

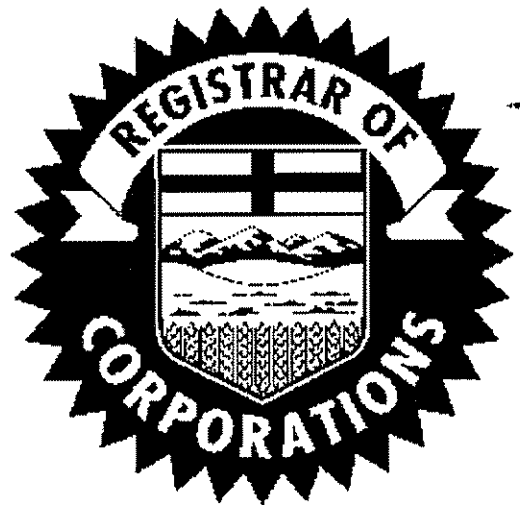
CORPORATE ACCESS NUMBER: 206362386

**Alberta**

**BUSINESS CORPORATIONS ACT**

**CERTIFICATE  
OF  
REGISTRATION OF RESTATED ARTICLES**

**ATCO LTD.**  
RESTATED ITS ARTICLES OF INCORPORATION ON 2004/12/07.



**Alberta**

**RESTATED ARTICLES OF INCORPORATION**

1. NAME OF CORPORATION  <p style="text-align: center;"><b>ATCO LTD.</b></p>	2. CORPORATE ACCESS NO.  <p style="text-align: center;"><b>206362386</b></p>
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3. THE CLASSES, AND ANY MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE:

The attached Schedule of Share Capital is incorporated into and forms part of this form.

4. RESTRICTIONS ON SHARE TRANSFERS (IF ANY):

None.

5. NUMBER, OR MINIMUM AND MAXIMUM NUMBER, OF DIRECTORS THAT THE CORPORATION MAY HAVE:

Not less than three (3) directors and not more than eighteen (18) directors.


6. IF THE CORPORATION IS RESTRICTED FROM CARRYING ON A CERTAIN BUSINESS, OR RESTRICTED TO CARRYING ON A CERTAIN BUSINESS, SPECIFY THE RESTRICTION(S):


None.

7. OTHER RULES OR PROVISIONS (IF ANY):

The attached Schedule of Other Provisions is incorporated into and forms part of this form.

THE FOREGOING RESTATED ARTICLES OF INCORPORATION CORRECTLY SET OUT, WITHOUT SUBSTANTIVE CHANGE THE CORRESPONDING PROVISIONS OF THE ARTICLES OF INCORPORATION AS AMENDED AND SUPERSEDE THE ORIGINAL ARTICLES OF INCORPORATION.

8. DATE  October 13, 2004	SIGNATURE   P. Spruitt	TITLE  Assistant Corporate Secretary  FILED
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REGISTERED ON THE ALBERTA REGISTRIES CORES SYSTEM  DEC 07 2004  
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## SCHEDULE OF SHARE CAPITAL

### AUTHORIZED CAPITAL

The authorized capital of ATCO LTD. (the "Corporation") shall consist of:

- (a) one class of shares, designated as "Preferred Shares", to be limited in number to 8,000,000 shares presently consisting of:
  - (i) one series of shares, designated as "5.75% Cumulative Redeemable Preferred Shares, Series 3;
- (b) one class of shares, designated as "Junior Preferred Shares", to be limited in number to 8,000,000 shares and presently consisting of:
  - (i) one series of shares, designated as "Series 1 Cumulative Redeemable Junior Preferred Shares", to be limited in number to 200,000 shares;
  - (ii) one series of shares, designated as "11 1/2% Cumulative Redeemable Convertible Junior Preferred Shares, Series 2", to be limited in number to 2,000,000 shares; and
  - (iii) one series of shares, designated as "9 3/10% Cumulative Redeemable Junior Preferred Shares, Series 3", to be limited in number to 2,000,000 shares;
- (c) one class of shares, designated "Class I Non-Voting Shares", to be limited in number to 100,000,000 shares; and
- (d) one class of shares, designated "Class II Voting Shares", to be limited in number to 50,000,000 shares;

such shares having the following rights, restrictions, conditions and limitations attached thereto:

#### **A. PREFERRED SHARES**

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

- (i) Dividends

The Preferred Shares shall have preferred rights as to dividends as determined by the Directors of the Corporation in accordance with Clause (ii) hereof; and

- (ii) Designation, Rights, Privileges, Restrictions and Conditions of Series

The Preferred Shares may from time to time be issued in one or more series, each series to consist of such number of shares as may before the issue thereof be determined by the Directors who may by resolution fix from time to time before

the issue thereof the designation, rights, restrictions, conditions and limitations attaching to the Preferred Shares of each series including, without limiting the generality of the foregoing, the rate and nature of preferential dividends, the dates of payment thereof, the redemption price and conditions of redemption, if any, and voting rights, if any.

### **A1. 5.75% CUMULATIVE REDEEMABLE PREFERRED SHARES, SERIES 3**

The third series of Preferred Shares shall consist of 6,000,000 5.75% Cumulative Redeemable Preferred Shares, Series 3 (the "Series 3 Preferred Shares"). In addition to the rights, privileges, restrictions and conditions attaching to the preference shares as a class, the Series 3 Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions.

#### **ARTICLE 1 GENERAL**

(i) Issue Price

The consideration for which each Series 3 Preferred Share shall be issued is \$25.00 in lawful money of Canada, and upon payment of such consideration, each such Series 3 Preferred Share shall be issued by the Corporation as fully paid and non-assessable.

(ii) Redemption; Purchase or Conversion

Subject to Article 7 and to the extent permitted by applicable law, the Series 3 Preferred Shares may be redeemed, purchased or converted only as provided in Article 3 and Article 4, but not otherwise.

#### **ARTICLE 2 DIVIDENDS**

(i) Dividend Payment Dates and Dividend Period

The dividend payment dates (the "Dividend Payment Dates") in respect of the dividends payable on the Series 3 Preferred Shares shall be the first day of each of the months of March, June, September and December in each year. A "Dividend Period" means the period from and including the date of initial issue of the Series 3 Preferred Shares to but excluding September 1, 2001, and, thereafter, the period from and including a Dividend Payment Date to but excluding the next succeeding Dividend Payment Date.

(ii) Cumulative Preferential Dividends

Subject to Article 7, the holders of Series 3 Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the Board of Directors, out of moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends (the "Series 3 Dividends") payable, with respect to each Dividend Period, on the Dividend

Payment Date for each such Dividend Period. The initial Series 3 Dividend, will be payable on September 1, 2001, in the amount calculated in accordance with Section 2(iii). Thereafter, Series 3 Dividends shall be payable at the rate of \$1.4375 per share per annum.

(iii) Dividend for Other than a Full Dividend Period

Subject to Article 7, the holders of Series 3 Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the Board of Directors, out of moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends for any period which is more or less than a full Dividend Period as follows:

- (I) in respect of the period beginning on and including the date of initial issue of the Series 3 Preferred Shares to but excluding September 1, 2001 (the "Initial Dividend Period"), a dividend in an amount per Series 3 Preferred Share equal to the amount obtained (rounded to four decimal places) when \$1.4375 is multiplied by a fraction, the numerator of which is the number of calendar days from and including the date of issue of the Series 3 Preferred Shares to but excluding September 1, 2001 and the denominator of which is 365; and
- (II) in respect of any period other than the Initial Dividend Period that is more or less than a full Dividend Period, a dividend in an amount per Series 3 Preferred Share equal to the amount obtained (rounded to four decimal places) when \$1.4375 is multiplied by a fraction, the numerator of which is the number of calendar days in the relevant period (which shall include the first day of such period but 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.

(iv) Payment Procedure

Subject to Article 7 and Section 3(iii) and provided that they have been declared by the Board of Directors, the Corporation shall pay the Series 3 Dividends on the relevant Dividend Payment Date (less any tax required to be deducted and withheld by the Corporation) to the holders of Series 3 Preferred Shares on such date, by cheque or by wire transfer in accordance with Article 5. Series 3 Dividends that are represented by a cheque that has not been presented for payment to the Corporation's bankers or that otherwise remain unclaimed for a period of six years from the date on which such Series 3 Dividends were declared to be payable may be reclaimed and used by the Corporation for its own purposes.

## ARTICLE 3 REDEMPTION AND PURCHASE

(i) Corporation's Redemption Rights

The Series 3 Preferred Shares shall not be redeemable prior to December 1, 2008. Subject to Article 7, on and after December 1, 2008, the Corporation may, at its option, on not less than 30 days' prior notice as set forth in Section 3(ii), redeem for cash the Series 3 Preferred Shares, in whole at any time or in part from time to time, at \$26.00 per share if redeemed during the 12 months commencing December 1, 2008, \$25.50 per share if redeemed during the 12 months commencing December 1, 2009 and \$25.00 per share if redeemed on and after December 1, 2010, in each case together with all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation) (the "Redemption Price").

If less than all of the then outstanding Series 3 Preferred Shares are at any time to be redeemed, then the particular Series 3 Preferred Shares to be redeemed shall be selected on a pro rata basis.

(ii) Notice of Redemption

The Corporation shall give written notice of the redemption of Series 3 Preferred Shares to each holder of Series 3 Preferred Shares to be redeemed (the "Redeemed Shares"), which notice (the "Redemption Notice") shall specify the date (the "Redemption Date") on which the redemption is to take place and the Redemption Price per share, and shall be given not less than 30 calendar days prior to the Redemption Date.

(iii) Payment of Redemption Price

On and after the Redemption Date, the Corporation shall pay or cause to be paid to the holders of the Redeemed Shares, the then applicable Redemption Price therefor on presentation and surrender at the head office of the Corporation, the principal transfer office of the transfer agent for the Series 3 Preferred Shares in the City of Toronto, or such other place or places in Canada designated in the Redemption Notice, of the certificate or certificates representing such Redeemed Shares.

Subject to Section 3(iv), payment of the Redemption Price shall be made by cheque or by wire transfer in accordance with Article 5. From and after the Redemption Date, the holders of the Redeemed Shares shall cease to be entitled to dividends thereon or to exercise any of the rights of holders of Series 3 Preferred Shares in respect of such Redeemed Shares, except the right to receive therefor the then applicable Redemption Price; *provided, however*, that if payment of such Redemption Price is not duly made in accordance with the provisions hereof, then the rights of such holders shall remain unimpaired.

(iv) Deposit of Redemption Price

The Corporation shall have the right at any time after giving a Redemption Notice to deposit the aggregate Redemption Price for the Redeemed Shares, or such part thereof as at the time of deposit has not been claimed by the holders entitled thereto, in a special account with a Canadian chartered bank or trust company for the holders of such Redeemed Shares, and upon such deposit being made or upon the Redemption Date, whichever is the later, the Redeemed Shares shall be deemed to be redeemed and the rights of each holder thereof shall be limited to receiving, without interest, his proportionate part of the Redemption Price so deposited upon presentation and surrender of the certificate or certificates representing the Redeemed Shares.

Any interest on any such deposit shall belong to the Corporation. Any moneys so deposited that remain unclaimed by holders of Redeemed Shares for a period of six years from the Redemption Date may be reclaimed and used by the Corporation for its own purposes.

(v) Purchase for Cancellation

Subject to Article 7, the Corporation may at any time or from time to time purchase for cancellation all or any number of the outstanding Series 3 Preferred Shares at any price through the facilities of any stock exchange on which the Series 3 Preferred Shares are listed or pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of the Series 3 Preferred Shares, or in any other manner, provided that in the case of a purchase in any other manner the price paid by the Corporation for such Series 3 Preferred Shares so purchased for cancellation shall not exceed \$25.00 per share plus all accrued and unpaid Series 3 Dividends to but excluding the date of purchase (less any tax required to be deducted and withheld by the Corporation) and costs of purchase.

If pursuant to any invitation for tenders of Series 3 Preferred Shares the Corporation receives tenders at the same price in respect of an aggregate number of Series 3 Preferred Shares that is greater than the number of Series 3 Preferred Shares for which the Corporation is prepared to accept tenders, the Series 3 Preferred Shares to be purchased by the Corporation shall be selected from the Series 3 Preferred Shares tendered at such price as nearly as may be pro rata (to the nearest 10 shares) according to the number of Series 3 Preferred Shares offered in each such tender, or in such manner as the Board of Directors or a committee thereof in its sole discretion shall determine by resolution.

If part only of the Series 3 Preferred Shares represented by any certificate shall be purchased by the Corporation, a new certificate for the balance of such Series 3 Preferred Shares shall be issued by the Corporation without cost to the holder.

## ARTICLE 4 CONVERSION

(i) Holder's Conversion Right

The Series 3 Preferred Shares shall not be convertible at the option of the holder prior to December 1, 2011. Subject to the option of the Corporation set forth in Section 4(iv) and to the right of the Corporation to redeem the Series 3 Preferred Shares as set out in Article 3, each Series 3 Preferred Share shall, on each Dividend Payment Date on and after December 1, 2011, at the option of the holder, on notice to the Corporation, be convertible into that number of Class I Non-Voting Shares of the Corporation determined by dividing \$25.00 plus all accrued and unpaid Series 3 Dividends to but excluding the date of conversion by the greater of \$2.00 and 95% of the then Current Market Price (as hereinafter defined), rounded down to the nearest whole number.

"Current Market Price" means the weighted average trading price of the Class I Non-Voting Shares on The Toronto Stock Exchange (or on the senior stock exchange on which the Class I Non-Voting Shares are listed for trading if the Class I Non-Voting Shares are not listed on The Toronto Stock Exchange at the relevant time) for a period of 20 consecutive trading days ending on the fourth day prior to the applicable date of conversion or, if that day is not a trading day, on the immediately preceding trading day.

A holder of Series 3 Preferred Shares may exercise the conversion rights attached to any or all of his Series 3 Preferred Shares by giving written notice to the Corporation of his intention to convert such Series 3 Preferred Shares, which notice (the "Holder's Conversion Notice") shall specify the number of Series 3 Preferred Shares held by such holder that he wishes to be converted (the "Subject Shares"), and shall be given not less than 65 calendar days prior to the first Dividend Payment Date falling after the giving of the Conversion Notice (the "Holder's Conversion Date").

A Holder's Conversion Notice shall be deemed to have been given to the Corporation on, and shall only be effective upon, the date on which the Holder's Conversion Notice is actually received at the head office of the Corporation or the principal transfer office of the transfer agent of the Series 3 Preferred Shares in the City of Toronto. A Holder's Conversion Notice shall be irrevocable and, after it has been given to the Corporation, cannot be withdrawn by the holder of the Subject Shares who has given it.

Subject to the option of the Corporation set forth in Section 4(iv), the Subject Shares shall be converted effective on the Holder's Conversion Date.

(ii) Corporation's Conversion Right

The Series 3 Preferred Shares shall not be convertible at the option of the Corporation prior to December 1, 2008. On and after December 1, 2008, the Corporation may, subject, if required, to the receipt of stock exchange and other regulatory approvals, at any time and from time to time, on notice to each holder



thereof, convert any or all of the Series 3 Preferred Shares then outstanding into that number of Class I Non-Voting Shares determined by dividing the Redemption Price that would be applicable as at the Corporation's Conversion Date (as hereinafter defined) by the greater of \$2.00 and 95% of the then Current Market Price, rounded down to the nearest whole number.

The Corporation shall give written notice to each holder of Series 3 Preferred Shares to be converted, which notice (the "Corporation's Conversion Notice") shall specify the number of Series 3 Preferred Shares held by such holder that will be converted and the date fixed by the Corporation for conversion (the "Corporation's Conversion Date"), and shall be given not less than 40 calendar days prior to such Corporation's Conversion Date.

If less than all of the then outstanding Series 3 Preferred Shares are at any time to be converted at the option of the Corporation, then the particular Series 3 Preferred Shares to be so converted shall be selected on a pro rata basis.

Series 3 Preferred Shares that are the subject of a Corporation's Conversion Notice shall be converted effective on the Corporation's Conversion Date.

The Corporation cannot exercise its rights under this Section 4(ii) in respect of any Series 3 Preferred Shares that are the subject of a Holder's Conversion Notice under Section 4(i).

(iii) Delivery of Certificates representing Class I Non-Voting Shares

Subject to Section 4(iv), the Corporation shall, on presentation and surrender at the head office of the Corporation, the principal transfer office of the transfer agent for the Series 3 Preferred Shares in the City of Toronto, or such other place or places in Canada as the Corporation may agree, of the certificate or certificates representing the Series 3 Preferred Shares being converted (whether pursuant to a Holders Conversion Notice or a Corporation's Conversion Notice), give or cause to be given, on the applicable date of conversion, to each holder of the Series 3 Preferred Shares being converted or as such holder may have otherwise directed:

- (I) a certificate representing the whole number of Class I Non-Voting Shares into which such Series 3 Preferred Shares being converted are to be converted, registered in the name of the holder of such Series 3 Preferred Shares, or as such holder may have otherwise directed; and
- (II) in lieu of the issuance of a fractional Class I Non-Voting Share, a cheque in an amount equal to the product of the fractional remainder, if any (rounded to four decimal places), produced by the conversion formula set forth in Section 4(i) or Section 4(ii), as the case may be, multiplied by the greater of \$2.00 and 95% of the then Current Market Price.

If less than all of the Series 3 Preferred Shares represented by any certificate are to be converted, a new certificate representing the balance of such Series 3 Preferred Shares shall be issued by the Corporation without cost to the holder.

(iv) Option of the Corporation

If a holder of Series 3 Preferred Shares gives a Holder's Conversion Notice to the Corporation, the Corporation may, at its option, on notice to such holder in the manner described in this Section 4(iv), elect to redeem for cash or arrange for the sale to another purchaser of all or any part of the Subject Shares, and in respect of such redemption or purchase the holder of such Subject Shares shall be paid the amount set forth in this Section 4(iv).

If the Corporation elects to redeem for cash or arrange for the purchase of any Subject Shares, then the Corporation shall, not less than 40 calendar days prior to the Holder's Conversion Date, give written notice to all holders of the Subject Shares stating the number of Subject Shares to be redeemed for cash by the Corporation, the number of Subject Shares to be sold to another purchaser, and the number of Subject Shares to be converted into Class I Non-Voting Shares pursuant to the Holder's Conversion Notice, such that all of the Subject Shares are either redeemed, purchased or converted on the Holder's Conversion Date.

If the Corporation elects to redeem for cash or arrange for the purchase of any Subject Shares, then the Corporation shall pay or cause to be paid, in respect of those Subject Shares to be redeemed for cash or purchased, on presentation and surrender at the head office of the Corporation, the principal transfer office of the transfer agent for the Series 3 Preferred Shares in the City of Toronto, or such other place or places in Canada as the Corporation may agree, of the certificate or certificates representing such Subject Shares, on the Holder's Conversion Date, to the holder of the Subject Shares or as such holder may have otherwise directed, an amount equal to \$25.00 plus all accrued and unpaid Series 3 Dividends to but excluding the Holder's Conversion Date for each Subject Share being redeemed or purchased, and each such Subject Share shall be deemed to have been redeemed or purchased, as the case may be, on the Holder's Conversion Date. Payment under this Section 4(iv) shall be made by cheque or by wire transfer in accordance with Article 5.

If the Corporation elects to redeem for cash or arrange for the purchase of some, but not all, of the Subject Shares, then the Corporation shall, in respect of those Subject Shares to be converted into Class I Non-Voting Shares, give or cause to be given to the holder of such Subject Shares the certificate or certificates representing such Class I Non-Voting Shares and, if applicable, a cheque in lieu of a fractional Class I Non-Voting Share, all in accordance with the procedures set forth in Section 4(iii).

(v) Conversion into Another Series of Preferred Shares

The Corporation may at any time offer the holders of Series 3 Preferred Shares the right, at the option of such holders, to convert such Series 3 Preferred Shares into a further series of Preferred Shares of the Corporation.

## ARTICLE 5 PAYMENT PROCEDURES

(i) Payment by Cheque

Subject to Section 5(ii), any amounts that are paid by the Corporation to holders of Series 3 Preferred Shares in respect of the payment of (i) Series 3 Dividends under Article 2, (ii) a Redemption Price under Article 3, (iii) a redemption or purchase amount under Section 4(iv), or (iv) a cash amount in lieu of the issuance of a fractional Class I Non-Voting Share under Article 4, shall be paid by cheques drawn on a Canadian chartered bank and payable in lawful money of Canada at any branch of such bank in Canada, and the delivery or mailing of any such cheque to a holder of Series 3 Preferred Shares shall constitute a full and complete discharge of the Corporation's obligation to pay such amounts (plus any tax required to be and in fact deducted and withheld therefrom and remitted to the proper taxing authority), unless such cheque is not honoured when presented for payment.

(ii) Payment by Wire Transfer

If requested in writing by a holder of at least 200,000 Series 3 Preferred Shares, the Corporation shall pay any amounts owing to such holder in respect of the payment of (i) Series 3 Dividends under Article 2, (ii) a Redemption Price under Article 3, or (iii) a redemption or purchase amount under Section 4(iv), by wire transfer to an account maintained by such holder as specified in the written request, and the making of any such wire transfer shall constitute a full and complete discharge of the Corporation's obligation to pay such amounts (plus any tax required to be and in fact deducted and withheld therefrom and remitted to the proper taxing authority).

## ARTICLE 6 VOTING RIGHTS

(i) Voting Rights

Except as otherwise, provided in this Article 6, holders of Series 3 Preferred Shares shall not be entitled to receive notice of or to attend or to vote at any meeting of shareholders of the Corporation. In the event that the Corporation shall have failed to pay eight Series 3 Dividends ("Default Dividends"), whether or not consecutive, and only for so long as any such Default Dividends remain in arrears, the holders of Series 3 Preferred Shares shall be entitled to receive notice of and attend at all meetings of shareholders of the Corporation which shall take place more than 60 days after the date on which the failure to pay the eighth Default Dividend first occurred, and to cast one vote for each Series 3 Preferred Share held, except that holders of Series 3 Preferred Shares shall in no circumstance be entitled to receive notice of or attend at meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote. In connection with any action to be taken by the Corporation which requires the approval of the holders of Series 3 Preferred Shares voting as a

series or as part of a class, each such Series 3 Preferred Share shall entitle the holder thereof to one vote.

## **ARTICLE 7 RESTRICTIONS ON DIVIDENDS AND RETIREMENT OF SHARES**

### **(i) Restrictions on Dividends and Retirement of Shares**

So long as any of the Series 3 Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the outstanding Series 3 Preferred Shares given in the manner specified in Article 11:

- (I) declare, pay or set apart for payment any dividends on the Class I Non-Voting Shares or Class II Voting Shares or any other shares of the Corporation ranking junior to the Series 3 Preferred Shares with respect to the payment of dividends (other than a stock dividend payable in shares of the Corporation ranking junior to the Series 3 Preferred Shares with respect to the payment of dividends);
- (II) redeem, purchase or otherwise retire or make any capital distribution on or in respect of any shares of the Corporation ranking junior to the Series 3 Preferred Shares with respect to the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation (except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking junior to the Series 3 Preferred Shares with respect to the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation);
- (III) redeem, purchase or otherwise retire less than all of the Series 3 Preferred Shares then outstanding; or
- (IV) redeem, purchase or otherwise retire any other shares of the Corporation ranking on a parity with the Series 3 Preferred Shares with respect to the payment of dividends or the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation, except in connection with any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any such shares;

unless, in each case, all dividends then payable on the Series 3 Preferred Shares and on all other shares then outstanding that rank prior to or on a parity with the Series 3 Preferred Shares with respect to the payment of dividends shall have been declared and paid or set apart for payment.

(ii) Restriction on Creation or Issue of Additional Shares

So long as any Series 3 Preferred Shares are outstanding the Corporation shall not, without the prior approval of the holders of the outstanding Series 3 Preferred Shares given in the manner specified in Article 11, create or issue any shares ranking prior to or on a parity with the Series 3 Preferred Shares with respect to the payment of dividends or the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation, provided that the Corporation may without such approval, if all Series 3 Dividends then payable on the Series 3 Preferred Shares shall have been paid, issue additional series of Preferred Shares.

**ARTICLE 8 ELECTION UNDER THE INCOME TAX ACT**

(i) Election under the Income Tax Act (Canada)

The Corporation shall elect in the manner and within the time provided under subsection 191.2(1) of the Income Tax Act (Canada) (or any successor or replacement provision of similar effect), and take all other necessary action under such Act, to pay tax under section 191.1 of Part VI. 1 of such Act (or any successor or replacement provision of similar effect) at a rate such that corporate holders of Series 3 Preferred Shares will not be required to pay tax under section 187.2 of Part IV 1 of such Act (or any successor or replacement provision of similar effect) on Series 3 Dividends received.

**ARTICLE 9 NOTICES AND INTERPRETATION**

(i) Notices, etc. from the Corporation

Any notice, certificate, cheque, invitation for tenders or other communication (each, a "Communication") from the Corporation provided for herein shall be sufficiently given if delivered or if sent by first class unregistered mail, postage prepaid, to the holders of the Series 3 Preferred Shares entitled to receive such Communication, at their respective addresses appearing on the books of the Corporation or, in the event of the address of any of such holders not so appearing, then at the last address of such holder known to the Corporation, and such Communication shall be deemed to have been given on the date of delivery or the date of mailing, as the case may be. Accidental failure to give such Communication to one or more holders of the Series 3 Preferred Shares shall not affect the validity of the Communications properly given or any action taken pursuant to such missed Communication but, upon such failure being discovered, the Communication shall be delivered or sent forthwith to such holder or holders. If any Communication from the Corporation given to a holder of Series 3 Preferred Shares pursuant to this Section 9(i) is returned on three consecutive occasions because such holder cannot be found, the Corporation shall not be required to deliver or mail any further Communications to such holder until the holder informs the Corporation in writing of his new address.

(ii) Interpretation

In the event that any day on which any Series 3 Dividend is payable, or on or by which any other action is required to be taken hereunder, is not a business day, then such Series 3 Dividend shall be payable on, or such other action shall be required to be taken on or before, the next succeeding day that is a business day. A "business day" means a day other than a Saturday, a Sunday or any other day that is a statutory or civic holiday in the place or places where the Corporation or the transfer agent for the Series 3 Preferred Shares have their head offices.

All references herein to a holder of Series 3 Preferred Shares shall be interpreted as referring to a registered holder of the Series 3 Preferred Shares.

For the purposes hereof, reference to any class or series of shares of the Corporation shall mean such a class or series of shares as currently constituted and any shares resulting from a reclassification of a class or series of shares of the Corporation or which result from a capital reorganization of the Corporation or a consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a capital reorganization, consolidation, amalgamation or merger which does not result in any reclassification of such class or series of shares or a change of such class or series of shares into other shares or securities).

## **ARTICLE 10 MODIFICATION**

(i) 10.1 Modification

Subject, if required, to the receipt of all necessary approvals of any stock exchange on which the Series 3 Preferred Shares may be listed and any other regulatory authorities, the series provisions attaching to the Series 3 Preferred Shares may be amended, deleted, varied or modified with the prior approval of the holders of Series 3 Preferred Shares given in accordance with Article 11.

## **ARTICLE 11 APPROVAL OF HOLDERS OF SERIES 3 PREFERRED SHARES**

(i) Approval of Holders of Series 3 Preferred Shares

Unless otherwise provided herein, any approval required or permitted to be given by the holders of the Series 3 Preferred Shares with respect to any and all matters referred to herein shall be deemed to have been sufficiently given by the holders of the Series 3 Preferred Shares if given by (i) written resolution signed by all of the holders of the outstanding Series 3 Preferred Shares, or (ii) a simple majority of the votes cast at a meeting or adjourned meeting of the holders of such Series 3 Preferred Shares duly called for the purpose and at which a quorum is present.

(ii) Amendment of Series Provisions

The rights, privileges, restrictions and conditions of the Series 3 Preferred Shares may be amended, deleted, varied or modified by resolution enacted by the Board

of Directors and confirmed by (i) a written resolution signed by all of the holders of the outstanding Series 3 Preferred Shares, or (ii) at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such Series 3 Preferred Shares duly called for the purpose and at which a quorum is present.

(iii) Quorum Requirements

The quorum for any meeting of holders of Series 3 Preferred Shares (other than an adjourned meeting) shall be at least one such holder represented in person or by proxy holding a simple majority of the outstanding Series 3 Preferred Shares. If at any such meeting the holder(s) of a simple majority of the outstanding Series 3 Preferred Shares are 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 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the holders(s) of Series 3 Preferred Shares represented in person or by proxy may transact the business for which the meeting was originally called.

## ARTICLE 12 RIGHTS ON LIQUIDATION

(i) Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 3 Preferred Shares shall be entitled to receive an amount equal to \$25.00 per Series 3 Preferred Share (less return of stated capital, if any) together with all accrued and unpaid Series 3 Dividends to but excluding the date of liquidation, dissolution, winding-up or other distribution, and if such liquidation, dissolution, winding-up or other distribution is voluntary and is commenced prior to September 1, 2011, a premium of \$1.00 per share, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of Class I Non-Voting Shares or Class II Voting Shares or any other shares ranking junior to the Series 3 Preferred Shares. After payment to the holders of the Series 3 Preferred Shares of the amounts so payable to them, such holders shall not be entitled to share in any further distribution of the property or assets of the Corporation.

## B. JUNIOR PREFERRED SHARES

The Junior Preferred Shares shall carry and be subject to the following rights, restrictions, conditions and limitations:

(i) Issuable in Series

The Junior Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the Directors of the Corporation;

(ii) Designation, Rights, Privileges, Restrictions and Conditions of Series

Subject to the provisions of the Business Corporations Act (Alberta), the provision herein contained and to any provisions in that regard attaching to any outstanding series of Junior Preferred Shares, the Directors of the Corporation may by resolution fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to each series of the Junior Preferred Shares including, without limitation, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the redemption and/or purchase prices, and terms and conditions of any redemption and/or purchase rights, any voting rights, any conversion rights and any sinking fund or such other provisions;

(iii) Distributions

The Junior Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with the Junior Preferred Shares of every other series and be entitled to a preference over the Class I and Class II Shares of the Corporation and over any other shares of the Corporation ranking junior to the Junior Preferred Shares. The Junior Preferred Shares of any series may also be given such other preferences, not inconsistent with the provisions hereof, over the Class I and Class II Shares of the Corporation and over any other shares of the Corporation ranking junior to the Junior Preferred Shares as may be fixed in accordance with the provisions hereof;

(iv) Priority

Except for the issue of any of the remaining authorized but unissued Preferred Shares, no shares of a class ranking prior to the Junior Preferred Shares with respect to the payment of dividends or the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs may be created or issued without the approval of the holders of the Junior Preferred Shares given in accordance with the provisions hereof;

(v) Voting

Except as otherwise specifically provided in the Business Corporations Act (Alberta) and except as may be otherwise specifically provided in the provisions attaching to any series of the Junior Preferred Shares, the holders of the Junior Preferred Shares shall not be entitled to receive any notice of or attend any meeting of shareholders of the Corporation and shall not be entitled to vote at any such meeting;



(vi) Amendment of Junior Preferred Shares

The provisions hereof may not be repealed, altered, modified, amended or amplified by certificate of amendment without the approval of the holders of the Junior Preferred Shares given in accordance with the provisions hereof; and

(vii) Approval of Holders of Junior Preferred Shares

The approval of the holders of the Junior Preferred Shares as to any and all matters referred to herein may be given as follows:

- (I) Any approval given by the holders of Junior Preferred Shares shall be deemed to have been sufficiently given if it shall have been given in writing by the holders of at least 75% of the outstanding Junior Preferred Shares or by a resolution passed at a meeting of holders of Junior Preferred Shares duly called and held upon not less than 21 days' notice at which the holders of at least 25% of the outstanding Junior Preferred Shares are present or are represented by proxy and carried by the affirmative vote of not less than 50% of the votes cast at such meeting, in addition to any vote or other consent or approval that may be required by the Business Corporations Act (Alberta). If at any such meeting the holders of at least 25% of the outstanding Junior Preferred Shares are 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, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting the holders of Junior Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than 50% of the votes cast at such meeting shall constitute the approval of the holders of the Junior Preferred Shares; and
- (II) On every poll taken at any meeting of holders of Junior Preferred Shares, every holder of Junior Preferred Shares shall be entitled to one vote in respect of each one dollar of the issue price of each Junior Preferred Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders.

## **B1. SERIES 1 CUMULATIVE REDEEMABLE JUNIOR PREFERRED SHARES**

The first series of Junior Preferred Shares of the Corporation shall consist of 200,000 shares, shall be designated "Series 1 Cumulative Redeemable Junior Preferred Shares" (hereinafter called the "Series 1 Shares") and shall have attached thereto the preferences, rights, restrictions, conditions and limitations as follows:

(i) Dividends

- (I) The dividend on the Series 1 Shares (herein called the "Dividend Rate") shall be a variable rate per annum, calculated on a 365 day basis and equal at all times to the sum of 50% of the Northland Bank's Prime Lending Rate and 2%. Such variable rate shall be adjusted automatically and shall be effective on the day of any change in the Northland Bank's Prime Lending Rate; provided that in the event of an Occurrence, the Dividend Rate will be increased so that the holders of Series 1 Shares will receive and continue to receive an after-tax return in respect of dividends on the Series 1 Shares equal to the after-tax return on such dividends prior to the effective date of the Occurrence.

Northland Bank's Prime Lending Rate shall mean the most favourable rate of interest charged from time to time by the Northland Bank to its most credit worthy customers, as advised to the Corporation from time to time.

Occurrences shall mean (i) a change in any applicable legislation or regulations, (ii) an assessment or reassessment issued by the Department of National Revenue or any provincial taxing authority, (iii) a judgment rendered by a court of competent jurisdiction, (iv) a request or direction made by a central bank or other fiscal or monetary authority with which a holder is required to comply, (v) the Corporation ceasing to be a resident taxable Canadian corporation, (vi) any tax, penalty or similar fee imposed by a governmental or regulatory authority, (vii) the Series 1 Shares being determined by the Department of National Revenue to be or to have been from the date of issue or any date thereafter "term preferred shares" as that term is defined from time to time under the Income Tax Act (Canada), or (viii) a change in any interpretation or administration of any applicable legislation or regulations by any governmental authority or agency as such change is reflected in a written opinion from such authority or agency, that would impose or result in a tax or levy on a holder in respect of dividends on or the holding of the Series 1 Shares or would preclude or limit a holder from deducting such dividends in arriving at its taxable income or would preclude or limit a holder

from deducting such dividends in arriving at its taxable income or would preclude or limit a holder from deducting any interest cost on any indebtedness, incurred or deemed by the relevant taxing authority to have been incurred by the holder for the purpose of acquiring the Series 1 Shares in arriving at its income for tax purposes or would increase the cost to a holder of retaining the Series 1 Shares or would in any manner whatever reduce the holder's net after-tax return from the Series 1 Shares. Provided that no event that would otherwise be an Occurrence shall be an Occurrence if, (A) it is attributable to or caused by an Obligation, either absolute or contingent, to effect any undertaking, including any agreement, guarantee, security or similar covenant to purchase or repurchase the Series 1 Shares to which the Corporation or any person related to the Corporation is not party, (B) it is attributable to or caused by the holder or former holder which was a taxable Canadian corporation becoming a corporation other than a taxable Canadian corporation, (C) it is attributable to a life insurer ceasing to include, pursuant to Part I of the Income Tax Act (Canada), dividends received in computing its taxable income from a business carried on by it in Canada or (D) if it is attributable to the imposition of (i) any tax, or such portion thereof, which is only due to changes in the rates of tax on taxable income substantially as determined under the Income Tax Act (Canada) or (ii) any tax computed by reference to the revenues of the holder attributable to the holding of the Series 1 Shares to the extent that the amount of such tax is not greater than one-half of the amount that the tax would have been on the assumption that the holder in the period in respect of which the tax is computed did not receive any amount which was or was deemed to be a dividend on any shares of a corporation resident in Canada and did receive interest income equal to two times the amount of the dividend received or that was deemed to have been received in the period by the holder on shares of corporations resident in Canada.

- (II) The holders of the Series 1 Shares shall be entitled to receive out of the net profits or surplus of the Corporation when and as declared by the Directors cumulative cash dividends equal to the Dividend Rate multiplied by \$25 per share calculated daily and payable quarterly on the last business day of each calendar quarter commencing on June 30, 1981 to shareholders of record on the fifteenth day of each month. Such dividends shall accrue and be cumulative from the date of issue of the Series 1 Shares. No dividends shall be declared or paid upon other shares of the Corporation ranking junior to the Series 1 Shares unless all cumulative dividends accrued upon the Series 1 Shares to the last preceding payment date shall have been paid or declared and set apart. Until other shares of the Corporation ranking junior to the

Series 1 Shares shall have been exhausted, the Series 1 Shares shall not be liable to cancellation or reduction by reason of loss or depreciation of the Corporation's assets.

(ii) Redemption

- (I) The Corporation shall have the right at any time and from time to time upon resolution of the Directors to call for redemption and redeem all or any of the outstanding Series 1 Shares at a price per share equal to \$25 plus accrued and unpaid preferential dividends calculated to the date fixed for redemption. If the Corporation desires at any time to call for redemption and redeem less than all the outstanding Series 1 Shares, the shares to be redeemed shall be selected by lot in such manner as may be prescribed by resolution of the Directors.
- (II) In any case of redemption of the Series 1 Shares under the provisions of paragraph (I) hereof, the Corporation shall, at least 30 days before the date fixed for redemption, mail to each registered holder of the Series 1 Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such shares. Such notice shall be mailed in a prepaid letter addressed to such holder at his address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing then to the last known address of such holder, provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption.

Such notice shall state the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed are to be redeemed the number thereof so to be redeemed. On or after the date fixed for redemption as specified in any such notice the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series 1 Shares to be redeemed the redemption price on presentation and surrender of the certificates representing the shares called for redemption at the head office of the Corporation, or any other place designated in such notice, and upon payment of such redemption price as aforesaid to the holder or holders of any of the Series 1 Shares to be redeemed such shares shall thereupon be cancelled and shall not be reissued. If a part only of the shares represented by any certificate are to be redeemed, a new certificate representing the balance shall be issued to the holder at the expense of the Corporation. From and after the date fixed for redemption as specified in any such notice the Series 1 Shares thereby called for redemption shall cease to be entitled to

dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. Should the holders of any of the Series 1 Shares so called for redemption fail to present the certificates representing such shares on the date fixed for redemption as specified in such notice, the Corporation shall have the right to deposit the redemption price of such shares with any chartered bank or banks or with any trust 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 and upon such deposit or deposits being made, such shares shall be cancelled and shall not be reissued and the rights of the respective holders thereof after such deposit shall be limited to receiving without interest their respective proportionate parts of the total redemption price so deposited upon presentation and surrender of the certificates representing such shares held by them respectively.

(III) On the date that is ten years and one day after the date of issuance of the Series 1 Shares, the Corporation shall purchase or redeem all of the Series 1 Shares at a price per share equal to \$25 plus accrued and unpaid preferential dividends calculated to the date of such purchase or redemption.

(iii) Dissolution

In the event of the winding-up or dissolution of the Corporation, whether voluntary or involuntary, or for reorganization or otherwise, and upon any distribution of assets for the purpose of winding up its affairs or in the event of any reduction of capital, no sum whatever shall be paid to and no assets whatever shall be distributed among the holders of the shares of the Corporation paid junior to the Junior Preferred Shares until there shall have been paid to the holders of the Series 1 Shares \$25 for each Series 1 Share held by them plus a sum equivalent to the arrears, if any, of the dividends accrued on the Series 1 Shares to the date of such winding-up, dissolution, distribution or reduction of capital, as the case may be, whether or not declared and the holders of the Series 1 Shares shall be entitled to be paid all such monies out of the assets of the Corporation by preference over and in priority to the holders of any shares junior to the Junior Preferred Shares and after payment to the holders of the Series 1 Shares of the monies so payable to them they shall not be entitled to share any further in the distribution of the profits or assets of the Corporation in respect of their holdings of Series 1 Shares.

(iv) Voting Rights

The holders of the Series 1 Shares shall not be entitled as such to receive notice of or attend any meetings of the shareholders of the Corporation and shall not be entitled to vote at any such meeting; provided that the holders of Series 1 Shares shall be entitled to one vote for each Series 1 Share held by them if and for so long as the cumulative dividends on the Series 1 Shares are in arrears for a period exceeding one calendar year.

(v) Pre-emptive Rights

The holders of the Series 1 Shares shall not as such be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Corporation now or hereafter authorized.

(vi) Modification

The provisions hereof may be repealed, altered, modified, amended or amplified only with the sanction of the holders of the Series 1 Shares given as hereinafter specified in addition to any other approval required by the Business Corporations Act (Alberta).

The sanction of holders of the Series 1 Shares as to any and all matters referred to herein or as to any change adversely affecting the rights or privileges of the Series 1 Shares may be given by a resolution in writing signed by all the holders of the Series 1 Shares or by a resolution passed at a meeting of such holders duly called for such purpose and at which the holders of at least a majority of the outstanding Series 1 Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than 66 2/3% of the Series 1 Shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Series 1 Shares are not present or represented by proxy within half an hour after the time appointed for the meeting then the meeting shall be adjourned to such date being not less than fifteen days later and to such time and place as may be appointed by the chairman and at least ten days' notice shall be given of such adjourned meeting.

At such adjourned meeting the holders of Series 1 Shares present or represented by proxy shall form a quorum and a resolution passed by the affirmative vote of the holders of not less than 66 2/3% of the Series 1 Shares represented and voted at such adjourned meeting cast on a poll shall constitute the sanction of the holders of Series 1 Shares referred to in this paragraph. On every poll taken at every such meeting or adjourned meeting, every holder of Series 1 Shares shall be entitled to one vote in respect to each Series 1 Share held.

(vii) Restrictions

So long as any of the Series 1 Shares are outstanding, the Corporation shall not, unless all dividends then payable on the Series 1 Shares then outstanding and on all other shares of the Corporation as to dividends prior to or on a parity with the Series 1 Shares accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been deducted and paid or set apart for payment:

- (a) declare, pay or set apart for payment any dividends on any shares of the Corporation ranking as to capital or dividends junior to the Series 1 Shares (other than stock dividends in such shares); or
- (b) call for redemption, redeem, purchase or otherwise pay off or retire for value, or make any capital distributions in respect of, any shares ranking as to capital or dividends junior to the Series 1 Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Series 1 Shares); or
- (c) except in connection with the retirement thereof pursuant to a retraction privilege or purchase obligation attaching thereto, call for redemption, redeem, purchase or otherwise pay off or retire for value any shares ranking as to capital or dividends on a parity with the Series 1 Shares; without the approval of the holders of the Series 1 Shares.

## **B2. 11 1/2% CUMULATIVE REDEEMABLE CONVERTIBLE JUNIOR PREFERRED SHARES, SERIES 2**

The second series of Junior Preferred Shares of the Corporation shall consist of 2,000,000 shares, shall be designated "11 1/2% Cumulative Redeemable Convertible Junior Preferred Shares, Series 2" (hereinafter called the "Convertible Preferred Shares") and shall have attached thereto the preferences, rights; restrictions, conditions and limitations as follows:

(i) Dividends

- (I) The holders of the Convertible Preferred Shares, in priority to the Class I Non-Voting Shares and the Class II Voting Shares and any other shares ranking junior to the Junior Preferred Shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the Directors of the Corporation, fixed cumulative preferential cash dividends to be paid quarterly on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1982 (hereinafter called "Preferred Dividends"), at a rate of \$2.875 per share per annum.
- (II) Such dividends shall accrue from the date of issuance. If on any dividend payment date the dividend payable on such date is not paid in full on all the Convertible Preferred Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the Directors. The holders of the Convertible Preferred Shares shall not be entitled to

any dividends other than or in excess of the Preferred Dividends hereinbefore provided for.

(ii) Liquidation

Subject to clause (iv) hereof, in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Convertible Preferred Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of any other shares ranking junior to the Junior Preferred Shares with respect to distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation or with respect to payment of dividends, \$25 per share together with an amount equal to all accrued and unpaid dividends, to the date of such liquidation, dissolution, winding-up or any other distribution. After payment to the holders of the Convertible Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

(iii) Restrictions

(I) So long as any Convertible Preferred Shares are outstanding, the Corporation shall not:

- (a) create or issue any Junior Preferred Shares of another series or any other shares ranking prior to or pari passu with the Convertible Preferred Shares as to the payment of dividends or the distribution of assets in the event of a liquidation, dissolution or winding-up of the Corporation;
- (b) pay any dividends on the Class I Non-Voting Shares, Class II Voting Shares, or on any other shares of the Corporation ranking junior to the Convertible Preferred Shares with respect to payment of dividends;
- (c) redeem or purchase or make any capital distribution in respect of the Class I Non-Voting Shares, Class II Voting Shares or any other shares of the Corporation ranking junior to or on a parity with the Convertible Preferred Shares with respect to distribution of assets in the events of liquidations, dissolution or winding-up of the Corporation or with respect to payment of dividends (except out of net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking junior to the Convertible Preferred Shares in both such respects);
- (d) call for redemption or purchase or reduce or otherwise pay off less than all of the Convertible Preferred Shares; or



- (e) set aside any money or make any payments for any sinking fund or other retirement fund applicable to any shares of the Corporation ranking junior to or on a parity with the Convertible Preferred Shares with respect to distribution of assets in the events of liquidation, dissolution or winding-up of the Corporation or with respect to payment of dividends;

unless all dividends up to, and including, the dividends for the last completed period for which dividends shall be payable shall have been declared and either paid or set apart for payment in respect of the Convertible Preferred Shares and all other shares ranking on a parity with or in priority to the Convertible Preferred Shares.

- (II) Nothing in paragraph (iii) (I) shall apply to hinder or prevent, and authorization is hereby given for, any of the actions referred to in such paragraph if consented to, or approved, by the holders of the Convertible Preferred Shares in the manner set forth in clause (vii) or if all the outstanding Convertible Preferred Shares have been duly called for redemption and adequate provision has been made assuring that they will be redeemed or deemed to be redeemed on or before the date specified for redemption.

(iv) Conversion

- (I)
  - (a) The holders of the Convertible Preferred Shares shall have the right at any time prior to the close of business on September 29, 1989, or the third business day prior to the date fixed for redemption of such shares, whichever is the earlier, to convert Convertible Preferred Shares into Class I Non-Voting Shares of the Corporation, subject to the provisions hereof.
  - (b) Until adjusted as provided herein the conversion basis for the purposes of clause (iv) (I) (a) hereof shall be 2.86 Class I Non-Voting Shares for each Convertible Preferred Share.
  - (c) No certificate for a fraction of a Class I Non-Voting Share shall be issued on conversion of Convertible Preferred Shares. In lieu thereof the Corporation shall make a cash payment for the fractional shares based, on the Current Market Price.
- (II) In any case of conversion of Convertible Preferred Shares under paragraph (iv) (I) hereof, the holder of the Convertible Preferred Shares shall deliver to the transfer agent of the Corporation for the Convertible Preferred Shares a written notice naming the person or

persons in whose name the Class I Non-Voting Shares are to be issued and the number to be issued to each, and the certificate or certificates for the Convertible Preferred Shares to be converted, signed by the person registered on the books of the Corporation as the holder of the Convertible Preferred Shares in respect of which such right is being exercised or by his duly authorized attorney. If any Class I Non-Voting Shares into which such Convertible Preferred Shares are converted are to be issued to a person or persons other than the registered holder of the Convertible Preferred Shares being converted, the signature of such holder on such notice shall be guaranteed in a manner satisfactory to the Board of Directors of the Corporation and the Corporation's transfer agent and such holder shall pay to the Corporation's transfer agent any applicable transfer taxes. Upon delivery of such notice and such payment each person in whose name the Class I Non-Voting Shares are to be issued as designated in such notice shall be deemed for all purposes to be the holder of record of the number of Class I Non-Voting Shares of the Corporation designated in such notice and such person or persons shall be entitled to delivery by the Corporation of a certificate or certificates representing such Class I Non-Voting Shares promptly after the delivery of the notice, together with a payment by cheque of an amount equal to the value of such fractional interest in respect of any fraction of a share issuable on such conversion following the computation of the number of any fraction of a share issuable on such conversion following the computation of the number of full Class I Non-Voting Shares issuable upon conversion of the aggregate number of such Convertible Preferred Shares to be converted. If any certificates representing the Convertible Preferred Shares be duly surrendered as aforesaid for conversion during a period when the registers of transfers of the Class I Non-Voting Shares are properly closed, the registered holders thereof (or such other person or persons as aforesaid) shall be deemed to become holders of Class I Non-Voting Shares of record immediately upon the re-opening of such registers of transfers. If less than all the Convertible Preferred Shares represented by any certificates are to be converted, the holders shall be entitled to receive, at the expense of the Corporation, a new certificate representing unconverted Convertible Preferred Share represented by the original certificate. The effective date of the conversion shall be the date of receipt of the said notice by the Corporation.

(v) Adjustment of Current Conversion Basis

- (I) The Current Conversion Basis (as defined in paragraph (v)(III) hereof) shall be adjusted from time to time as follows:

- (a) If the Corporation shall:
1. declare a dividend or make a distribution on its outstanding Class I Non-Voting Shares or Class II Voting Shares payable in Class I Non-Voting Shares or Class II Voting Shares;
  2. subdivide its outstanding Class I Non-Voting Shares or Class II Voting Shares into a greater number of shares; or
  3. consolidate its outstanding Class I Non-Voting Shares or Class II Voting Shares into a smaller number of shares;

the Current Conversion Basis shall be proportionately adjusted effective immediately after the record date determined for the purposes of such dividend, distribution, subdivision or consolidation.

In the case of the events referred to in 1 and 2 above, the Current Conversion Basis shall be increased in proportion to the increase in the number of outstanding Class I Non-Voting Shares or Class II Voting Shares resulting from such dividend, distribution or subdivision and, in the case of the events referred to in 3 above, the Current Conversion Basis shall be decreased in proportion to the decrease in the number of outstanding shares resulting from such consolidation.

- (b) In case the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Class I Non-Voting Shares or Class II Voting Shares entitling them for a period expiring not more than 45 days after such record date, to subscribe for or purchase Class I Non-Voting Shares or Class II Voting Shares (or securities convertible into Class I Non-Voting Shares or Class II Voting Shares) at a price per share (or having a conversion price per share) less than 95% of the Current Market Price on such record date, then the Current Conversion Basis shall be adjusted immediately after such record date so that it shall equal the basis determined by multiplying the Current Conversion Basis in effect on such record date by a fraction, of which the numerator shall be the total number of Class I Non-Voting Shares and Class II Voting Shares outstanding on such record date plus the total number of additional Class I Non-Voting Shares and Class II Voting Shares offered for

subscription or purchase (or into which the convertible securities so offered are convertible) and the denominator shall be the total number of Class I Non-Voting Shares and Class II Voting Shares outstanding on such record date plus a number of shares equal to the number arrived at by dividing the aggregate price of the total number of additional Class I Non-Voting Shares and Class II Voting Shares offered for subscription or purchase (or the aggregate conversion price of the convertible securities so offered) by the Current Market Price. Such adjustment shall be made successively whenever such a record date is fixed. If all such rights, options or warrants are not issued or if all such rights options or warrants are not exercised prior to the expiration thereof, the Current Conversion Basis shall be readjusted on the basis of the number of such rights, options or warrants actually issued or the number of such Class I Non-Voting Shares or Class II Voting Shares (or securities convertible into Class I Non-Voting Shares or Class II Voting Shares) actually delivered upon the exercise of such rights, options or warrants, as the case may be.

- (c) If the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Class I Non-Voting Shares or Class II Voting Shares of:
1. shares of any class other than Class I Non-Voting Shares or Class II Voting Shares;
  2. rights, options or warrants (excluding those referred to in clause (v)(I)(b));
  3. evidences of its indebtedness; or
  4. assets (excluding cash dividends, other than, in the case of any distribution of cash dividends, cash dividends to the extent that the aggregate amount of cash dividends paid by the Corporation on its Class I Non-Voting Shares or Class II Voting Shares in the fiscal year of the Corporation in which such distribution is made exceeds 100% of the aggregate net income of the Corporation for the immediately preceding two fiscal years less cash dividends paid on any of its shares during such fiscal years of the Corporation);

then in each such case the Current Conversion Basis shall be adjusted immediately after such record date so that it shall equal the basis determined by multiplying the Current Conversion Basis in effect on such record date by a fraction, of which the numerator is the total number of Class I Non-Voting Shares and Class II Voting Shares outstanding on such record date multiplied by the Current Market Price on such record date, and of which the denominator shall be a number determined by multiplying the total number of Class I Non-Voting Shares and Class II Voting Shares outstanding on such record date by the Current Market Price on such record date and deducting from the amount so obtained the aggregate fair market value, as determined by the Directors, whose determination shall be conclusive, of the shares, options, rights, warrants, evidences of indebtedness or assets so distributed.

- (d) In case of any reclassification or change (other than a change resulting only from consolidation or subdivision) of the Class I Non-Voting Shares, or in case of any amalgamation, consolidation or merger of the Corporation with or into any other corporation, or in the case of any sale of the properties and assets of the Corporation as, or substantially as, an entirety to any other corporation, each Convertible Preferred Share shall, after such reclassification, change, amalgamation, consolidation, merger or sale, be convertible into the number of shares or other securities or property of the Corporation, or such continuing, successor or purchasing corporation, as the case maybe, to which a holder of the number of Class I Non-Voting Shares as would have been issued if such Convertible Preferred Shares had been converted immediately prior to such reclassification, change, amalgamation, consolidation, merger or sale would have been entitled upon such reclassification, change, amalgamation, consolidation, merger or sale. The Board of Directors may accept the certificate of any firm of independent chartered accountants (who may be the auditors of the Corporation) as to the foregoing calculation and the Board of Directors may determine such entitlement on the basis of such certificate. Any such determination shall be conclusive and binding on the Corporation, the transfer agent for the Convertible Preferred Shares and the holders of the Convertible Preferred Shares. No such reclassification, change, amalgamation, consolidation, merger or sale shall be carried into effect unless, in the

opinion of the Board of Directors, all necessary steps shall have been taken to ensure that the holders of the Convertible Preferred Shares shall thereafter be entitled to receive such number of shares or other securities or property of the Corporation or such continuing, successor or purchasing corporation, as the case may be, subject to adjustment thereafter in accordance with provisions similar, as nearly as may be, to those contained in this clause (v).

- (II) The following rules and procedures shall be applicable to Conversion Basis adjustments made pursuant to the above:
- (a) any Class I Non-Voting Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding but, for the purposes of this subsection (a), any Class I Non-Voting Shares owned by a pension or similar plan for employees of the Corporation or its subsidiaries shall not be considered to be owned by or held for the account of the Corporation;
  - (b) no adjustment in the Current Conversion Basis shall be required unless a change of at least 1 % in the Current Conversion Basis would result, provided, however, that any adjustment which, except for the provisions of this subsection (b) would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment;
  - (c) forthwith after any adjustment in the Current Conversion Basis pursuant to the foregoing the Corporation shall file with the transfer agent of the Corporation for the Convertible Preferred Shares a certificate certifying as to the amount of such adjustment and, in reasonable detail, the event requiring and the manner of computing such adjustment; the Corporation shall also at such time give written notice to the registered holders of Convertible Preferred Shares of the Current Conversion Basis following such adjustment and the Convertible Preferred Share provisions with respect to the giving of notice of redemption shall apply *mutatis mutandis* to the giving of such notice; and
  - (d) the Corporation shall give to the holders of Convertible Preferred Shares at least 21 days prior public notice of the record date for the payment of any cash dividend, stock dividend or other distribution on its Class I Non-Voting Shares or Class II Voting Shares and prompt public notice

of the issue to any to its shareholders of rights to subscribe for Class I Non-Voting Shares or Class II Voting Shares or other securities and shall give at least 30 days public notice before making any replacement of capital on its Class I Non-Voting Shares or Class II Voting Shares. Any such public notice shall be sufficiently given if given in accordance with the regulations of The Toronto Stock Exchange from time to time in force with respect to required disclosures to the public by companies listed on such exchange. The accidental failure or omission to give the notice required by this subsection (d) or any defect therein shall not affect the legality or validity of any such payment, distribution or issue.

- (III) The following words and phrases when used herein for the Convertible Preferred Shares shall, unless there be something in the context inconsistent therewith, have the following meanings:

"Current Conversion Price" means as at any particular time the amount determined by dividing \$25 by the Current Conversion Basis.

"Current Conversion Basis" means at any particular time the number of Class I Non-Voting Shares into which the Convertible Preferred Shares are convertible in accordance with the conversion basis set out in paragraph (iv)(I), unless an adjusted conversion basis is in effect under the provisions of this clause (v) in which case it means such adjusted conversion basis.

"Current Market Price" as at any date when the Current Market Price is to be determined, shall mean the weighted average price at which the Class I Non-Voting Shares of the Corporation have been traded on The Toronto Stock Exchange during the 20 consecutive trading days ending on a date not earlier than the fifth trading day preceding such date. In the event such Class I Non-Voting Shares are not listed on The Toronto Stock Exchange but are listed on another stock exchange or stock exchanges in Canada the foregoing references to The Toronto Stock Exchange shall be deemed to be references to such other stock exchange, or, if more than one, to such one as shall be designated by the Board of Directors. In the event Class I Non-Voting Shares are not so traded on any stock exchange in Canada, the Current Market Price thereof shall be determined by the Board of Directors, which determination shall be conclusive. So long as any of the Convertible Preferred Shares are outstanding, the Corporation agrees to use its best efforts to maintain a listing and posting for trading of its outstanding Class I Non-Voting Shares on a Canadian stock exchange.

(vi) Redemption

(I) The Convertible Preferred Shares are not redeemable by the Corporation prior to October 1, 1987, except that if the Corporation shall have filed with the transfer agent for the Convertible Preferred Shares on the day that notice of redemption is first given, pursuant to paragraph (vi)(VI) hereof, a certificate of the Corporation certifying that the weighted average price at which the Class I Non-Voting Shares have traded on The Toronto Stock Exchange during the 25 consecutive trading days ending on a date not earlier than the fifth day preceding the date on which the notice of redemption is given, was not less than 125 percent of the Current Conversion Price in effect on the date of the filing of such certificate, the Corporation may redeem at any time on and after April 1, 1985 and prior to October 1, 1987, all of the outstanding Convertible Preferred Shares, or any part thereof, on payment of \$26.25 for each such share to be redeemed, together with accrued and unpaid dividends to the date fixed for redemption.

(II) On or after October 1, 1987, the Convertible Preferred Shares will be redeemable at the option of the Corporation in whole at any time or in part from time to time, on not less than 30 days notice by the Corporation at the following prices per share:

<u>If redeemed in the 12 months ending</u>	<u>Price</u>
September 30, 1988	\$26.25
September 30, 1989	\$26.00
September 30, 1990	\$25.75
September 30, 1991	\$25.50
September 30, 1992	\$25.25

and thereafter at \$25 per share, together in each case with all accrued and unpaid dividends calculated to the date fixed for redemption.

(III) (Notwithstanding paragraphs (vi)(I) or (vi)(II) hereof, in the event at least 85 percent of the aggregate number of Convertible Preferred Shares issued shall have been converted into Class I Non-Voting Shares, the Corporation shall thereafter have the option at any time prior to October 1, 1987 to redeem all, or from time to time part, of the then outstanding Convertible Preferred Shares at the price of \$26.25 per share together with accrued and unpaid dividends to the date fixed for redemption.

(IV) The respective redemption prices fixed by paragraphs (vi)(I), (vi)(II) and (vi)(III) hereof are each hereinafter referred to as a



"Redemption Price" and a date fixed for redemption for the purpose of any of such paragraphs is hereinafter referred to as a "Redemption Date".

- (V) In the case of a partial redemption, the shares to be redeemed shall be chosen as nearly as practicable on a pro rata basis of the shares issued and outstanding at that time (by lot if necessary).
  
- (VI) In any case of redemption of Convertible Preferred Shares, the Corporation shall, not less than 30 days prior to the date fixed for redemption, mail to each registered holder of the Convertible Preferred Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such shares. Such notice shall be mailed in a prepaid letter addressed to such registered holder at the registered address of such holder, or in the event of the address of any such holder not so appearing, then to the last known address of such holder, provided, however, that accidental failure to give any such notice to one or more such holders shall not affect the validity of such redemption. Such notice shall state the date on which redemption is to take place, the Redemption Price and, if part only of the shares held by the holder to whom it is addressed is to be redeemed, the number thereof so to be redeemed. On or after the Redemption Date as specified in any such notice the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Convertible Preferred Shares to be redeemed the Redemption Price on presentation and surrender of the certificates representing the shares called for redemption at the head office of the Corporation, or any other place designated in such notice, and upon payment of the Redemption Price as aforesaid to the holder or holders of any of the Convertible Preferred Shares to be redeemed, such shares shall thereupon be deemed to be redeemed and cancelled and shall not be re-issued. From and after the Redemption Date as specified in any such notice, the Convertible Preferred Shares thereby called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders will remain unaffected. The Corporation shall have the right at any time after the mailing of such notice of its intention to redeem Convertible Preferred Shares to deposit the Redemption Price of such shares or of such of the shares which have not at the date of such deposit been surrendered by the holders thereof. Such deposit may be made 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. Upon such deposit or deposits being made, such shares shall be deemed to be redeemed and cancelled and shall not be re-issued and the rights of the respective holders thereof after such deposit shall be limited to receiving without interest their respective proportionate parts of the total Redemption Price so deposited upon presentation and surrender of the certificates representing such shares held by them respectively. Any interest allowed on such deposit or deposits shall belong to the Corporation.

- (VII) If a part only of the Convertible Preferred Shares represented by any certificate shall be redeemed, a new certificate representing the balance of such shares shall be issued to the holder thereof at the expense of the Corporation upon presentation and surrender of the first mentioned certificate.

(vii) Purchase Obligation

- (I) So long as any of the Convertible Preferred Shares are outstanding and subject as hereinafter provided, the Corporation shall, during each calendar quarter commencing with the quarter beginning October 1, 1989, make all reasonable efforts to purchase for cancellation in the open market, or by invitation for tenders, if and to the extent that such shares are available for purchase, 1 % of the aggregate number of Convertible Preferred Shares outstanding on October 1, 1989, at prices not exceeding \$25 per share plus an amount equal to all dividends, if any, accrued and unpaid thereon up to the date of purchase, plus reasonable costs of purchase.
- (II) To the extent that the Corporation is unable to purchase such Convertible Preferred Shares in any calendar quarter, the Corporation's obligation to purchase Convertible Preferred Shares with respect to such calendar quarter will carry over to the succeeding calendar quarters in the same calendar year. If the Corporation is unable to purchase in the calendar year an aggregate of 4% of the aggregate number of Convertible Preferred Shares outstanding on October 1, 1989, the Corporation's obligation with respect to such calendar year will be extinguished.
- (III) Notwithstanding paragraphs (vii)(I) and (vii)(II) hereof, the Corporation shall be obligated in any such quarter to purchase such Convertible Preferred Shares only if and to the extent that such purchase would not be contrary to (i) any provisions attaching to the Convertible Preferred Shares or any shares of the Corporation ranking in priority to or on a parity with the Convertible Preferred Shares or (ii) any provision contained in any instrument evidencing

outstanding indebtedness of the Corporation, other than to affiliated companies, or (iii) any applicable law.

(viii) Voting Rights

The holders of the Convertible Preferred Shares shall not be entitled as such to receive notice of or attend any meetings of the shareholders of the corporation and shall not be entitled to vote at any such meeting provided that the holders of Convertible Preferred Shares shall be entitled to one vote for each Convertible Preferred Share held by them if and for so long as the cumulative dividends on the Convertible Preferred Shares are in arrears for a period exceeding eight quarters.

(ix) Pre-Emptive Rights

The holders of the Convertible Preferred Shares shall not as such be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Corporation now or hereafter authorized, other than shares receivable upon the exercise of the right of conversion as provided herein.

(x) Modification

(I) These provisions may be repealed, altered, modified, amended or amplified only with the authorization of the holders of the Convertible Preferred Shares given as specified in this clause (x) and in accordance with any requirements of law applicable to the Corporation.

(II) The provisions affecting the Convertible Preferred Shares as provided herein may be repealed, altered, modified, amended or amplified only with the sanction of the holders of the Convertible Preferred Shares either:

(a) in writing by holders of all of the outstanding Convertible Preferred Shares, or

(b) by resolution passed at a meeting of such holders called for such purpose and held upon at least 21 days notice at which the holders of at least the majority of the outstanding Convertible Preferred Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than 66 2/3% of the Convertible Preferred Shares represented and voted at such meeting. If at any such meeting the holders of a majority of the outstanding shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to a date being not less than 15 days later and at such time and place as may be appointed by the

Chairman and at least ten days notice shall be given, of such adjourned meeting. Notwithstanding the foregoing, or any provisions of the by-laws of the Corporation in respect to quorums at meetings of shareholders to transact the business for which the meeting was originally called, at such adjourned meeting, the holders of Convertible Preferred Shares, present or represented by proxy, shall form a quorum and transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of the holders of not less than 66 2/3% of the Convertible Preferred Shares represented and voted at such adjourned meeting shall constitute the sanction of the holders of the Convertible Preferred Shares. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting or the conduct thereof shall be those which may from time to time be described in the by-laws of the Corporation with respect to the meetings of shareholders. At each and every vote taken at every such meeting or adjourned meeting each holder of a Convertible Preferred Share shall be entitled to one vote in respect of each Convertible Preferred Share held.

(xi) Approval of Holders of Convertible Preferred Shares

The approval of the holders of the Convertible Preferred Shares as to any and all matters referred to herein shall be given in the same manner as a sanction of an amendment to the provisions affecting the Convertible Preferred Shares, as provided in clause (x) hereof.

**B3. TERMS AND CONDITIONS OF THE 9 3/10% CUMULATIVE REDEEMABLE JUNIOR PREFERRED SHARES, SERIES 3**

The third series of Junior Preferred Shares of the Corporation shall consist of 2,000,000 shares, shall be designated "9 3/10% Cumulative Redeemable Junior Preferred Shares, Series 3" (hereinafter called the "Series 3 Junior Preferred Shares") and shall have attached thereto the preferences, rights, restrictions, conditions and limitations as follows:

(i) Dividends

The holders of the Series 3 Junior Preferred Shares, in priority to the Class I Non-Voting Shares and Class II Voting Shares and any other shares ranking junior to the Junior Preferred Shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, to be paid quarterly on the 15th day of January, April, July and October in each year commencing on January 15, 1985 at a rate of

\$2.325 per share per annum, to yield 9 3/10% per annum. In addition, a dividend shall be payable on December 31, 1990 at the same rate per annum. Further dividends on the Series 3 Junior Preferred Shares shall be payable if, as and when declared by the Board of Directors.

All such dividends shall accrue from day to day from the date of issue of the Series 3 Junior Preferred Shares. Cheques of the Corporation payable at par at any branch in Canada of the Corporation's bankers for the time being shall be issued in respect of such dividends and payment thereon shall satisfy such dividends. If on any dividend payment date the dividend payable on such date is not paid in full on all of the Series 3 Junior Preferred Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of same. The holders of the Series 3 Junior Preferred Shares shall not be entitled to any dividends other than or in excess of the cash dividend hereinbefore provided for.

(ii) Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the property and assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 3 Junior Preferred Shares shall be entitled to receive, before any distribution of any part of the property and assets of the Corporation among the holders of Class I Non-Voting Shares and Class II, Voting Shares or any other shares ranking junior to the Junior Preferred Shares with respect to distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation or with respect to payment of dividends, an amount equal to the amount paid up on the Series 3 Junior Preferred Shares held by them together with an amount equal to all accrued and unpaid preferential dividends thereon to the date of such liquidation, dissolution, winding-up or any other distribution. After payment to the holders of the Series 3 Junior Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

(iii) Redemption

The Series 3 Junior Preferred Shares will be redeemable at the option of the Corporation on and after December 31, 1989, on not less than 10 days' notice by the Corporation, at a price per share of \$25 together with an amount equal to all accrued and unpaid dividends calculated to the date fixed for redemption (hereinafter called the "Redemption Date"), together with a premium of \$1.00 per share if redemption takes place prior to December 15, 1990, the whole hereinafter called the "Redemption Price".

In the case of redemption of Series 3 Junior Preferred Shares, the Corporation shall, not less than ten days prior to the Redemption Date, mail to each registered holder of the Series 3 Junior Preferred Shares to be redeemed a notice in writing

of the intention of the Corporation to redeem such shares. Such notice shall be mailed in a prepaid letter addressed to such registered holder at the registered address of such holder, or in the event of the address of any such holder not so appearing, then to the last known address of such holder, provided, however, that accidental failure to give any such notice to one or more such holders shall not affect the validity of such redemption. Such notice shall state that the Series 3 Junior Preferred Shares registered in the name of the holder will be redeemed effective the Redemption Date and the Redemption Price payable to such holder. On or after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Series 3 Junior Preferred Shares to be redeemed the Redemption Price on presentation and surrender of the certificates representing the shares called for redemption at the head office of the Corporation, or any other place designated in such notice, and upon payment of the Redemption Price as aforesaid to the holder or holders of any of the Series 3 Junior Preferred Shares to be redeemed, such shares shall thereupon be deemed to be redeemed and cancelled and shall not be re-issued. From and after the Redemption Date, the Series 3 Junior Preferred Shares then issued and outstanding shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders will remain unaffected. The Corporation shall have the right at any time after the mailing of such notice of its obligation to redeem Series 3 Junior Preferred Shares to deposit the Redemption Price of such shares or of such of the shares which have not at the date of such deposit been surrendered by the holders thereof. Such deposit may be made 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. Upon such deposit or deposits being made, such shares shall be deemed to be redeemed and cancelled and shall not be re-issued and the rights of the respective holders thereof after such deposit shall be limited to receiving without interest their respective proportionate parts of the total Redemption Price so deposited upon presentation and surrender of the certificates representing such shares held by them respectively. Any interest allowed on such deposit or deposits shall belong to the Corporation.

(iv) Restrictions

So long as any Series 3 Junior Preferred Shares are outstanding, the Corporation shall not:

- (I) create or issue any Junior Preferred Shares of another series or any other shares ranking prior to or pari passu with the Series 3 Junior Preferred Shares as to the payment of dividends or the distribution of assets in the event of a liquidation, dissolution or winding-up of the Corporation;

- (II) pay any dividends on the Class I Non-Voting Shares, Class II Voting Shares, or on any other shares of the Corporation ranking junior to the Series 3 Junior Preferred Shares with respect to payment of dividends;
- (III) redeem or purchase or make any capital distribution in respect of the Class I Non-Voting Shares, Class II Voting Shares or any other shares of the Corporation ranking junior to or on a parity with the Series 3 Junior Preferred Shares with respect to distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation or with respect to payment of dividends (except out of net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking junior to the Series 3 Junior Preferred Shares in both such respects); or
- (IV) set aside any money or make any payments for any sinking fund or other retirement fund applicable to any shares of the Corporation ranking junior to or on a parity with the Series 3 Junior Preferred Shares with respect to distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation or with respect to payment of dividends;

unless all dividends up to, and including, the dividends for the last completed period for which dividends shall be payable shall have been declared and either paid or set apart for payment in respect of the Series 3 Junior Preferred Shares and all other shares ranking on a parity with or in priority to the Series 3 Junior Preferred Shares.

So long as any Series 3 Junior Preferred Shares are outstanding, the Corporation will not without the approval of the holders of the Preferred Shares redeem, purchase or otherwise retire less than all the Series 3 Junior Preferred Shares.

Nothing in this clause (iv) shall apply to hinder or prevent, and authorization is hereby given for, any of the actions referred to in such clause if consented to, or approved, by the holders of the Series 3 Junior Preferred Shares in the manner set forth in clause (ix) or if all the outstanding Series 3 Junior Preferred Shares have been duly called for redemption and adequate provision has been made assuring that they will be redeemed or deemed to be redeemed on or before the date specified for redemption.

(v) Voting Rights

Except as otherwise provided by the Business Corporations Act (Alberta), the holders of the Series 3 Junior Preferred Shares shall not be entitled to receive notice of or attend any meetings of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

(vi) Priority

The Class I Non-Voting Shares and the Class II Voting Shares shall rank junior to the Series 3 Junior Preferred Shares with respect to the payment of dividends and a return of capital on the liquidation, dissolution or winding-up of the Corporation or upon the occurrence of any other event which would result in the holders of the Series 3 Junior Preferred Shares being entitled to a return of capital and shall be subject in all respects to the rights, privileges, restrictions and conditions attaching to the Series 3 Junior Preferred Shares.

(vii) Pre-Emptive Rights

The holders of the Series 3 Junior Preferred Shares shall not as such be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Corporation now or hereafter authorized.

(viii) Modification

These provisions may be repealed, altered, modified, amended or amplified only with the authorization of the holders of the Series 3 Junior Preferred Shares either:

- (I) in writing by holders of all of the outstanding Series 3 Junior Preferred Shares; or
- (II) by resolution passed at a meeting of such holders called for the purpose and held upon at least 21 days' notice at which the holders of at least the majority of the outstanding Series 3 Junior Preferred Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than 66 2/3% of the Series 3 Junior Preferred Shares represented and voted at such meeting. If at any such meeting the holders of a majority of the outstanding shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to a date being not less than 15 days later and at such time and place as may be appointed by the Chairman and at least ten days' notice shall be given of such adjourned meeting. Notwithstanding the foregoing, or any provisions of the by-laws of the Corporation in respect to quorums at meetings of shareholders to transact the business for which the meeting was originally called, at such adjourned meeting, the holders of Series 3 Junior Preferred Shares, present or represented by proxy, shall form a quorum and transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of the holders of not less than 66 2/3% of the Series 3 Junior Preferred Shares represented and voted at such adjourned meeting shall constitute the sanction of the holders of the Series 3 Junior Preferred Shares. The formalities to



be observed with respect to the giving of notice of any such meeting or adjourned meeting or the conduct thereof shall be those which may from time to time be described in the bylaws of the Corporation with respect to the meetings of shareholders. At each and every vote taken at every such meeting or adjourned meeting each holder of Series 3 Junior Preferred Shares shall be entitled to one vote in respect of each Series 3 Junior Preferred Share held.

(ix) Approval of Holders of Series 3 Junior Preferred Shares

The approval of the holders of Series 3 Junior Preferred Shares as to any and all matters referred to herein shall be given in the same manner as a sanction of an amendment to the provisions affecting the Series 3 Junior Preferred Shares, as provided in clause (viii) hereof.

**C. CLASS I NON-VOTING SHARES AND CLASS II VOTING SHARES**

The Class I Non-Voting Shares (the "Class I Shares") and the Class II Voting Shares (the "Class II Shares") shall carry and be subject to the following rights, restrictions, conditions and limitations:

(i) Priority

The Class I Shares and the Class II Shares shall rank equally in all respects (including distributions of any nature whatsoever), save as to voting (as provided in clause (iii) hereof) and subject to the rights of conversion of the Class II Shares into Class I Shares (as provided in clause (iv) hereof);

(ii) Dividends

The Class I Shares and the Class II Shares shall rank equally as to dividends and all dividends declared in any fiscal year shall be declared and paid in equal or equivalent amounts per share on all the Class I Shares and all the Class II Shares at the time outstanding, without preference or distinction;

(iii) Voting

(I) Subject to the special voting rights set forth in (III) below the holders of the Class I Shares shall not be entitled to receive notice of or to attend any meetings of the shareholders of the Corporation onto vote at any such meeting, but shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale of its undertaking or a substantial part thereof;

(II) Each holder of a Class II Share shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation (except class meetings of other classes of shareholders at which such holder is not entitled to be present or vote) and at all such

meetings shall be entitled to one vote in respect of each Class II Share held by such holder; and

- (III) In this provision the term "Offer" means an Offer to purchase Class II Shares which must, by reason of then applicable securities legislation, of any province or the by-laws, regulations or policy of a Stock Exchange upon which the Class II Shares are listed, be made to all holders of Class II Shares whose last address on the records of the Corporation is in any province which requires the making of such an Offer to such holders. In the event an Offer is made and at the time the Offer is made, and an Offer on the same terms and conditions is not made to the holders of the Class I Shares, then, if holders of more than fifty percent (50%) of the Class II Shares accept the offer, which shall include any amended Offer, each holder of a Class I Share shall, from and after the date upon which such shares are taken up pursuant to the terms of the Offer, be entitled to the same voting rights as the Class II Shares set forth in (II) above.

(iv) Conversion

Each issued and fully paid Class II Share may at any time and from time to time, at the option of the holder, be converted into one (1) Class I Share. Each Class II Share so converted shall be restored by such conversion to the status of an authorized but unissued Class II Share in the capital of the Corporation. The conversion privilege herein provided for may be exercised by notice in writing given to the transfer agent of the Corporation; accompanied by the certificate or certificates representing the Class II Shares in respect of which the holder thereof desires to exercise such right of conversion and such notice shall be signed by the person registered on the books of the Corporation as a holder of Class II Shares in respect of which such right is being exercised or by such holder's duly authorized attorney and shall specify the number of Class II Shares which the holder desires to have converted. The holder shall also pay any governmental or other tax imposed in respect of such transaction. Upon receipt of such notice the Corporation shall issue certificates representing fully paid Class I Shares upon the basis above prescribed and in accordance with the provisions hereof to the holder of the Class II Shares represented by the certificate or certificates accompanying such notice; if less than all the Class II Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate of the Class II Shares representing the shares comprised in the original certificate which are not to be converted;

(v) Reorganization of Class I and Class II Shares

Neither the Class I nor the Class II Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other

class of shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner;

(vi) Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, all the property and assets of the Corporation available for distribution to shareholders shall be paid or distributed equally share for share to the holders of the Class I Shares and the Class II Shares respectively without preference or distinction;

(vii) Amendment to Class I Shares

Any amendments to vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class I Shares or to create special shares ranking in priority to or on a parity with the Class I Shares, in addition to the authorization by a special resolution as defined in the Business Corporations Act (Alberta), must be authorized by a special resolution of the holders of the Class I Shares.

## **SCHEDULE OF OTHER PROVISIONS**

The directors may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed  $1/3$  of the number of directors who held office at the expiration of the last annual meeting of the Corporation.

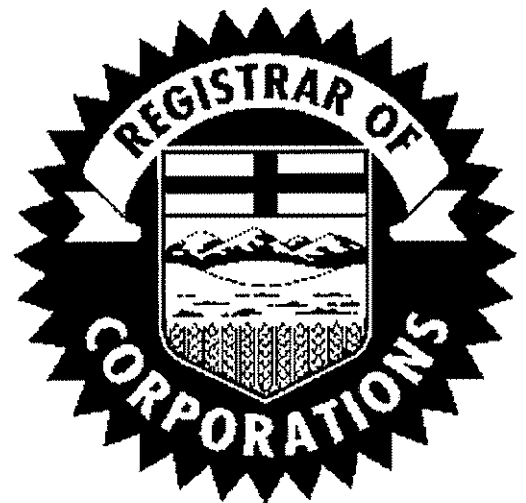
CORPORATE ACCESS NUMBER: 206362386

**Alberta**

**BUSINESS CORPORATIONS ACT**

**CERTIFICATE  
OF  
AMENDMENT AND REGISTRATION  
OF RESTATED ARTICLES**

**ATCO LTD.**  
AMENDED ITS ARTICLES ON 2006/05/26.




BUSINESS CORPORATIONS ACT

# Alberta

## ARTICLES OF AMENDMENT

1. Name of Corporation	2. Corporate Access Number
ATCO LTD.	206362386

3. Pursuant to subsection 173(1)(c) of the Business Corporations Act (Alberta), the share capital of the Corporation is hereby amended by increasing the number of Preferred Shares the Corporation is authorized to issue from 8,000,000 to 20,000,000, so that the share capital of the Corporation shall be amended to read as set out in the Schedule of Share Capital attached hereto.

4. DATE	SIGNATURE	TITLE
May <u>24</u> , 2006	 P. Spruin	Corporate Secretary

REGISTERED ON  
THE ALBERTA REGISTRIES  
CORES SYSTEM  
MAY 26 2006  
*clm*

## SCHEDULE OF SHARE CAPITAL

### AUTHORIZED CAPITAL

The authorized capital of ATCO LTD. (the "Corporation") shall consist of:

- (a) one class of shares, designated as "Preferred Shares", to be limited in number to 20,000,000 shares presently consisting of:
  - (i) one series of shares, designated as "5.75% Cumulative Redeemable Preferred Shares, Series 3;
- (b) one class of shares, designated as "Junior Preferred Shares", to be limited in number to 8,000,000 shares and presently consisting of:
  - (i) one series of shares, designated as "Series 1 Cumulative Redeemable Junior Preferred Shares", to be limited in number to 200,000 shares;
  - (ii) one series of shares, designated as "11 1/2% Cumulative Redeemable Convertible Junior Preferred Shares, Series 2", to be limited in number to 2,000,000 shares; and
  - (iii) one series of shares, designated as "9 3/10% Cumulative Redeemable Junior Preferred Shares, Series 3", to be limited in number to 2,000,000 shares;
- (c) one class of shares, designated "Class I Non-Voting Shares", to be limited in number to 100,000,000 shares; and
- (d) one class of shares, designated "Class II Voting Shares", to be limited in number to 50,000,000 shares;

such shares having the following rights, restrictions, conditions and limitations attached thereto:

#### A. PREFERRED SHARES

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

- (i) Dividends

The Preferred Shares shall have preferred rights as to dividends as determined by the Directors of the Corporation in accordance with Clause (ii) hereof; and

- (ii) Designation, Rights, Privileges, Restrictions and Conditions of Series

The Preferred Shares may from time to time be issued in one or more series, each series to consist of such number of shares as may before the issue thereof be determined by the Directors who may by resolution fix from time to time before

the issue thereof the designation, rights, restrictions, conditions and limitations attaching to the Preferred Shares of each series including, without limiting the generality of the foregoing, the rate and nature of preferential dividends, the dates of payment thereof, the redemption price and conditions of redemption, if any, and voting rights, if any.

### **A1. 5.75% CUMULATIVE REDEEMABLE PREFERRED SHARES, SERIES 3**

The third series of Preferred Shares shall consist of 6,000,000 5.75% Cumulative Redeemable Preferred Shares, Series 3 (the "Series 3 Preferred Shares"). In addition to the rights, privileges, restrictions and conditions attaching to the preference shares as a class, the Series 3 Preferred Shares shall have attached thereto the rights, privileges, restrictions and conditions as set out in the Schedule of Series Provisions.

### **B. JUNIOR PREFERRED SHARES**

The Junior Preferred Shares shall carry and be subject to the following rights, restrictions, conditions and limitations:

(i) Issuable in Series

The Junior Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the Directors of the Corporation;

(ii) Designation, Rights, Privileges, Restrictions and Conditions of Series

Subject to the provisions of the Business Corporations Act (Alberta), the provision herein contained and to any provisions in that regard attaching to any outstanding series of Junior Preferred Shares, the Directors of the Corporation may by resolution fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to each series of the Junior Preferred Shares including, without limitation, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the redemption and/or purchase prices, and terms and conditions of any redemption and/or purchase rights, any voting rights, any conversion rights and any sinking fund or such other provisions;

(iii) Distributions

The Junior Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with the Junior Preferred Shares



of every other series and be entitled to a preference over the Class I and Class II Shares of the Corporation and over any other shares of the Corporation ranking junior to the Junior Preferred Shares. The Junior Preferred Shares of any series may also be given such other preferences, not inconsistent with the provisions hereof, over the Class I and Class II Shares of the Corporation and over any other shares of the Corporation ranking junior to the Junior Preferred Shares as may be fixed in accordance with the provisions hereof;

(iv) Priority

Except for the issue of any of the remaining authorized but unissued Preferred Shares, no shares of a class ranking prior to the Junior Preferred Shares with respect to the payment of dividends or the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs may be created or issued without the approval of the holders of the Junior Preferred Shares given in accordance with the provisions hereof;

(v) Voting

Except as otherwise specifically provided in the Business Corporations Act (Alberta) and except as may be otherwise specifically provided in the provisions attaching to any series of the Junior Preferred Shares, the holders of the Junior Preferred Shares shall not be entitled to receive any notice of or attend any meeting of shareholders of the Corporation and shall not be entitled to vote at any such meeting;

(vi) Amendment of Junior Preferred Shares

The provisions hereof may not be repealed, altered, modified, amended or amplified by certificate of amendment without the approval of the holders of the Junior Preferred Shares given in accordance with the provisions hereof; and

(vii) Approval of Holders of Junior Preferred Shares

The approval of the holders of the Junior Preferred Shares as to any and all matters referred to herein may be given as follows:

- (I) Any approval given by the holders of Junior Preferred Shares shall be deemed to have been sufficiently given if it shall have been given in writing by the holders of at least 75% of the outstanding Junior Preferred Shares or by a resolution passed at a meeting of holders of Junior Preferred Shares duly called and held upon not less than 21 days' notice at which the holders of at least 25% of the outstanding Junior Preferred Shares are present or are represented by proxy and carried by the affirmative vote of not less than 50% of the votes cast at such meeting, in addition to any vote or other

consent or approval that may be required by the Business Corporations Act (Alberta). If at any such meeting the holders of at least 25% of the outstanding Junior Preferred Shares are 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, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting the holders of Junior Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than 50% of the votes cast at such meeting shall constitute the approval of the holders of the Junior Preferred Shares; and

- (II) On every poll taken at any meeting of holders of Junior Preferred Shares, every holder of Junior Preferred Shares shall be entitled to one vote in respect of each one dollar of the issue price of each Junior Preferred Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders.

### **B1. SERIES 1 CUMULATIVE REDEEMABLE JUNIOR PREFERRED SHARES**

The first series of Junior Preferred Shares of the Corporation shall consist of 200,000 shares, shall be designated "Series 1 Cumulative Redeemable Junior Preferred Shares" (hereinafter called the "Series 1 Shares") and shall have attached thereto the preferences, rights, restrictions, conditions and limitations as set out in the Schedule of Series Provisions.

### **B2. 11 1/2% CUMULATIVE REDEEMABLE CONVERTIBLE JUNIOR PREFERRED SHARES, SERIES 2**

The second series of Junior Preferred Shares of the Corporation shall consist of 2,000,000 shares, shall be designated "11 1/2% Cumulative Redeemable Convertible Junior Preferred Shares, Series 2" (hereinafter called the "Convertible Preferred Shares") and shall have attached thereto the preferences, rights; restrictions, conditions and limitations as set out in the Schedule of Series Provisions.

### **B3. TERMS AND CONDITIONS OF THE 9 3/10% CUMULATIVE REDEEMABLE JUNIOR PREFERRED SHARES, SERIES 3**

The third series of Junior Preferred Shares of the Corporation shall consist of 2,000,000 shares, shall be designated "9 3/10% Cumulative Redeemable Junior

Preferred Shares, Series 3" (hereinafter called the "Series 3 Junior Preferred Shares") and shall have attached thereto the preferences, rights, restrictions, conditions and limitations as set out in the Schedule of Series Provisions.

### **C. CLASS I NON-VOTING SHARES AND CLASS II VOTING SHARES**

The Class I Non-Voting Shares (the "Class I Shares") and the Class II Voting Shares (the "Class II Shares") shall carry and be subject to the following rights, restrictions, conditions and limitations:

(i) Priority

The Class I Shares and the Class II Shares shall rank equally in all respects (including distributions of any nature whatsoever), save as to voting (as provided in clause (iii) hereof) and subject to the rights of conversion of the Class II Shares into Class I Shares (as provided in clause (iv) hereof);

(ii) Dividends

The Class I Shares and the Class II Shares shall rank equally as to dividends and all dividends declared in any fiscal year shall be declared and paid in equal or equivalent amounts per share on all the Class I Shares and all the Class II Shares at the time outstanding, without preference or distinction;

(iii) Voting

(I) Subject to the special voting rights set forth in (III) below the holders of the Class I Shares shall not be entitled to receive notice of or to attend any meetings of the shareholders of the Corporation onto vote at any such meeting, but shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale of its undertaking or a substantial part thereof;

(II) Each holder of a Class II Share shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation (except class meetings of other classes of shareholders at which such holder is not entitled to be present or vote) and at all such meetings shall be entitled to one vote in respect of each Class II Share held by such holder; and

(III) In this provision the term "Offer" means an Offer to purchase Class II Shares which must, by reason of then applicable securities legislation. of any province or the by-laws, regulations or policy of a Stock Exchange upon which the Class II Shares are listed, be made to all holders of Class II Shares whose last address on the records of the Corporation is in any province which requires the making of such an Offer to such holders. In the event an Offer is

made and at the time the Offer is made, and an Offer on the same terms and conditions is not made to the holders of the Class I Shares, then, if holders of more than fifty percent (50%) of the Class II Shares accept the offer, which shall include any amended Offer, each holder of a Class I Share shall, from and after the date upon which such shares are taken up pursuant to the terms of the Offer, be entitled to the same voting rights as the Class II Shares set forth in (II) above.

(iv) Conversion

Each issued and fully paid Class II Share may at any time and from time to time, at the option of the holder, be converted into one (1) Class I Share. Each Class II Share so converted shall be restored by such conversion to the status of an authorized but unissued Class II Share in the capital of the Corporation. The conversion privilege herein provided for may be exercised by notice in writing given to the transfer agent of the Corporation; accompanied by the certificate or certificates representing the Class II Shares in respect of which the holder thereof desires to exercise such right of conversion and such notice shall be signed by the person registered on the books of the Corporation as a holder of Class II Shares in respect of which such right is being exercised or by such holder's duly authorized attorney and shall specify the number of Class II Shares which the holder desires to have converted. The holder shall also pay any governmental or other tax imposed in respect of such transaction. Upon receipt of such notice the Corporation shall issue certificates representing fully paid Class I Shares upon the basis above prescribed and in accordance with the provisions hereof to the holder of the Class II Shares represented by the certificate or certificates accompanying such notice; if less than all the Class II Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate of the Class II Shares representing the shares comprised in the original certificate which are not to be converted;

(v) Reorganization of Class I and Class II Shares

Neither the Class I nor the Class II Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner;

(vi) Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, all the property and assets of the Corporation available for distribution to shareholders shall be paid or distributed equally share for share to the holders of the Class I Shares and the Class II Shares respectively without preference or distinction;

(vii) Amendment to Class I Shares

Any amendments to vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class I Shares or to create special shares ranking in priority to or on a parity with the Class I Shares, in addition to the authorization by a special resolution as defined in the Business Corporations Act (Alberta), must be authorized by a special resolution of the holders of the Class I Shares.

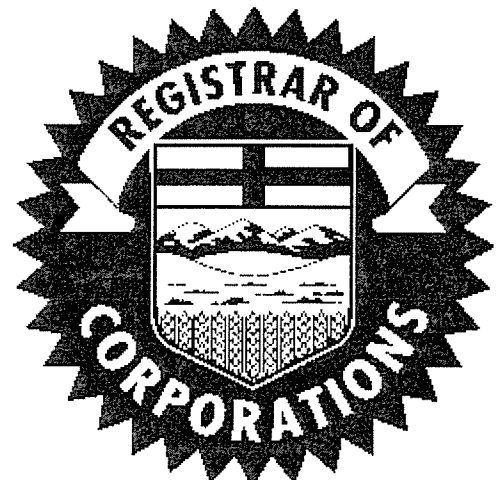
**CORPORATE ACCESS NUMBER: 206362386**

**Government  
of Alberta ■**

**BUSINESS CORPORATIONS ACT**

**CERTIFICATE  
OF  
AMENDMENT AND REGISTRATION  
OF RESTATED ARTICLES**

**ATCO LTD.  
AMENDED ITS ARTICLES ON 2013/05/16.**



BUSINESS CORPORATIONS ACT

# Alberta

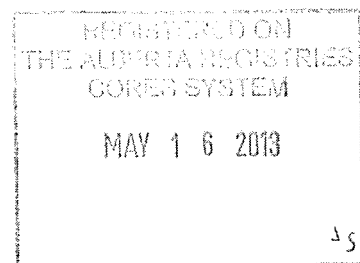
## ARTICLES OF AMENDMENT

1. Name of Corporation	2. Corporate Access Number
ATCO LTD.	206362386

3.

Pursuant to subsection 173(1)(c) of the *Business Corporations Act* (Alberta), the share capital of the Corporation is hereby amended by increasing the number of Class I Non-Voting Shares the Corporation is authorized to issue from 100,000,000 to 300,000,000; so that the share capital of the Corporation shall be amended to read as set out in the Schedule of Share Capital attached hereto and forming part of this form.

4. DATE	SIGNATURE	TITLE
May 16, 2013	"William S. Osler"	Solicitor



## **SCHEDULE OF SHARE CAPITAL**

### **AUTHORIZED CAPITAL**

The authorized capital of ATCO LTD. (the "Corporation") shall consist of:

- (a) one class of shares, designated as "Preferred Shares", to be limited in number to 20,000,000 shares;
- (b) one class of shares, designated as "Junior Preferred Shares", to be limited in number to 8,000,000 shares;
- (c) one class of shares, designated "Class I Non-Voting Shares", to be limited in number to 300,000,000 shares; and
- (d) one class of shares, designated "Class II Voting Shares", to be limited in number to 50,000,000 shares;

such shares having the following rights, restrictions, conditions and limitations attached thereto:

### **A. PREFERRED SHARES**

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

- (i) Dividends

The Preferred Shares shall have preferred rights as to dividends as determined by the Directors of the Corporation in accordance with Clause (ii) hereof; and

- (ii) Designation, Rights, Privileges, Restrictions and Conditions of Series

The Preferred Shares may from time to time be issued in one or more series, each series to consist of such number of shares as may before the issue thereof be determined by the Directors who may by resolution fix from time to time before the issue thereof the designation, rights, restrictions, conditions and limitations attaching to the Preferred Shares of each series including, without limiting the generality of the foregoing, the rate and nature of preferential dividends, the dates of payment thereof, the redemption price and conditions of redemption, if any, and voting rights, if any.

### **B. JUNIOR PREFERRED SHARES**

The Junior Preferred Shares shall carry and be subject to the following rights, restrictions, conditions and limitations:

- (i) Issuable in Series



The Junior Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the Directors of the Corporation;

(ii) Designation, Rights, Privileges, Restrictions and Conditions of Series

Subject to the provisions of the Business Corporations Act (Alberta), the provision herein contained and to any provisions in that regard attaching to any outstanding series of Junior Preferred Shares, the Directors of the Corporation may by resolution fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to each series of the Junior Preferred Shares including, without limitation, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the redemption and/or purchase prices, and terms and conditions of any redemption and/or purchase rights, any voting rights, any conversion rights and any sinking fund or such other provisions;

(iii) Distributions

The Junior Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with the Junior Preferred Shares of every other series and be entitled to a preference over the Class I and Class II Shares of the Corporation and over any other shares of the Corporation ranking junior to the Junior Preferred Shares. The Junior Preferred Shares of any series may also be given such other preferences, not inconsistent with the provisions hereof, over the Class I and Class II Shares of the Corporation and over any other shares of the Corporation ranking junior to the Junior Preferred Shares as may be fixed in accordance with the provisions hereof;

(iv) Priority

Except for the issue of any of the remaining authorized but unissued Preferred Shares, no shares of a class ranking prior to the Junior Preferred Shares with respect to the payment of dividends or the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs may be created or issued without the approval of the holders of the Junior Preferred Shares given in accordance with the provisions hereof;

(v) Voting

Except as otherwise specifically provided in the Business Corporations Act (Alberta) and except as may be otherwise specifically provided in the provisions

attaching to any series of the Junior Preferred Shares, the holders of the Junior Preferred Shares shall not be entitled to receive any notice of or attend any meeting of shareholders of the Corporation and shall not be entitled to vote at any such meeting;

(vi) Amendment of Junior Preferred Shares

The provisions hereof may not be repealed, altered, modified, amended or amplified by certificate of amendment without the approval of the holders of the Junior Preferred Shares given in accordance with the provisions hereof; and

(vii) Approval of Holders of Junior Preferred Shares

The approval of the holders of the Junior Preferred Shares as to any and all matters referred to herein may be given as follows:

(I) Any approval given by the holders of Junior Preferred Shares shall be deemed to have been sufficiently given if it shall have been given in writing by the holders of at least 75% of the outstanding Junior Preferred Shares or by a resolution passed at a meeting of holders of Junior Preferred Shares duly called and held upon not less than 21 days' notice at which the holders of at least 25% of the outstanding Junior Preferred Shares are present or are represented by proxy and carried by the affirmative vote of not less than 50% of the votes cast at such meeting, in addition to any vote or other consent or approval that may be required by the Business Corporations Act (Alberta). If at any such meeting the holders of at least 25% of the outstanding Junior Preferred Shares are 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, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting the holders of Junior Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than 50% of the votes cast at such meeting shall constitute the approval of the holders of the Junior Preferred Shares; and

(II) On every poll taken at any meeting of holders of Junior Preferred Shares, every holder of Junior Preferred Shares shall be entitled to one vote in respect of each one dollar of the issue price of each Junior Preferred Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders.

### **C. CLASS I NON-VOTING SHARES AND CLASS II VOTING SHARES**

The Class I Non-Voting Shares (the "Class I Shares") and the Class II Voting Shares (the "Class II Shares") shall carry and be subject to the following rights, restrictions, conditions and limitations:

(i) Priority

The Class I Shares and the Class II Shares shall rank equally in all respects (including distributions of any nature whatsoever), save as to voting (as provided in clause (iii) hereof) and subject to the rights of conversion of the Class II Shares into Class I Shares (as provided in clause (iv) hereof);

(ii) Dividends

The Class I Shares and the Class II Shares shall rank equally as to dividends and all dividends declared in any fiscal year shall be declared and paid in equal or equivalent amounts per share on all the Class I Shares and all the Class II Shares at the time outstanding, without preference or distinction;

(iii) Voting

(I) Subject to the special voting rights set forth in (III) below the holders of the Class I Shares shall not be entitled to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such meeting, but shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale of its undertaking or a substantial part thereof;

(II) Each holder of a Class II Share shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation (except class meetings of other classes of shareholders at which such holder is not entitled to be present or vote) and at all such meetings shall be entitled to one vote in respect of each Class II Share held by such holder; and

(III) In this provision the term "Offer" means an Offer to purchase Class II Shares which must, by reason of then applicable securities legislation of any province or the by-laws, regulations or policy of a Stock Exchange upon which the Class II Shares are listed, be made to all holders of Class II Shares whose last address on the records of the Corporation is in any province which requires the making of such an Offer to such holders. In the event an Offer is made and at the time the Offer is made, and an Offer on the same terms and conditions is not made to the holders of the Class I Shares, then, if holders of more than fifty percent (50%) of the

Class II Shares accept the offer, which shall include any amended Offer, each holder of a Class I Share shall, from and after the date upon which such shares are taken up pursuant to the terms of the Offer, be entitled to the same voting rights as the Class II Shares set forth in (II) above.

(iv) Conversion

Each issued and fully paid Class II Share may at any time and from time to time, at the option of the holder, be converted into one (1) Class I Share. Each Class II Share so converted shall be restored by such conversion to the status of an authorized but unissued Class II Share in the capital of the Corporation. The conversion privilege herein provided for may be exercised by notice in writing given to the transfer agent of the Corporation, accompanied by the certificate or certificates representing the Class II Shares in respect of which the holder thereof desires to exercise such right of conversion and such notice shall be signed by the person registered on the books of the Corporation as a holder of Class II Shares in respect of which such right is being exercised or by such holder's duly authorized attorney and shall specify the number of Class II Shares which the holder desires to have converted. The holder shall also pay any governmental or other tax imposed in respect of such transaction. Upon receipt of such notice the Corporation shall issue certificates representing fully paid Class I Shares upon the basis above prescribed and in accordance with the provisions hereof to the holder of the Class II Shares represented by the certificate or certificates accompanying such notice; if less than all the Class II Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate of the Class II Shares representing the shares comprised in the original certificate which are not to be converted;

(v) Reorganization of Class I and Class II Shares

Neither the Class I nor the Class II Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner;

(vi) Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, all the property and assets of the Corporation available for distribution to shareholders shall be paid or distributed equally share for share to the holders of the Class I Shares and the Class II Shares respectively without preference or distinction;

(vii) Amendment to Class I Shares

Any amendments to vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class I Shares or to create special shares ranking in priority to or on a parity with the Class I Shares, in addition to the authorization by a special resolution as defined in the Business Corporations Act (Alberta), must be authorized by a special resolution of the holders of the Class I Shares.

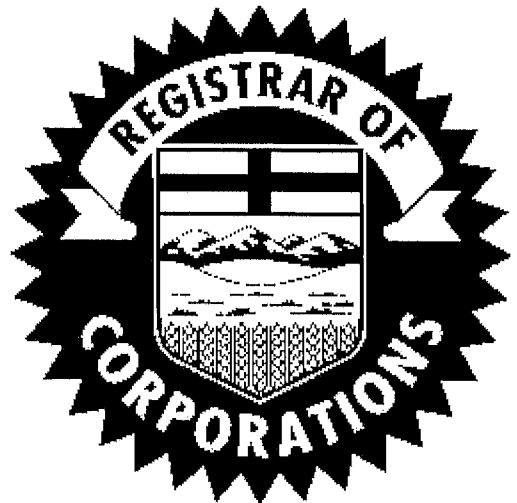
CORPORATE ACCESS NUMBER: 206362386

**Government  
of Alberta ■**

**BUSINESS CORPORATIONS ACT**

**CERTIFICATE  
OF  
AMENDMENT**

**ATCO LTD.**  
AMENDED ITS ARTICLES TO CREATE SHARES IN SERIES ON 2018/10/31.



BUSINESS CORPORATIONS ACT

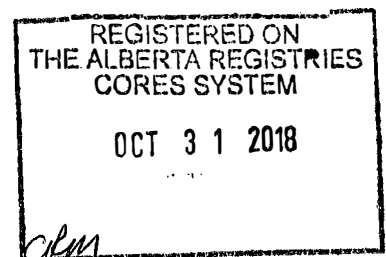
# Alberta

## ARTICLES OF AMENDMENT

1. Name of Corporation	2. Corporate Access Number
<b>ATCO LTD.</b>	<b>206362386</b>

3. Pursuant to subsection 29(5) of the *Business Corporations Act* (Alberta), the Articles of the Corporation are hereby amended by the creation of an additional series of Preferred Shares, to be designated as "Preferred Shares, Series 2018-1", to be limited in number to 400,000 shares, each such Preferred Share, Series 2018-1 having attached thereto the rights, privileges, restrictions and conditions set out in the attached Schedule of Series Provisions.

4. DATE	SIGNATURE	TITLE
<b>OCTOBER 31, 2018</b>	<b>KAHLAN K. MILLS</b>	<b>SOLICITOR</b>



## SCHEDULE OF SERIES PROVISIONS

The Corporation is authorized to issue 400,000 shares of one series of the Preferred Shares designated as Preferred Shares, Series 2018-1 (the “**Conversion Preferred Shares**”). In addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Conversion Preferred Shares shall be as follows:

### 1. Interpretation

- (a) In these Conversion Preferred Share provisions, the following expressions have the meanings indicated:
  - (i) “**Automatic Conversion Event**” means an event giving rise to an automatic conversion of Subordinate Notes, without the consent of the holders of such notes and pursuant to the Indenture, into Conversion Preferred Shares, being the occurrence of any one of the following: (i) the making by the Corporation of a general assignment for the benefit of its creditors or a proposal (or the filing of a notice of its intention to do so) under the *Bankruptcy and Insolvency Act* (Canada) or an application for an initial order under the *Companies’ Creditors Arrangement Act* (Canada), (ii) any proceeding is instituted by the Corporation seeking to adjudicate it a bankrupt or insolvent, or, where the Corporation is insolvent, seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or compromise of its debts under any law relating to bankruptcy or insolvency in Canada, or seeking the entry of an order for the appointment of a receiver, interim receiver, trustee or other similar official for the property and assets of the Corporation or any substantial part of its property and assets in circumstances where the Corporation is adjudged a bankrupt or insolvent under any law relating to bankruptcy or insolvency in Canada, (iii) a receiver, interim receiver, trustee or other similar official is appointed over the property and assets of the Corporation or for any substantial part of its property and assets by a court of competent jurisdiction in circumstances where the Corporation is adjudged a bankrupt or insolvent under any law relating to bankruptcy or insolvency in Canada, or (iv) any proceeding is instituted against the Corporation seeking to adjudicate it a bankrupt or insolvent, or where the Corporation is insolvent, seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or compromise of its debts under any law relating to bankruptcy or insolvency in Canada, or seeking the entry of an order for the appointment of a receiver, interim receiver, trustee or other similar official for the property and assets of the Corporation or any substantial part of its property and assets in circumstances where the Corporation is adjudged a bankrupt or insolvent under any law relating to bankruptcy or insolvency in Canada, and either such proceeding has not been stayed or dismissed within 60 days of the institution of any such proceeding or the actions sought in such proceedings occur (including the entry of an order for relief against the Corporation or the appointment of a



receiver, interim receiver, trustee, or other similar official for it or for any substantial part of its property and assets);

- (ii) “**Book-Based System**” means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
- (iii) “**Book-Entry Holder**” means the person that is the beneficial holder of a Book-Entry Share;
- (iv) “**Book-Entry Shares**” means the Conversion Preferred Shares held through the Book-Based System;
- (v) “**business day**” means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
- (vi) “**CDS**” means CDS Clearing and Depository Services Inc. or any successor thereof;
- (vii) “**Class I Non-Voting Shares**” means the Class I Non-Voting Shares of the Corporation;
- (viii) “**Class II Voting Shares**” means the Class II Voting Shares of the Corporation;
- (ix) “**Definitive Share**” means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Conversion Preferred Shares;
- (x) “**Global Certificate**” means the global certificate representing outstanding Book-Entry Shares;
- (xi) “**Indenture**” means the Trust Indenture dated as of November 1, 2018, between the Corporation and AST Trust Company (Canada) as trustee, as supplemented by the First Supplemental Indenture dated as of November 1, 2018;
- (xii) “**Junior Preferred Shares**” means the junior preferred shares of the Corporation;
- (xiii) “**junior shares**” means the Class I Non-Voting Shares, the Class II Voting Shares, the Junior Preferred Shares and any other shares of the Corporation that may rank junior to the Preferred Shares in any respect;
- (xiv) “**Liquidation Distribution**” means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs;

- (xv) **“Participants”** means the participants in the Book-Based System;
  - (xvi) **“Perpetual Preferred Share Rate”** means the dividend rate payable on the Conversion Preferred Shares from time to time, being the same rate as the interest rate that would have accrued on the Subordinate Notes at any such time had such notes not been automatically converted into Conversion Preferred Shares upon an Automatic Conversion Event, and had remained outstanding;
  - (xvii) **“Preferred Shares”** means the preferred shares of the Corporation;
  - (xviii) **“Quarterly Dividend Payment Date”** means, in respect of dividends payable for the period from and after November 1, 2028, February 1, May 1, August 1, and November 1 of each year during which any Conversion Preferred Shares are issued and outstanding;
  - (xix) **“Semi-Annual Dividend Payment Date”** means, in respect of dividends payable for the period from November 1, 2018 to but excluding November 1, 2028, May 1 and November 1 of each year during which any Conversion Preferred Shares are issued and outstanding;
  - (xx) **“Subordinate Notes”** means the 5.50% Fixed-to-Floating Rate Subordinated Notes Series 2018-1 due November 1, 2078 of the Corporation; and
  - (xxi) **“System Operator”** means CDS or its nominee or any successor thereof.
- (b) The expressions “on a parity with”, “ranking prior to”, “ranking junior to” and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation Distribution.
  - (c) If any day on which any dividend on the Conversion Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day.
  - (d) All dollar amounts are in Canadian dollars.

## 2. Issue Price

The issue price of each whole Conversion Preferred Share will be \$1,000.

## 3. Dividends

- (a) Holders of Conversion Preferred Shares will be entitled to receive cumulative preferential cash dividends, if, as and when declared by the board of directors, subject to the *Business Corporations Act (Alberta)*, at the Perpetual Preferred Share Rate, payable on each Semi-Annual Dividend Payment Date or Quarterly Dividend Payment Date, as applicable, less any applicable withholding or other tax as provided in paragraph 11.

- (b) The dividends on Conversion Preferred Shares will accrue (but not compound) on a daily basis. If, on any Semi-Annual Dividend Payment Date or Quarterly Dividend Payment Date, the dividends accrued to such date are not paid in full on all of the Conversion Preferred Shares then issued and outstanding, such dividends, or the unpaid portion thereof, shall be paid on a subsequent date or dates determined by the board of directors on which the Corporation will have sufficient funds properly available, under the provisions of applicable law and under the provisions of any trust indenture governing bonds, debentures or other securities of the Corporation, for the payment of such dividends.

#### **4. Purchase for Cancellation**

The Corporation may, at any time, subject to the provisions of paragraph 9 and to the provisions of the *Business Corporations Act (Alberta)*, purchase for cancellation (if obtainable), out of capital or otherwise, all or any part of the Conversion Preferred Shares outstanding from time to time at any price by tender to all holders of record of Conversion Preferred Shares or through the facilities of any stock exchange on which the Conversion Preferred Shares are listed, or in any other manner, provided that in the case of a purchase in any other manner the price for such Conversion Preferred Shares so purchased for cancellation shall not exceed the highest price offered for a board lot of the Conversion Preferred Shares on any stock exchange on which such shares are listed on the date of purchase for cancellation, plus the costs of purchase. If upon any tender to holders of Conversion Preferred Shares under the provisions of this paragraph 4, more shares are offered than the Corporation is prepared to purchase, the shares so offered will be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Conversion Preferred Shares so offered by each of the holders of Conversion Preferred Shares who offered shares to such tender. From and after the date of purchase of any Conversion Preferred Shares under the provisions of this paragraph 4, the shares so purchased shall be cancelled.

#### **5. Redemption**

The Corporation may not redeem the Conversion Preferred Shares or any of them prior to November 1, 2028. Subject to the provisions of paragraph 9 and to the provisions of the *Business Corporations Act (Alberta)*, on or after November 1, 2028, the Corporation may redeem, on not more than 60 days and not less than 30 days prior notice, on any Semi-Annual Dividend Payment Date or Quarterly Dividend Payment Date, as applicable, all or any part of the then outstanding Conversion Preferred Shares on payment of \$1,000 cash per whole Conversion Preferred Share, together with an amount equal to all accrued and unpaid dividends thereon (such price and amount being hereinafter referred to as the “**Redemption Price**”), which amount for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last Semi-Annual Dividend Payment Date or Quarterly Dividend Payment Date, as applicable, for which dividends thereon have been paid in full up to (but not including) the date of such redemption. Subject as aforesaid, if only part of the then outstanding Conversion Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot or in such other equitable manner as the Corporation may determine or, if the directors so determine, may be redeemed pro rata disregarding fractions.

## 6. Procedure on Redemption

Subject to the provisions of the *Business Corporations Act (Alberta)*, in any case of redemption of Conversion Preferred Shares under the provisions of the foregoing paragraph 5, the following provisions shall apply. The Corporation shall not more than 60 days and not less than 30 days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Conversion Preferred Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Conversion Preferred Shares. Such notice shall be delivered by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Conversion Preferred Shares at the last address of such holder as it appears on the books of the Corporation, or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation, provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price and the date on which redemption is to take place and, if part only of the shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. On or after the date so specified for redemption the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Conversion Preferred Shares to be redeemed the Redemption Price on presentation and surrender at the registered office of the Corporation or any other place designated in such notice of the certificates for the Conversion Preferred Shares called for redemption. Such payment shall be made by cheque of the Corporation payable in lawful money of the Canada at par at any branch of the Corporation's bankers for the time being in the Canada. Such Conversion Preferred Shares shall thereupon be redeemed and shall be cancelled. If a part only of the shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date so specified for redemption, the Conversion Preferred Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of such holders shall remain unaffected. The Corporation shall have the right any time after the mailing of notice of its intention to redeem any Conversion Preferred Shares as aforesaid to deposit the Redemption Price of the shares so called for redemption, or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account in any chartered bank or any trust company in the Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Conversion Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Conversion Preferred Shares in respect whereof such deposit shall have been made shall be cancelled and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively.

## **7. Specified Amount**

For the purposes of subsection 191(4) of the Income Tax Act (Canada) (or any successor or replacement provision of similar effect), the amount specified in respect of each whole Conversion Preferred Share is the lesser of: (i) the fair market value of the consideration for which the Conversion Preferred Share was issued; and (ii) \$1,000, provided that such amount shall be determined by the Board at the time of the issuance of the Conversion Preferred Share.

## **8. Liquidation, Dissolution or Winding-up**

In the event of a Liquidation Distribution, the holders of the Conversion Preferred Shares, in accordance with the Preferred Shares class provisions, shall be entitled to receive \$1,000 per whole Conversion Preferred Share together with an amount equal to all accrued and unpaid dividends thereon (less any applicable withholding or other tax), which amount for such purposes shall be calculated as if such dividends were accruing for the period from the expiration of the last Semi-Annual Dividend Payment Date or Quarterly Dividend Payment Date, as applicable, for which dividends thereon have been paid in full up to the date of such event, the whole before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the junior shares. Where any such amounts are not paid in full, the Conversion Preferred Shares shall participate rateably with all Preferred Shares and all other shares, if any, which rank on a parity with the Preferred Shares with respect to the return of capital or any other distribution of assets of the Corporation, in respect of any return of capital in accordance with the sums which would be payable on the Preferred Shares and such other shares on such return of capital, if all sums so payable were paid in full in accordance with their terms. After payment to the holders of the Conversion Preferred Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

## **9. Restrictions on Payment of Dividends, Reduction of Capital and Purchases**

So long as any of the Conversion Preferred Shares are outstanding, the Corporation shall not:

- (a) call for redemption, purchase, reduce stated capital maintained by the Corporation or otherwise pay off less than all of the Conversion Preferred Shares and all other Preferred Shares of the Corporation then outstanding ranking prior to or on parity with the Conversion Preferred Shares with respect to payment of dividends;
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Conversion Preferred Shares) on the Junior Preferred Shares, Class I Non-Voting Shares or Class II Voting Shares or any other shares of the Corporation ranking junior to the Conversion Preferred Shares with respect to payment of dividends; or
- (c) call for redemption of, purchase, reduce stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Conversion Preferred Shares with respect to repayment of capital or with

respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Conversion Preferred Shares and on all other Preferred Shares then outstanding ranking prior to or on a parity with the Conversion Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment in full at the date of any such action referred to in the foregoing subparagraphs (a), (b) and (c).

#### **10. Voting**

Except as otherwise specifically provided in the *Business Corporations Act* (Alberta), the holders of the Conversion Preferred Shares shall not be entitled to receive any notice of or attend any meeting of shareholders of the Corporation and shall not be entitled to vote at any such meeting.

#### **11. Tax Election**

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other necessary action under such Act, such that no holder of the Conversion Preferred Shares will be required to pay tax on dividends received on the Conversion Preferred Shares under section 187.2 of such Act or any successor or replacement provisions of similar effect. For greater certainty, nothing in this paragraph 11 shall prevent the Corporation from entering into an agreement with a taxable Canadian corporation with which it is related to transfer all or a portion of the Corporation's liability for tax under section 191.1 of the Act to that taxable Canadian corporation in accordance with the provisions of section 191.3 of the Act.

#### **12. Withholding Tax**

Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required or permitted by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required or permitted to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required or permitted by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority. Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Conversion Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph 12. Holders of Conversion Preferred Shares shall be responsible for

all withholding taxes under Part XIII of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions.

### 13. Book-Based System

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph 13 and notwithstanding the provisions of paragraphs 1 through 12 of these share provisions, the Conversion Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Conversion Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "CDS & Co." (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Conversion Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph 13, no beneficial holder of Conversion Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs 1 through 12, so long as the System Operator is the registered holder of the Conversion Preferred Shares:
  - (i) the System Operator shall be considered the sole owner of the Conversion Preferred Shares for the purposes of receiving notices or payments on or in respect of the Conversion Preferred Shares or the delivery of Conversion Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
  - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion, shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Conversion Preferred Shares, the cash redemption price for the Conversion Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Conversion Preferred Shares.
- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Conversion Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph 13 shall no longer be applicable to the Conversion Preferred Shares

and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Conversion Preferred Shares and registration instructions for re-registration of the Conversion Preferred Shares, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

- (d) The provisions of paragraphs 1 through 12 and the exercise of rights of redemption and conversion, with respect to Conversion Preferred Shares are subject to the provisions of this paragraph 13, and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph 13 shall prevail.

#### **14. Wire or Electronic Transfer of Funds**

Notwithstanding any other right, privilege, restriction or condition attaching to the Conversion Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Conversion Preferred Shares by way of a wire or electronic transfer of lawful money of the United States to such holders (less any applicable withholding or other tax). If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Conversion Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Conversion Preferred Shares provide the particulars of an account of such holder with a chartered bank in the United States to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Conversion Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

#### **15. Sanction by Holders of Conversion Preferred Shares**

The approval of the holders of the Conversion Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Conversion Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Conversion Preferred



Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Conversion Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Conversion Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Conversion Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Conversion Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Conversion Preferred Shares. Notice of any such original meeting of the holders of the Conversion Preferred Shares shall be given not less than 15 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Conversion Preferred Shares present in person or represented by proxy shall be entitled to one one-hundredth of a vote in respect of each dollar of the issue price for each of the Conversion Preferred Shares held by such holder.

#### **16. Fractional Shares**

The Conversion Preferred Shares may be issued in whole or in fractional shares. Each fractional Conversion Preferred Share shall carry and be subject to the rights, privileges, restrictions and conditions of the Conversion Preferred Shares in proportion to the applicable fraction.

#### **17. Amendments**

The provisions attaching to the Conversion Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Business Corporations Act (Alberta)* with any such approval to be given in accordance with paragraph 15 and with any required approvals of any stock exchanges on which the Conversion Preferred Shares may be listed.