Series AP Preferred Share on the record date for any Series AP Dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted into a Series AO Preferred Share after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 15, the issuance of certificates for the Series AO Preferred Shares upon the conversion of Series AP Preferred Shares shall be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series AO Preferred Shares represented thereby; provided, however, that the Corporation shall not be required to pay any tax which may be imposed upon the person or persons to whom such Series AO Preferred Shares are issued in respect of the issuance of such Series AO Preferred Shares or the certificate therefor or which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in the name or names other than that of the Holder or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

#### **4.4 Right Not to Deliver Series AO Preferred Shares**

On the exercise of the Conversion Privilege by a Holder or an automatic conversion pursuant to Section 4.2, the Corporation reserves the right not to deliver Series AO Preferred Shares to any Ineligible Person.

#### **4.5 Status of Converted Series AP Preferred Shares**

All Series AP Preferred Shares converted into Series AO Preferred Shares on a Series AP Conversion Date shall not be cancelled but shall be restored to the status of authorized but unissued shares of the Corporation as at the close of business on the Series AP Conversion Date.

## **5 Restrictions on Dividends and Retirement of Shares**

So long as any of the Series AP Preferred Shares are outstanding, the Corporation shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series AP Preferred Shares) on common shares of the Corporation (the “**Common Shares**”) or any other shares of the Corporation ranking as to dividends junior to the Series AP Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series AP Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of the Common Shares or any other shares of the Corporation ranking as to capital junior to the Series AP Preferred Shares;
- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series AP Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire for value or make any return of capital in respect of any other shares of the Corporation, ranking as to dividends or capital on a parity with the Series AP Preferred Shares;

unless, in each such case, all Accrued and Unpaid Dividends on the Series AP Preferred Shares up to and including the Series AP Dividend payable for the last completed Quarterly Floating Rate Period have been declared and paid or moneys set apart for payment.

Notwithstanding the provisions of Section 11.2 hereof, any approval required to be given pursuant to this Section 5 shall be required to be given only by the affirmative vote of the holders of the majority of the Series AP Preferred Shares present or represented at a meeting, or adjourned meeting, of the holders of Series AP Preferred Shares duly called for the purpose and at which a quorum is present.

## **6 Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 5 above, the Corporation may at any time purchase for cancellation all or any number of the Series AP Preferred Shares outstanding from time to time at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable in the open market (including purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by tender available to all Holders or by private agreement or otherwise.

## **7 Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series AP Preferred Shares, the Holders shall be entitled to payment of an amount equal to \$25.00 per Series AP Preferred Share, plus an amount equal to all Accrued and Unpaid Dividends on the Series AP Preferred Shares up to, but excluding, the date of payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series AP Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Corporation.

## **8 Voting Rights**

The Holders will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the Holders as a series) to receive notice of, attend, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight (8) quarterly Series AP Dividends whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than sixty (60) days after the date on which such failure first occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and such Holders shall have the right, at any such meeting, to one (1) vote in respect of each Series AP Preferred Share held by such Holder. No other voting rights shall attach to the Series AP Preferred Shares in any circumstances. Upon payment of the entire amount of all Series AP Dividends in arrears, the voting rights of the Holders shall forthwith cease, unless and until the same default shall again arise under the provisions of this Section 8.

## **9 Issue of Additional Series of First Preferred Shares**

The Corporation may issue other series of First Preferred Shares ranking on a parity with the Series AP Preferred Shares without the authorization of the holders of the Series AP Preferred Shares.

## **10 Modifications**

These Series AP Preferred Share provisions may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Canada Business Corporations Act*, any such approval to be given in accordance with Section 11.

## **11 Approval of Holders**

### **11.1 Approval**

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders as a series may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders or passed by the affirmative vote of not less than two-thirds of the votes cast by the Holders who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of at least 10% of the outstanding Series AP Preferred Shares are present in person or represented by proxy. If at any such meeting a quorum is not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holder(s) of Series AP Preferred Shares represented in person or by proxy may transact the business for which the meeting was originally called and the Holders represented in person or by proxy shall form the necessary quorum. At any meeting of Holders as a series, each Holder shall be entitled to one (1) vote in respect of each Series AP Preferred Share held by such Holder.

Holders of the Series AP Preferred Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series AP Preferred Shares or (b) create a new class or series of shares equal or superior to the Series AP Preferred Shares.

### **11.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders, each Holder entitled to vote thereat shall have one (1) vote in respect of each Series AP Preferred Share held by such Holder.

## **12 Tax Election**

The Corporation will elect, in the manner and within the time provided under the Tax Act, under Subsection 191.2(1) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series AP Preferred Shares under Section 187.2 of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

### **13 Communications with Holders**

Except as specifically provided elsewhere in these Series AP Preferred Share provisions, any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, or courier to each Holder at the last address of such Holder as it appears on the securities register of the Corporation or, in the case of joint Holders, to the address of the Holder whose name appears first in the securities register of the Corporation as one of such joint Holders, or, in the event of the address of any of such Holders not so appearing, then to the last address of such Holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders 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 tender 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.

If any notice, cheque, invitation for tenders or other communication from the Corporation given to a Holder is returned on three consecutive occasions because the Holder cannot be found, the Corporation shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such Holder until the Holder informs the Corporation in writing of such Holder's new address.

If the Corporation determines that mail service is, or is threatened to be, interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder, whether in connection with the redemption or conversion of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by Electronic Delivery or by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in Montreal and Toronto and such notice shall be deemed to have been given on the date on which such Electronic Delivery was given or on the date on which the first publication has taken place; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for delivery thereof to the principal office of the Corporation in Montreal, and such cheque and/or certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by ordinary unregistered first class prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate, or in the event of the address of any such Holder not appearing on the securities register of the Corporation, then at the last address of such Holder known to the

Corporation.

## **14 Interpretation of Terms**

In these Series AP Preferred Share provisions:

- (a) in the event that any date on which any Series AP Dividend is payable by the Corporation, or any date that is a Series AP Conversion Date, or any date on or by which any other action is required to be taken or determination made by the Corporation or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on or by the next succeeding day that is a Business Day;
- (b) in the event of the non-receipt of a cheque by a Holder entitled to the cheque, or the loss or destruction of the cheque, the Corporation, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Corporation, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (c) the Corporation will be entitled to deduct or withhold from any amount payable to a Holder under these Series AP Preferred Share provisions any amount required by law to be deducted or withheld from that payment and any reference herein to the Corporation deducting tax and remitting to a taxing authority shall be interpreted to include deducting any such amount required by law to be deducted or withheld and remitted to the applicable authorities;
- (d) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (e) if it is necessary to convert any amount into Canadian dollars, the Corporation will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (f) all references herein to a Holder shall be interpreted as referring to a registered Holder.

## **15 Book-Entry Only System**

### **15.1 Transfers etc. Through Participants**

If the Series AP Preferred Shares are held through the Book-Entry Only System then the beneficial owner thereof shall provide instructions with respect to Series AP Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series AP Preferred Shares or otherwise through the Depository's systems and registrations of ownership, transfers, purchases, surrenders, conversions and exchanges of Series AP Preferred Shares will be made only through the Book-Entry Only System. Beneficial

owners of Series AP Preferred Shares will not have the right to receive share certificates representing their ownership of the Series AP Preferred Shares.

## **15.2 Depository is Registered Holder**

For the purposes of these Series AP Preferred Share provisions, as long as the Depository, or its nominee, is the registered Holder of the Series AP Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series AP Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series AP Preferred Shares, including payments of Series AP Dividends, the Redemption Price or Accrued and Unpaid Dividends on the Series AP Preferred Shares, and the delivery of Series AO Preferred Shares and certificates for those shares on the conversion into Series AO Preferred Shares.

## SCHEDULE 5

The Series AQ Preferred Shares shall, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares of the Corporation (the “**First Preferred Shares**”) as a class, have the following rights, privileges, restrictions and conditions:

### 1 Definitions

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Accrued and Unpaid Dividends**” means the aggregate of: (i) all unpaid Series AQ Dividends for any completed Dividend Period; and (ii) a cash amount calculated as though Series AQ Dividends had been accruing on a day to day basis from and including the most recent Quarterly Period Commencement Date up to, but excluding, the date to which the computation of accrued dividends is to be made.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.64%.

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

“**Book-Entry Only System**” means the record book-entry only securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or statutory holiday, when banks are generally open in both of the Cities of Montreal, Québec, and Toronto, Ontario, for the transaction of banking business.

“**Common Shares**” has the meaning attributed to it in Section 5(a).

“**Conversion Privilege**” has the meaning attributed to it in Section 4.1(a).

“**Corporation**” has the meaning attributed to it in the heading to these Series AQ Preferred Shares provisions.

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Corporation.



**“Dividend Commencement Date”** means (a) if the Issue Date occurs on or before the Prefco Preferred Share Record Date during a quarterly dividend period for the Prefco Preferred Shares, the Quarterly Period Commencement Date immediately preceding the Issue Date, or (b) if the Issue Date occurs after the Prefco Preferred Share Record Date for such quarterly dividend period for the Prefco Preferred Shares, the next Quarterly Period Commencement Date after the Issue Date.

**“Dividend Payment Date”** has the meaning attributed to it in Section 2.1.

**“Dividend Period”** means the period from and including the Dividend Commencement Date up to, but excluding, the next succeeding Quarterly Period Commencement Date and, thereafter, each period from and including the last calendar day of December, March, June and September in each year, up to but excluding the next succeeding Quarterly Period Commencement Date.

**“Election Notice”** has the meaning attributed to it in Section 4.3.

**“Electronic Delivery”** means the delivery by facsimile, electronic mail, the Internet or other electronic means.

**“First Preferred Shares”** has the meaning attributed to it in the introductory paragraph to these Series AQ Preferred Shares provisions.

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

**“Floating Quarterly Dividend Rate”** means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.64% calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365.

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

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

**“Holders”** has the meaning attributed to it in Section 2.1.

**“Ineligible Person”** means any person whose address is in, or whom the Corporation or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series AQ Preferred Shares or Series AR Preferred Shares, as the case may be, would require the Corporation to take any action to comply with securities or analogous laws of that jurisdiction.

**“Initial Fixed Dividend Rate”** means 4.25% per annum.

**“Initial Fixed Rate Period”** means the period from and including the Dividend Commencement Date up to, but excluding, September 30, 2018.

**“In priority to”, “on a parity with” and “junior to”** have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

**“Issue Date”** means the date on which the Series AQ Preferred Shares are first issued.

**“Prefco”** means Bell Aliant Preferred Equity Inc.

**“Prefco Preferred Share Record Date”** means the record date for the purpose of determining Prefco Preferred Shareholders entitled to receive payment of any cash dividend payable to Prefco Preferred Shareholders in respect of any quarterly dividend period for the Prefco Preferred Shares, in accordance with the articles of Prefco.

**“Prefco Preferred Shareholders”** means holders of the Prefco Preferred Shares.

**“Prefco Preferred Shares”** means the Cumulative 5-Year Rate Reset Preferred Shares, Series E of Prefco.

**“Quarterly Floating Rate Period”** means, for the initial Quarterly Floating Rate Period, the period from and including September 30, 2018 up to, but excluding, December 31, 2018, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Period Commencement Date.

**“Quarterly Period Commencement Date”** means the last calendar day of each of March, June, September and December in each year.

**“Redemption Price”** has the meaning attributed to it in Section 3.1.

**“Series AQ Conversion Date”** has the meaning attributed to it in Section 3.1.

**“Series AQ Dividends”** has the meaning attributed to it in Section 2.1.

**“Series AQ Preferred Shares”** means the Cumulative Redeemable First Preferred Shares, Series AQ of the Corporation.

“**Series AR Preferred Shares**” has the meaning attributed to it in Section 4.1.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2018 up to, but excluding, September 30, 2023 and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, September 30 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means CST Trust Company, a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series AQ Preferred Shares.

## **2 Dividends**

### **2.1 Payment of Dividends**

Holder of Series AQ Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends (the “**Series AQ Dividends**”) payable quarterly on the last day of March, June, September and December commencing on the first such day after the Dividend Commencement Date (each, a “**Dividend Payment Date**”) at the rates herein provided by cheque at par in lawful money of Canada at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means the Corporation deems desirable.

- (a) During the Initial Fixed Rate Period, the Series AQ Dividends payable on the Series AQ Preferred Shares will be in an annual amount per share equal to the Initial Fixed Dividend Rate multiplied by \$25.00, and shall be payable in equal quarterly amounts on each Dividend Payment Date. On each Dividend Payment Date during the Initial Fixed Rate Period, the Series AQ Dividend will be \$0.265625 per share.
- (b) During each Subsequent Fixed Rate Period, Series AQ Dividends payable on the Series AQ Preferred Shares will be in an annual amount per share (rounded to the nearest one-thousandth (1/1000) of one cent) determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00, and shall be payable in equal quarterly amounts on each Dividend Payment Date in each year during such Subsequent Fixed Rate Period.

- (c) The Corporation will calculate, on each Fixed Rate Calculation Date, the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and will, on the Fixed Rate Calculation Date, send written notice thereof to the Holders. Each such determination by the Corporation of the Annual Fixed Dividend Rate will, in the absence of manifest error, be final and binding upon the Corporation and upon all Holders.

## **2.2 Method of Payment**

The Corporation shall pay Series AQ Dividends (less any tax required to be deducted and withheld by the Corporation), except in case of redemption or conversion in which case payment of Series AQ Dividends shall, subject to the provisions of Section 15, be made on surrender of the certificate, if any, representing the Series AQ Preferred Shares to be redeemed or converted, by electronic funds transfer or by sending to each Holder (in the manner provided for in Section 13) a cheque for such Series AQ Dividends payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary or in such other manner, not contrary to applicable law, as the Corporation shall reasonably determine. The making of such payment or the posting or delivery of such cheque on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation from the related dividends as aforesaid and remitted to the proper taxing authority) unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

## **2.3 Cumulative Payment of Dividends**

If on any Dividend Payment Date, the Series AQ Dividends accrued to such date are not paid in full on all of the Series AQ Preferred Shares then outstanding, such Series AQ Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the directors on which the Corporation shall have sufficient moneys properly applicable to the payment of such Series AQ Dividends. The Holders shall not be entitled to any dividends other than or in excess of the Series AQ Dividends.

## **2.4 Dividend for Other than a Full Dividend Period**

The Holders shall be entitled to receive, and the Corporation shall pay, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, in respect of any period that is more or less than a full Dividend Period, a dividend in an amount per Series AQ Preferred Share equal to the amount obtained (rounded to five decimal places) when the product of the Annual Fixed Dividend Rate and \$25.00 is multiplied by a fraction, the numerator of which

is the number of calendar days in the relevant period (which shall include the first and exclude the last day of such period) and the denominator of which is the number of calendar days in the year in which such period falls.

### **3 Redemption**

#### **3.1 Redemption**

The Corporation may not redeem any of the Series AQ Preferred Shares prior to September 30, 2018. On September 30, 2018 and on September 30 every five years thereafter (each, a “**Series AQ Conversion Date**”), the Corporation may, subject to the terms of any shares ranking prior to the Series AQ Preferred Shares, to applicable law and to the provisions described in Section 5 below, upon giving notice as hereinafter provided, at its option and without the consent of the Holders, redeem all, or from time to time any part, of the then outstanding Series AQ Preferred Shares by the payment of an amount in cash for each such Series AQ Preferred Share so redeemed equal to \$25.00, together with all Accrued and Unpaid Dividends on the Series AQ Preferred Shares up to, but excluding, the date fixed for redemption (the “**Redemption Price**”) (less any tax required to be deducted and withheld by the Corporation).

#### **3.2 Partial Redemption**

If less than all of the then outstanding Series AQ Preferred Shares are at any time to be redeemed, then the particular Series AQ Preferred Shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions or, if the Series AQ Preferred Shares are at such time listed on a stock exchange, with the consent of the applicable stock exchange, in such other manner as the directors of the Corporation in their sole discretion may, by resolution, determine.

#### **3.3 Method of Redemption**

The Corporation shall give notice in writing, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption of any Series AQ Preferred Shares, that it is redeeming Series AQ Preferred Shares pursuant to Section 3.1 hereof to each person who at the date of giving such notice is the Holder of Series AQ Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent to each Holder of Series AQ Preferred Shares to be redeemed in the manner provided for in Section 13. Such notice shall set out the number of such Series AQ Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place. On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to the applicable Holders the Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series AQ Preferred Shares so called for redemption, if any, subject to the provisions of Section 15. Such payment shall be made by electronic funds transfer or by cheque in the amount of the Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in

Canada of the Corporation's bankers for the time being or by any other reasonable means that the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the Holders of Series AQ Preferred Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority), unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series AQ Preferred Shares called for redemption shall cease to be entitled to receive Series AQ Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the Redemption Price shall not be duly made by or on behalf of the Corporation. At any time after notice of redemption is given as aforesaid, the Corporation shall have the right to deposit the Redemption Price of any or all Series AQ Preferred Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 15. Upon such deposit or deposits being made, such shares shall be redeemed on the redemption date specified in the notice of redemption. After the Corporation has made a deposit as aforesaid with respect to the applicable Series AQ Preferred Shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption moneys that 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 in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

#### **4 Conversion of Series AQ Preferred Shares**

##### **4.1 Conversion at the Option of the Holder**

- (a) Subject to applicable law and the terms and provisions hereof, each Holder will have the right, at its option, on each Series AQ Conversion Date, to convert all, or any part of, the then outstanding Series AQ Preferred Shares registered in the name of the Holder into Cumulative Redeemable First Preferred Shares, Series AR of the Corporation (the "**Series AR Preferred Shares**") on the basis of one Series AR Preferred Share for each Series AQ Preferred Share converted. The Corporation shall provide written notice not less than thirty (30) and not more than sixty (60) days prior to the applicable Series AQ Conversion Date to the Holders of the conversion privilege provided for herein (the "Conversion Privilege"). Such notice shall (i) set out the Series AQ Conversion Date, and (ii)

include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 4.3. On the 30th day prior to each Series AQ Conversion Date, the Corporation will send to the Holders written notice of the Annual Fixed Dividend Rate applicable to the Series AQ Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series AR Preferred Shares for the next succeeding Quarterly Floating Rate Period, in each case as determined by the Corporation.

- (b) If the Corporation gives notice to the Holders, as provided in Section 3, of the redemption of all the Series AQ Preferred Shares, the Corporation will not be required to give notice to the Holders, as provided in this Section 4.1, of the Floating Quarterly Dividend Rate, Annual Fixed Dividend Rate or Conversion Privilege and the right of any Holder to convert Series AQ Preferred Shares as herein provided shall cease and terminate in that event.
- (c) Holders shall not be entitled to convert their Series AQ Preferred Shares into Series AR Preferred Shares on a Series AQ Conversion Date if the Corporation determines that there would remain outstanding on the Series AQ Conversion Date less than 1,000,000 Series AR Preferred Shares after taking into account all Series AQ Preferred Shares tendered for conversion into Series AR Preferred Shares and all Series AR Preferred Shares tendered for conversion into Series AQ Preferred Shares. The Corporation shall give written notice thereof to all affected Holders prior to the applicable Series AQ Conversion Date and, subject to the provisions of Section 15, shall issue and deliver, or cause to be delivered, prior to such Series AQ Conversion Date, at the expense of the Corporation, to the Holders who have surrendered for conversion any certificate or certificates representing Series AQ Preferred Shares, new certificates representing the Series AQ Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

## **4.2 Automatic Conversion**

If the Corporation determines that there would remain outstanding on a Series AQ Conversion Date less than 1,000,000 Series AQ Preferred Shares after taking into account all Series AQ Preferred Shares tendered for conversion into Series AR Preferred Shares and all Series AR Preferred Shares tendered for conversion into Series AQ Preferred Shares, then, all, but not part, of the remaining outstanding Series AQ Preferred Shares shall automatically be converted into Series AR Preferred Shares on the basis of one (1) Series AR Preferred Share for each Series AQ Preferred Share on the applicable Series AQ Conversion Date. The Corporation shall give notice in writing thereof to the Holders of such remaining Series AQ Preferred Shares prior to the Series AQ Conversion Date.

## **4.3 Manner of Conversion**

- (a) Subject to the provisions of Section 15, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given not earlier than the

30th day prior to a Series AQ Conversion Date but not later than 5:00 p.m. (Montreal time) on the 15th day preceding the applicable Series AQ Conversion Date during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, accompanied by: (1) payment or evidence of payment of the tax (if any) payable as provided in this Section 4.3; and (2) the certificate or certificates, if any, representing the Series AQ Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series AQ Preferred Shares represented by such certificate or certificates and that have not been called for redemption in which event the Corporation will issue and deliver or cause to be delivered to such Holder, at the expense of the Corporation, a new certificate, representing the Series AQ Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Corporation.

- (b) If the Corporation does not receive an Election Notice from a Holder during the notice period therefor, then the Series AQ Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 4.2).
- (c) In the event the Corporation is required to convert all remaining outstanding Series AQ Preferred Shares into Series AR Preferred Shares on the applicable Series AQ Conversion Date as provided for in Section 4.2, the Series AQ Preferred Shares in respect of which the Holders have not previously elected to convert shall be converted on the Series AQ Conversion Date into Series AR Preferred Shares and the Holders thereof shall be deemed to be holders of Series AR Preferred Shares at 5:00 p.m. (Montreal time) on the Series AQ Conversion Date and shall be entitled, upon surrender during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, of the certificate or certificates, if any, representing Series AQ Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series AR Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 4.3 and Section 15.
- (d) Subject to the provisions of Section 15, as promptly as practicable after the Series AQ Conversion Date, the Corporation shall issue and deliver, or cause to be delivered to or upon the written order of the Holder of the Series AQ Preferred Shares so surrendered in accordance with this Section 4, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully paid and non-assessable Series AR Preferred Shares and the number of remaining Series AQ Preferred Shares, if any, to which such Holder is entitled. Such conversion shall be deemed to have been made at 5:00 p.m. (Montreal time) on the Series AQ Conversion Date, so



that the rights of the Holder of such Series AQ Preferred Shares as the Holder thereof shall cease at such time and the person or persons entitled to receive the Series AR Preferred Shares upon such conversion will be treated for all purposes as having become the holder or holders of record of such Series AR Preferred Shares at such time.

- (e) The Holder of any Series AQ Preferred Share on the record date for any Series AQ Dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted into a Series AR Preferred Share after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 15, the issuance of certificates for the Series AR Preferred Shares upon the conversion of Series AQ Preferred Shares shall be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series AR Preferred Shares represented thereby; provided, however, that the Corporation shall not be required to pay any tax which may be imposed upon the person or persons to whom such Series AR Preferred Shares are issued in respect of the issuance of such Series AR Preferred Shares or the certificate therefor or which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in the name or names other than that of the Holder or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

#### **4.4 Right Not to Deliver Series AR Preferred Shares**

On the exercise of the Conversion Privilege by a Holder or an automatic conversion pursuant to Section 4.2, the Corporation reserves the right not to deliver Series AR Preferred Shares to any Ineligible Person.

#### **4.5 Status of Converted Series AQ Preferred Shares**

All Series AQ Preferred Shares converted into Series AR Preferred Shares on a Series AQ Conversion Date shall not be cancelled but shall be restored to the status of authorized but unissued shares of the Corporation as at the close of business on the Series AQ Conversion Date.

### **5 Restrictions on Dividends and Retirement of Shares**

So long as any of the Series AQ Preferred Shares are outstanding, the Corporation shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series AQ Preferred Shares) on the common shares of the Corporation (the “**Common Shares**”) or any other shares of the Corporation ranking as to dividends junior to the Series AQ Preferred Shares;

- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series AQ Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of the Common Shares or any other shares of the Corporation ranking as to capital junior to the Series AQ Preferred Shares;
- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series AQ Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire for value or make any return of capital in respect of any other shares of the Corporation, ranking as to dividends or capital on a parity with the Series AQ Preferred Shares;

unless, in each such case, all Accrued and Unpaid Dividends on the Series AQ Preferred Shares up to and including the Series AQ Dividend payable for the last completed Dividend Period have been declared and paid or moneys set apart for payment.

Notwithstanding the provisions of Section 11 hereof, any approval required to be given pursuant to this Section 5 shall be required to be given only by the affirmative vote of the holders of the majority of the Series AQ Preferred Shares present or represented at a meeting, or adjourned meeting, of the holders of Series AQ Preferred Shares duly called for the purpose and at which a quorum is present.

## **6 Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 5 above, the Corporation may at any time purchase for cancellation all or any number of the Series AQ Preferred Shares outstanding from time to time at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable in the open market (including purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by tender available to all Holders or by private agreement or otherwise.

## **7 Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series AQ Preferred Shares, the Holders shall be entitled to payment of an amount equal to \$25.00 per Series AQ Preferred Share, plus an amount equal to all Accrued and Unpaid Dividends on the Series AQ Preferred Shares up to, but excluding, the date of payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation distributed to

the holders of the Common Shares or any other shares ranking junior as to capital to the Series AQ Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Corporation.

## **8 Voting Rights**

The Holders will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the Holders as a series) to receive notice of, attend, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight (8) quarterly Series AQ Dividends whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than sixty (60) days after the date on which such failure first occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and such Holders shall have the right, at any such meeting, to one (1) vote in respect of each Series AQ Preferred Share held by such Holder. No other voting rights shall attach to the Series AQ Preferred Shares in any circumstances. Upon payment of the entire amount of all Series AQ Dividends in arrears, the voting rights of the Holders shall forthwith cease, unless and until the same default shall again arise under the provisions of this Section 8.

## **9 Issue of Additional Series of First Preferred Shares**

The Corporation may issue other series of First Preferred Shares ranking on a parity with the Series AQ Preferred Shares without the authorization of the holders of the Series AQ Preferred Shares.

## **10 Modifications**

These Series AQ Preferred Share provisions may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Canada Business Corporations Act*, any such approval to be given in accordance with Section 11.

## **11 Approval of Holders**

### **11.1 Approval**

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders as a series may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders or passed by the affirmative vote of not less than two-thirds of the votes cast by the Holders who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of at least 10% of the outstanding Series AQ Preferred Shares are present in person or represented by proxy. If at any such meeting a quorum is not present or represented by proxy within one-half hour

after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holder(s) of Series AQ Preferred Shares represented in person or by proxy may transact the business for which the meeting was originally called and the Holders represented in person or by proxy shall form the necessary quorum. At any meeting of Holders as a series, each Holder shall be entitled to one (1) vote in respect of each Series AQ Preferred Share held by such Holder.

Holders of the Series AQ Preferred Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series AQ Preferred Shares or (b) create a new class or series of shares equal or superior to the Series AQ Preferred Shares.

### **11.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the bylaws of the Corporation with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders, each Holder entitled to vote thereat shall have one (1) vote in respect of each Series AQ Preferred Share held by such Holder.

## **12 Tax Election**

The Corporation will elect, in the manner and within the time provided under the Tax Act, under Subsection 191.2(1) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series AQ Preferred Shares under Section 187.2 of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

## **13 Communications with Holders**

Except as specifically provided elsewhere in these Series AQ Preferred Share provisions, any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, or courier to each Holder at the last address of such Holder as it appears on the securities register of the Corporation or, in the case of joint Holders, to the address of the Holder whose name appears first in the securities register of the Corporation as one of such joint Holders, or, in the event of the address of any of such Holders not so appearing, then to the last address of such Holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders 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 tender 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.

If any notice, cheque, invitation for tenders or other communication from the Corporation given to a Holder is returned on three consecutive occasions because the Holder cannot be found, the Corporation shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such Holder until the Holder informs the Corporation in writing of such Holder's new address.

If the Corporation determines that mail service is, or is threatened to be, interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder, whether in connection with the redemption or conversion of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by Electronic Delivery or by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in Montreal and Toronto and such notice shall be deemed to have been given on the date on which such Electronic Delivery was given or on the date on which the first publication has taken place; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for delivery thereof to the principal office of the Corporation in Montreal, and such cheque and/or certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by ordinary unregistered first class prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate, or in the event of the address of any such Holder not appearing on the securities register of the Corporation, then at the last address of such Holder known to the Corporation.

## **14 Interpretation of Terms**

In these Series AQ Preferred Share provisions:

- (a) in the event that any date on which any Series AQ Dividend is payable by the Corporation, or any date that is a Series AQ Conversion Date, or any date on or by which any other action is required to be taken or determination made by the Corporation or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on or by the next succeeding day that is a

Business Day;

- (b) in the event of the non-receipt of a cheque by a Holder entitled to the cheque, or the loss or destruction of the cheque, the Corporation, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Corporation, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (c) the Corporation will be entitled to deduct or withhold from any amount payable to a Holder under these Series AQ Preferred Share provisions any amount required by law to be deducted or withheld from that payment and any reference herein to the Corporation deducting tax and remitting to a taxing authority shall be interpreted to include deducting any such amount required by law to be deducted or withheld and remitted to the applicable authorities;
- (d) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (e) if it is necessary to convert any amount into Canadian dollars, the Corporation will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (f) all references herein to a Holder shall be interpreted as referring to a registered Holder.

## **15 Book-Entry Only System**

### **15.1 Transfers etc. Through Participants**

If the Series AQ Preferred Shares are held through the Book-Entry Only System, then the beneficial owner thereof shall provide instructions with respect to Series AQ Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series AQ Preferred Shares or otherwise through the Depository's systems and registrations of ownership, transfers, purchases, surrenders, conversions and exchanges of Series AQ Preferred Shares will be made only through the Book-Entry Only System. Beneficial owners of Series AQ Preferred Shares will not have the right to receive share certificates representing their ownership of the Series AQ Preferred Shares.

### **15.2 Depository is Registered Holder**

For the purposes of these Series AQ Preferred Share provisions, as long as the Depository, or its nominee, is the registered Holder of the Series AQ Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series AQ Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series AQ Preferred Shares, including payments of Series AQ Dividends, the Redemption Price or Accrued and Unpaid Dividends on the Series AQ Preferred Shares, and

the delivery of Series AR Preferred Shares and certificates for those shares on the conversion into Series AR Preferred Shares.

## SCHEDULE 6

The Series AR Preferred Shares shall, in addition to the rights, privileges, restrictions and conditions attaching to the first preferred shares of the Corporation (the “**First Preferred Shares**”) as a class, have the following rights, privileges, restrictions and conditions:

### 1 Definitions

For the purposes hereof, the following capitalized terms shall have the following meanings, unless the context otherwise requires:

“**Accrued and Unpaid Dividends**” means the aggregate of: (i) all unpaid Series AR Dividends for any completed Quarterly Floating Rate Period; and (ii) a cash amount calculated as though Series AR Dividends had been accruing on a day to day basis from and including the most recent Quarterly Period Commencement Date up to, but excluding, the date to which the computation of accrued dividends is to be made.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.64%.

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

“**Book-Entry Only System**” means the record book-entry only securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

“**Business Day**” means a day other than a Saturday, a Sunday or statutory holiday, when banks are generally open in both of the Cities of Montreal, Québec, and Toronto, Ontario, for the transaction of banking business.

“**Common Shares**” has the meaning attributed to it in Section 5(a).

“**Conversion Privilege**” has the meaning attributed to it in Section 4.1(a).

“**Corporation**” has the meaning attributed to it in the heading to these Series AR Preferred Shares provisions.

“**Depository**” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Corporation.

“**Dividend Payment Date**” has the meaning attributed to it in Section 2.1.

“**Election Notice**” has the meaning attributed to it in Section 4.3.



“**Electronic Delivery**” means the delivery by facsimile, electronic mail, the Internet or other electronic means.

“**First Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series AR Preferred Shares provisions.

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

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.64% calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365.

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

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

“**Holder**” has the meaning attributed to it in Section 2.1.

“**Ineligible Person**” means any person whose address is in, or whom the Corporation or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series AR Preferred Shares or Series AQ Preferred Shares, as the case may be, would require the Corporation to take any action to comply with securities or analogous laws of that jurisdiction.

“**In priority to**”, “**on a parity with**” and “**junior to**” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

“**Quarterly Amount**” has the meaning attributed to it in Section 2.1.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period from and including September 30, 2018 up to, but excluding, December 31, 2018, and thereafter the period from and including the day immediately following the end of

the immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Period Commencement Date.

“**Quarterly Period Commencement Date**” means the last calendar day of each of March, June, September and December in each year.

“**Redemption Price**” has the meaning attributed to it in Section 3.1.

“**Series AQ Preferred Shares**” has the meaning attributed to it in Section 4.1.

“**Series AR Conversion Date**” has the meaning attributed to it in Section 3.1.

“**Series AR Dividends**” has the meaning attributed to it in Section 2.1.

“**Series AR Preferred Shares**” means the Cumulative Redeemable First Preferred Shares, Series AR of the Corporation.

“**Subsequent Fixed Rate Period**” means, for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2018 up to, but excluding, September 30, 2023 and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, September 30 in the fifth year thereafter.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Transfer Agent**” means CST Trust Company, a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series AR Preferred Shares.

## **2 Dividends**

### **2.1 Payment of Dividends**

Holders of Series AR Preferred Shares (the “**Holders**”) shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, floating rate, cumulative, preferential cash dividends (the “**Series AR Dividends**”) payable quarterly on the last day of March, June, September and December (each, a “**Dividend Payment Date**”), in the amount per share (rounded to the nearest one-thousandth (1/1000) of one cent) determined by multiplying the applicable Floating Quarterly Dividend Rate for the applicable Quarterly Floating Rate Period by \$25.00 (a “**Quarterly Amount**”), by cheque at par in lawful money of Canada at any branch in Canada of the Corporation’s bankers for the time being or by any other reasonable means the

Corporation deems desirable.

The Corporation will calculate, on each Floating Rate Calculation Date, the Floating Quarterly Dividend Rate for the applicable Quarterly Floating Rate Period and will, on the Floating Rate Calculation Date, send written notice thereof to the Holders. Each such determination by the Corporation of the Floating Quarterly Dividend Rate will, in the absence of manifest error, be final and binding upon the Corporation and upon all Holders.

## **2.2 Method of Payment**

The Corporation shall pay Series AR Dividends (less any tax required to be deducted and withheld by the Corporation), except in case of redemption or conversion in which case payment of Series AR Dividends shall, subject to the provisions of Section 15, be made on surrender of the certificate, if any, representing the Series AR Preferred Shares to be redeemed or converted, by electronic funds transfer or by sending to each Holder (in the manner provided for in Section

13) a cheque for such Series AR Dividends payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders failing written instructions from them to the contrary or in such other manner, not contrary to applicable law, as the Corporation shall reasonably determine. The making of such payment or the posting or delivery of such cheque on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation from the related dividends as aforesaid and remitted to the proper taxing authority) unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

## **2.3 Cumulative Payment of Dividends**

If on any Dividend Payment Date, the Series AR Dividends accrued to such date are not paid in full on all of the Series AR Preferred Shares then outstanding, such Series AR Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the directors on which the Corporation shall have sufficient moneys properly applicable to the payment of such Series AR Dividends. The Holders shall not be entitled to any dividends other than or in excess of the Series AR Dividends.

## **2.4 Dividend for Other than a Full Quarterly Floating Rate Period**

The Holders shall be entitled to receive, and the Corporation shall pay, if, as and when declared by the directors of the Corporation, out of moneys of the Corporation properly applicable to the payment of dividends, Series AR Dividends for any period which is less than a full Quarterly Floating Rate Period in an amount per share with respect to any Series AR Preferred Share equal to the amount obtained (rounded to five decimal places) when the applicable Quarterly Amount is multiplied by a fraction of which the

numerator is the number of days in such Quarterly Floating Rate Period that such share has been outstanding (excluding the date of payment or redemption or the effective date for the distribution of assets in connection with the liquidation, dissolution or winding up of the Corporation) and the denominator is the total number of days in such Quarterly Floating Rate Period.

### **3 Redemption**

#### **3.1 Redemption**

The Corporation may not redeem any of the Series AR Preferred Shares on or prior to September 30, 2018. The Corporation may, subject to the terms of any shares ranking prior to the Series AR Preferred Shares, to applicable law and to the provisions described in Section 5 below, upon giving notice as hereinafter provided, at its option and without the consent of the Holders, redeem all, or from time to time any part, of the then outstanding Series AR Preferred Shares by the payment of an amount in cash for each such Series AR Preferred Share so redeemed equal to:

- (a) \$25.00, in the case of redemptions on September 30, 2023 and on September 30 every five years thereafter (each, a “**Series AR Conversion Date**”); or
- (b) \$25.50 in the case of redemptions on any date after September 30, 2018 which is not a Series AR Conversion Date;

in each case together with all Accrued and Unpaid Dividends on the Series AR Preferred Shares up to, but excluding, the date fixed for redemption (the “**Redemption Price**”) (less any tax required to be deducted and withheld by the Corporation).

#### **3.2 Partial Redemption**

If less than all of the then outstanding Series AR Preferred Shares are at any time to be redeemed, then the particular Series AR Preferred Shares to be redeemed shall be selected on a pro rata basis disregarding fractions or, if the Series AR Preferred Shares are at such time listed on a stock exchange, with the consent of the applicable stock exchange, in such other manner as the directors of the Corporation in their sole discretion may, by resolution, determine.

#### **3.3 Method of Redemption**

The Corporation shall give notice in writing not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption of any Series AR Preferred Shares, that it is redeeming Series AR Preferred Shares pursuant to Section 3.1 hereof, to each person who at the date of giving such notice is the Holder of Series AR Preferred Shares to be redeemed. Any such notice shall be validly and effectively given on the date on which it is sent to each Holder of Series AR Preferred Shares to be redeemed in the manner provided for in Section 13. Such notice shall set out the number of such Series AR Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place.

On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to the applicable Holders the Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series AR Preferred Shares so called for redemption, if any, subject to the provisions of Section 15. Such payment shall be made by electronic funds transfer or by cheque in the amount of the Redemption Price (less any tax required to be deducted and withheld by the Corporation) payable at par at any branch in Canada of the Corporation's bankers for the time being or by any other reasonable means that the Corporation deems desirable and the making of such payment or the delivery of such cheque in such amount shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the Holders of Series AR Preferred Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority); unless the cheque is not honoured when presented for payment. From and after the date specified in any such notice, the Series AR Preferred Shares called for redemption shall cease to be entitled to receive Series AR Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the Redemption Price shall not be duly made by or on behalf of the Corporation. At any time after notice of redemption is given as aforesaid, the Corporation shall have the right to deposit the Redemption Price of any or all Series AR Preferred Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 15. Upon such deposit or deposits being made, such shares shall be redeemed on the redemption date specified in the notice of redemption. After the Corporation has made a deposit as aforesaid with respect to the applicable Series AR Preferred Shares, the Holders thereof shall not, from and after the redemption date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption moneys that 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 in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

#### **4 Conversion of Series AR Preferred Shares**

##### **4.1 Conversion at the Option of the Holder**

- (a) Subject to applicable law and the terms and provisions hereof, each Holder will have the right, at its option, on each Series AR Conversion Date, to convert all,

or any part of, the then outstanding Series AR Preferred Shares registered in the name of the Holder into Cumulative Redeemable First Preferred Shares, Series AQ of the Corporation (the “**Series AQ Preferred Shares**”) on the basis of one Series AQ Preferred Share for each Series AR Preferred Share converted. The Corporation shall provide written notice not less than thirty (30) and not more than sixty (60) days prior to the applicable Series AR Conversion Date to the Holders of the conversion privilege provided for herein (the “**Conversion Privilege**”). Such notice shall (i) set out the Series AR Conversion Date, and (ii) include instructions to such Holders as to the method by which such Conversion Privilege may be exercised, as described in Section 4.3. On the 30th day prior to each Series AR Conversion Date, the Corporation will send to the Holders written notice of the Floating Quarterly Dividend Rate applicable to the Series AR Preferred Shares for the next succeeding Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series AQ Preferred Shares for the next succeeding Subsequent Fixed Rate Period, in each case as determined by the Corporation.

- (b) If the Corporation gives notice to the Holders as provided in Section 3 of the redemption of all the Series AR Preferred Shares, the Corporation will not be required to give notice to the Holders as provided in this Section 4.1 to the Holders of the Floating Quarterly Dividend Rate, Annual Fixed Dividend Rate or Conversion Privilege and the right of any Holder to convert Series AR Preferred Shares as herein provided shall cease and terminate in that event.
- (c) Holders shall not be entitled to convert their Series AR Preferred Shares into Series AQ Preferred Shares on a Series AR Conversion Date if the Corporation determines that there would remain outstanding on the Series AR Conversion Date less than 1,000,000 Series AQ Preferred Shares after taking into account all Series AR Preferred Shares tendered for conversion into Series AQ Preferred Shares and all Series AQ Preferred Shares tendered for conversion into Series AR Preferred Shares. The Corporation shall give written notice thereof to all affected Holders prior to the applicable Series AR Conversion Date and, subject to the provisions of Section 15, shall issue and deliver, or cause to be delivered, prior to such Series AR Conversion Date, at the expense of the Corporation, to the Holders who have surrendered for conversion any certificate or certificates representing Series AR Preferred Shares, new certificates representing the Series AR Preferred Shares represented by any certificate or certificates surrendered as aforesaid.

## **4.2 Automatic Conversion**

If the Corporation determines that there would remain outstanding on a Series AR Conversion Date less than 1,000,000 Series AR Preferred Shares after taking into account all Series AR Preferred Shares tendered for conversion into Series AQ Preferred Shares and all Series AQ Preferred Shares tendered for conversion into Series AR Preferred

Shares, then, all, but not part, of the remaining outstanding Series AR Preferred Shares shall automatically be converted into Series AQ Preferred Shares on the basis of one (1) Series AQ Preferred Share for each Series AR Preferred Share on the applicable Series AR Conversion Date. The Corporation shall give notice in writing thereof to the Holders of such remaining Series AR Preferred Shares prior to the Series AR Conversion Date.

#### **4.3 Manner of Conversion**

- (a) Subject to the provisions of Section 15, the Conversion Privilege may be exercised by notice in writing (an “**Election Notice**”) given not earlier than the 30th day prior to a Series AR Conversion Date but not later than 5:00 p.m. (Montreal time) on the 15th day preceding the applicable Series AR Conversion Date during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, accompanied by (1) payment or evidence of payment of the tax (if any) payable as provided in this Section 4.3; and (2) the certificate or certificates, if any, representing the Series AR Preferred Shares in respect of which the Holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the Holder, or his or her attorney duly authorized in writing, in which Election Notice such Holder may also elect to convert part only of the Series AR Preferred Shares represented by such certificate or certificates and that have not been called for redemption in which event the Corporation will issue and deliver or cause to be delivered to such Holder, at the expense of the Corporation, a new certificate, representing the Series AR Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice will be irrevocable once received by the Corporation.
- (b) If the Corporation does not receive an Election Notice from a Holder during the notice period therefor, then the Series AR Preferred Shares shall be deemed not to have been converted (except in the case of an automatic conversion pursuant to Section 4.2).
- (c) In the event the Corporation is required to convert all remaining outstanding Series AR Preferred Shares into Series AQ Preferred Shares on the applicable Series AR Conversion Date as provided for in Section 4.2, the Series AR Preferred Shares in respect of which the Holders have not previously elected to convert shall be converted on the Series AR Conversion Date into Series AQ Preferred Shares and the Holders thereof shall be deemed to be holders of Series AQ Preferred Shares at 5:00 p.m. (Montreal time) on the Series AR Conversion Date and shall be entitled, upon surrender during usual business hours at any principal transfer office of the Transfer Agent, or such other place or places in Canada as the Corporation may agree, of the certificate or certificates, if any, representing Series AR Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series AQ Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 4.3 and Section 15.

- (d) Subject to the provisions of Section 15, as promptly as practicable after the Series AR Conversion Date, the Corporation shall issue and deliver, or cause to be delivered to or upon the written order of the Holder of the Series AR Preferred Shares so surrendered in accordance with this Section 4, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such Holder representing the number of fully-paid and non-assessable Series AQ Preferred Shares and the number of remaining Series AR Preferred Shares, if any, to which such Holder is entitled. Such conversion shall be deemed to have been made at 5:00 p.m. (Montreal time) on the Series AR Conversion Date, so that the rights of the Holder of such Series AR Preferred Shares as the Holder thereof shall cease at such time and the person or persons entitled to receive the Series AQ Preferred Shares upon such conversion will be treated for all purposes as having become the holder or holders of record of such Series AQ Preferred Shares at such time.
- (e) The Holder of any Series AR Preferred Share on the record date for any Series AR Dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted into a Series AQ Preferred Share after such record date and on or before the date of the payment of such dividend.
- (f) Subject to the provisions of Section 15, the issuance of certificates for the Series AQ Preferred Shares upon the conversion of Series AR Preferred Shares shall be made without charge to the converting Holders for any fee or tax in respect of the issuance of such certificates or the Series AQ Preferred Shares represented thereby; provided, however, that the Corporation shall not be required to pay any tax which may be imposed upon the person or persons to whom such Series AQ Preferred Shares are issued in respect of the issuance of such Series AQ Preferred Shares or the certificate therefor or which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in the name or names other than that of the Holder or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

#### **4.4 Right Not to Deliver Series AQ Preferred Shares**

On the exercise of the Conversion Privilege by a Holder or an automatic conversion pursuant to Section 4.2, the Corporation reserves the right not to deliver Series AQ Preferred Shares to any Ineligible Person.

#### **4.5 Status of Converted Series AR Preferred Shares**

All Series AR Preferred Shares converted into Series AQ Preferred Shares on a Series AR Conversion Date shall not be cancelled but shall be restored to the status of authorized but unissued shares of the Corporation as at the close of business on the Series AR Conversion Date.



## **5 Restrictions on Dividends and Retirement of Shares**

So long as any of the Series AR Preferred Shares are outstanding, the Corporation shall not, without the approval of the Holders:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series AR Preferred Shares) on common shares of the Corporation (the “**Common Shares**”) or any other shares of the Corporation ranking as to dividends junior to the Series AR Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series AR Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of the Common Shares or any other shares of the Corporation ranking as to capital junior to the Series AR Preferred Shares;
- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series AR Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire for value or make any return of capital in respect of any other shares of the Corporation, ranking as to dividends or capital on a parity with the Series AR Preferred Shares;

unless, in each such case, all Accrued and Unpaid Dividends on the Series AR Preferred Shares up to and including the Series AR Dividend payable for the last completed Quarterly Floating Rate Period have been declared and paid or moneys set apart for payment.

Notwithstanding the provisions of Section 11.2 hereof, any approval required to be given pursuant to this Section 5 shall be required to be given only by the affirmative vote of the holders of the majority of the Series AR Preferred Shares present or represented at a meeting, or adjourned meeting, of the holders of Series AR Preferred Shares duly called for the purpose and at which a quorum is present.

## **6 Purchase for Cancellation**

Subject to applicable law and to the provisions described in Section 5 above, the Corporation may at any time purchase for cancellation all or any number of the Series AR Preferred Shares outstanding from time to time at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable in the open market (including purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by tender available to all Holders or by private agreement or otherwise.

## **7 Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series AR Preferred Shares, the Holders shall be entitled to payment of an amount equal to

\$25.00 per Series AR Preferred Share, plus an amount equal to all Accrued and Unpaid Dividends on the Series AR Preferred Shares up to, but excluding, the date of payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series AR Preferred Shares. Upon payment of such amounts, the Holders shall not be entitled to share in any further distribution of the assets of the Corporation.

## **8 Voting Rights**

The Holders will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the Holders as a series) to receive notice of, attend, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight (8) quarterly Series AR Dividends whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the Holders will be entitled to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than sixty (60) days after the date on which such failure first occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and such Holders shall have the right, at any such meeting, to one (1) vote in respect of each Series AR Preferred Share held by such Holder. No other voting rights shall attach to the Series AR Preferred Shares in any circumstances. Upon payment of the entire amount of all Series AR Dividends in arrears, the voting rights of the Holders shall forthwith cease, unless and until the same default shall again arise under the provisions of this Section 8.

## **9 Issue of Additional Series of First Preferred Shares**

The Corporation may issue other series of First Preferred Shares ranking on a parity with the Series AR Preferred Shares without the authorization of the holders of the Series AR Preferred Shares.

## **10 Modifications**

These Series AR Preferred Share provisions may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Canada Business Corporations Act*, any such approval to be given in accordance with Section 11.

## **11 Approval of Holders**

### **11.1 Approval**

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders as a series may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders or passed by the affirmative vote of not less than two-thirds of the votes cast by the Holders who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of at least 10% of the outstanding Series AR Preferred Shares are present in person or represented by proxy. If at any such meeting a quorum is not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holder(s) of Series AR Preferred Shares represented in person or by proxy may transact the business for which the meeting was originally called and the Holders represented in person or by proxy shall form the necessary quorum. At any meeting of Holders as a series, each Holder shall be entitled to one (1) vote in respect of each Series AR Preferred Share held by such Holder.

Holders of the Series AR Preferred Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series AR Preferred Shares or (b) create a new class or series of shares equal or superior to the Series AR Preferred Shares.

### **11.2 Formalities, etc.**

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders, each Holder entitled to vote thereat shall have one (1) vote in respect of each Series AR Preferred Share held by such Holder.

## **12 Tax Election**

The Corporation will elect, in the manner and within the time provided under the Tax Act, under Subsection 191.2(1) of Part VI.1 of the Tax Act, or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series AR Preferred Shares under Section 187.2 of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect.

### **13 Communications with Holders**

Except as specifically provided elsewhere in these Series AR Preferred Share provisions, any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, or courier to each Holder at the last address of such Holder as it appears on the securities register of the Corporation or, in the case of joint Holders, to the address of the Holder whose name appears first in the securities register of the Corporation as one of such joint Holders, or, in the event of the address of any of such Holders not so appearing, then to the last address of such Holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders 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 tender 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.

If any notice, cheque, invitation for tenders or other communication from the Corporation given to a Holder is returned on three consecutive occasions because the Holder cannot be found, the Corporation shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such Holder until the Holder informs the Corporation in writing of such Holder's new address.

If the Corporation determines that mail service is, or is threatened to be, interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder, whether in connection with the redemption or conversion of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by Electronic Delivery or by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in Montreal and Toronto and such notice shall be deemed to have been given on the date on which such Electronic Delivery was given or on the date on which the first publication has taken place; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for delivery thereof to the principal office of the Corporation in Montreal, and such cheque and/or certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by ordinary unregistered first class prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate, or in the event of the address of any such Holder not appearing on the securities register of the Corporation, then at the last address of such Holder known to the

Corporation.

## **14 Interpretation of Terms**

In these Series AR Preferred Share provisions:

- (a) in the event that any date on which any Series AR Dividend is payable by the Corporation, or any date that is a Series AR Conversion Date, or any date on or by which any other action is required to be taken or determination made by the Corporation or the Holders hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on or by the next succeeding day that is a Business Day;
- (b) in the event of the non-receipt of a cheque by a Holder entitled to the cheque, or the loss or destruction of the cheque, the Corporation, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Corporation, will issue to the Holder a replacement cheque for the amount of the original cheque;
- (c) the Corporation will be entitled to deduct or withhold from any amount payable to a Holder under these Series AR Preferred Share provisions any amount required by law to be deducted or withheld from that payment and any reference herein to the Corporation deducting tax and remitting to a taxing authority shall be interpreted to include deducting any such amount required by law to be deducted or withheld and remitted to the applicable authorities;
- (d) reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute;
- (e) if it is necessary to convert any amount into Canadian dollars, the Corporation will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars; and
- (f) all references herein to a Holder shall be interpreted as referring to a registered Holder.

## **15 Book-Entry Only System**

### **15.1 Transfers etc. Through Participants**

If the Series AR Preferred Shares are held through the Book-Entry Only System then the beneficial owner thereof shall provide instructions with respect to Series AR Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series AR Preferred Shares or otherwise through the Depository's systems and registrations of ownership, transfers, purchases, surrenders, conversions and exchanges of Series AR Preferred Shares will be made only through the Book-Entry Only System. Beneficial

owners of Series AR Preferred Shares will not have the right to receive share certificates representing their ownership of the Series AR Preferred Shares.

## **15.2 Depository is Registered Holder**

For the purposes of these Series AR Preferred Share provisions, as long as the Depository, or its nominee, is the registered Holder of the Series AR Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series AR Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series AR Preferred Shares, including payments of Series AR Dividends, the Redemption Price or Accrued and Unpaid Dividends on the Series AR Preferred Shares, and the delivery of Series AQ Preferred Shares and certificates for those shares on the conversion into Series AQ Preferred Shares.