



Certificate of Continuance

**Canada Business
Corporations Act**

Certificat de prorogation

**Loi sur les sociétés
commerciales canadiennes**

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

Name of Corporation — Dénomination de la société

12676

Number — Numéro

I hereby certify that the above-mentioned Corporation was continued under Section 181 of the Canada Business Corporations Act as set out in the attached articles of Continuance.

Je certifie par les présentes que la société mentionnée ci-haut a été prorogée en vertu de l'article 181 de la Loi sur les sociétés commerciales canadiennes, tel qu'indiqué dans les clauses de prorogation ci-jointes.

Director — Directeur

May 7, 1980

Date of Continuance — Date de la prorogation.



FORM 11
ARTICLES OF CONTINUANCE
(SECTION 181)

FORMULE 11
CLAUSES DE PROROGATION
(ARTICLE 181)

1 Name of Corporation / Dénomination de la société
LOBLAW COMPANIES LIMITED / LES COMPAGNIES LOBLAW LIMITÉE

2 The place in Canada where the registered office is to be situated / Lieu au Canada où doit être situé le siège social
The Municipality of Metropolitan Toronto, Ontario.

3 The classes and any maximum number of shares that the corporation is authorized to issue / Catégories et tout nombre maximal d'actions que la société est autorisée à émettre
The annexed Schedule 1 is incorporated in this form.

4 - Restrictions if any on share transfers / Restrictions sur le transfert des actions s'il y a lieu
None

5 - Number (or minimum and maximum number) of directors / Nombre (ou nombre minimum et maximum) d'administrateurs
Minimum of 5, maximum of 20.

6 - Restrictions if any on businesses the corporation may carry on / Limites imposées quant aux activités que la société peut exploiter, s'il y a lieu. -
None

7 (1) If change of name effected, previous name / (2) Details of incorporation
(1) Si changement de dénomination, dénomination antérieure / (2) Détails de la constitution
Loblaw Companies Limited / Canada - letters patent dated January 18, 1956.

8 - Other provisions if any / Autres dispositions s'il y a lieu

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

9 Signature / Description of Office - Description du poste
April 28, 1980 / Senior Vice President, Finance and Secretary

LOBLAW COMPANIES LIMITED

SCHEDULE 1

A. - SHARES AUTHORIZED

The shares which the Corporation is authorized to issue are:

- 1,000,000 First Preferred Shares without nominal or par value, (the "First Preferred Shares"), issuable in series (of which 445,056 shares are designated "First Preferred Shares, First Series" and 554,944 shares are designated "First Preferred Shares, Second Series");
- an unlimited number of Second Preferred Shares without nominal or par value (the "Second Preferred Shares"), issuable in series (of which 300,000 shares are designated "Second Preferred Shares, First Series" and 250,000 shares are designated "Second Preferred Shares, Second Series");
- an unlimited number of Junior Preferred Shares without nominal or par value (the "Junior Preferred Shares"), issuable in series;
- an unlimited number of Common Shares without nominal or par value (the "Common Shares").

Parity of First Preferred Shares

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

6. Redemption

First Preferred Shares of any series may be made subject to redemption at such times and at such prices (subject to the foregoing provisions hereof) and upon such other terms and conditions as may be specified in the rights, privileges, restrictions and conditions attaching to the First Preferred Shares of such series. Upon the redemption of any First Preferred Shares the shares so redeemed shall be restored to the status of authorized but unissued First Preferred Shares as a class and not of any

FIRST PREFERRED SHARES - AS A CLASS

The First Preferred Shares, as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Directors' Rights to Issue
in One or More Series

The directors of the Corporation may at any time or from time to time issue the First Preferred Shares in one or more series, each series to consist of such number of shares as may, before issuance thereof, be fixed by the directors.

2. Directors to Fix Terms
of Each Series

The directors of the Corporation may (subject as herein-after provided) from time to time determine the designation of and the rights, privileges, restrictions and conditions attaching to the First Preferred Shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, voting rights and conversion rights (if any) and any sinking fund or other provisions attaching to the First Preferred Shares of each series, the whole subject to the sending of articles of amendment in prescribed form and the issuance of a certificate of amendment in respect thereof.

3. Participation

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

4. Preference over Junior Shares

The First Preferred Shares shall be entitled to preference over the Common Shares or shares of any other class ranking junior to the First Preferred Shares with respect to the payment of dividends and may also be given such other preferences over the Common Shares or shares of any other class ranking junior to the First Preferred Shares as may be determined as to the respective series authorized to be issued.

who may be directors of the Corporation at any time when the right to elect directors shall accrue to the holders of First Preferred Shares as herein provided or who may be appointed as directors if such right shall have accrued and before a meeting of shareholders shall have been held shall terminate upon the election of new directors at the next annual meeting of shareholders or at a special meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than 20 days' written notice and such special meeting shall be called by the secretary of the Corporation upon the written request of the holders of record of at least 1/10 of the outstanding First Preferred Shares and in default of the calling of such special meeting by the secretary within five days after the making of such request it may be called by any holder of record of First Preferred Shares.

8.3 Vacancies: Any vacancy occurring among members of the board elected to represent the holders of First Preferred Shares in accordance with the foregoing provisions may be filled by the board with the consent and approval of the remaining director or directors elected to represent the holders of First Preferred Shares but if there be no such remaining director or directors the board may elect sufficient holders of First Preferred Shares to fill the vacancy or vacancies. Whether or not such vacancies are so filled by the board, the holders of record of at least 1/5 of the outstanding First Preferred Shares shall have the right to require the secretary of the Corporation to call a meeting of the holders of First Preferred Shares for the purpose of filling the vacancies or replacing all or any of the persons filling such vacancies who have been appointed by the directors when there is no director in office who has been elected to represent the holders of First Preferred Shares and the provisions of the last preceding subparagraph shall apply in respect of the calling of such meeting.

8.4 Termination of Term of Office: Notwithstanding anything contained in the by-laws of the Corporation, upon any termination of the right of the holders of the First Preferred Shares to elect directors as herein provided, the term of office of the directors elected to represent the holders of First Preferred Shares shall terminate.

FIRST PREFERRED SHARES - FIRST SERIES

The first series of the said class of First Preferred Shares consists of 445,056 shares without nominal or par value, designated First Preferred Shares, First Series which, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Dividends

The holders of the First Preferred Shares, First Series 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 fixed cumulative preferential cash dividends at the rate of \$2.40 per share per annum payable quarterly on the first days of March, June, September and December in each year. Such dividends shall accrue from such date or dates as may in the case of each issue be determined by the board of directors of the Corporation or in case no date be so determined then from the date of allotment. Warrants or cheques of the Corporation payable at par at any branch of the Corporation's bankers for the time being in Canada (Yukon Territory excepted) shall be issued in respect of such dividends. If on any dividend payment date the dividend payable on such date is not paid in full on all of the First Preferred Shares, First Series then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of the same. The holders of the First Preferred Shares, First Series shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for.

2. Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the First Preferred Shares, First Series shall be entitled to receive the sum of \$50 per share together with all unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution) before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any Common Shares or shares of any other class ranking junior to the First Preferred Shares, First Series. After payment to the holders of the First Preferred Shares, First Series of the amount so payable to them they shall not

entitled to share in any further distribution of property or assets of the Corporation.

3. Redemption and Purchase for Restoration

3.1 Purchase for Restoration: The Corporation may at any time or times purchase (if obtainable) the whole or any part of the First Preferred Shares, First Series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the First Preferred Shares, First Series outstanding at the lowest price at which, in the opinion of the board of directors, such shares are obtainable but not exceeding \$50 per share plus costs of purchase and all unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of purchase). If upon any invitation for tenders under the provisions of this paragraph the Corporation shall receive tenders of First Preferred Shares, First Series at the same lowest price which the Corporation may be willing to pay in an aggregate number greater than the number for which the Corporation is prepared to accept tenders, the First Preferred Shares, First Series so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of First Preferred Shares, First Series so tendered by each of the holders of First Preferred Shares, First Series who submitted tenders at the said same lowest price. From and after the date of purchase of any First Preferred Shares, First Series under the provisions of this paragraph contained the shares so purchased shall be deemed to be redeemed and shall be restored to the status of authorized but unissued First Preferred Shares as a class and not of any designated series.

3.2 Redemption Right: Subject to the provisions of the Canada Business Corporations Act, the Corporation may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding First Preferred Shares, First Series on payment for each share to be redeemed of \$50, together with all unpaid preferential dividends (which for such purpose shall be calculated as if the dividends on the First Preferred Shares, First Series were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption). In case a part only of the then outstanding First Preferred Shares, First Series is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the directors or the transfer agent appointed by the Corporation in respect of the First Preferred Shares, First Series shall decide or if the directors so determine may be redeemed pro rata disregarding fractions.

3.3 Redemption Procedure: In any case of redemption of First Preferred Shares, First Series under the provisions of Section 3.2 hereof, the Corporation shall at least 30 days before the date specified for redemption mail to each ~~person who at~~ the date of mailing is a registered holder of First Preferred Shares, First Series to be redeemed a notice in writing of the intention of the Corporation to redeem such First Preferred Shares, First Series. Such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Corporation or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption as to the other holders. Such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date so specified for redemption the Corporation shall pay or cause to be paid to or to the order of the registered holders of the First Preferred Shares, First Series to be redeemed the redemption price on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the First Preferred Shares, First Series called for redemption. Such First Preferred Shares, First Series shall thereupon be and be deemed to be redeemed and shall be restored to the status of authorized but unissued First Preferred Shares as a class and not of any designated series. If a part only of the shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the First Preferred Shares, First Series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right at any time after the mailing of notice of its intention to redeem any First Preferred Shares, First Series as aforesaid to deposit the redemption price of the shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such First Preferred Shares, First Series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the First Preferred Shares,

First Series in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be restored to the status of authorized but unissued First Preferred Shares as a class and not of any designated series 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.

FIRST PREFERRED SHARES - SECOND SERIES

The second series of the said class of First Preferred Shares consists of 554,944 shares without nominal or par value, designated First Preferred Shares, Second Series, which, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Dividends

1.1 Definitions: For the purposes of these provisions:

- (a) "average prime rate" for any dividend payment period means the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during such period other than the last 15 days thereof;
- (b) "business day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province where the Corporation has its principal office;
- (c) "dividend payment date" means the 1st day of March, June, September and December in each year;
- (d) "dividend payment period" means a period beginning on a dividend payment date and ending on the day immediately prior to the next subsequent dividend payment date;
- (e) "dividend rate" for any dividend payment period means the sum of 1.25% and 1/2 of the average prime rate for the immediately preceding dividend payment period; provided that,
 - (i) for the dividend payment period ending on February 28, 1978 such average prime rate shall be the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during the period from December 1, 1977 to February 23, 1978, inclusive; and
 - (ii) in the event the board of directors of the Corporation fails to declare and pay any dividend as provided in Section 1.2, the dividend rate will be the sum of 2% and 1/2 of the average prime rate for the immediately preceding dividend payment period; such dividend rate to be effective for the dividend payment period for which no dividend was paid and the subsequent period of time ending on the day immediately preceding the date of payment of the dividend arrears;

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

1.2. Payment of Dividends: The holders of the First Preferred Shares, Second Series shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends in the amounts determined from time to time in accordance with the provisions hereof. Dividends on the First Preferred Shares, Second Series shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each dividend payment date to the holders of record at the close of business on the 10th business day preceding such dividend payment date. Cheques drawn on a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued in respect of such dividends to the holders of the First Preferred Shares, Second Series entitled thereto and shall be mailed on or before the third business day preceding the applicable dividend payment date. The mailing of such cheques shall satisfy and discharge all liability for such dividends to the extent of the sums represented thereby, unless such cheques are not paid on due presentation. If on any dividend payment date dividends payable on such date are not paid in full on all the First Preferred Shares, Second Series then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors. The holders of the First Preferred Shares, Second Series shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 1. A dividend which is represented by a cheque which has not been presented for payment within 6 years after it was issued or that otherwise remains unclaimed for a period of 6 years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Corporation.

1.3 Amount of Dividends: Subject as hereinafter provided, the amount of the dividend payable on any dividend payment date on any First Preferred Share, Second Series then outstanding shall be equal to the amount (rounded to the nearest \$0.00001) calculated by applying the dividend rate for the dividend payment period ending on the day before such dividend payment date to \$50 and multiplying the result by a fraction of which the numerator is the lesser of (i) the number of days such share has been outstanding and (ii) the number of days in such dividend payment period, and the denominator is the number of days in the calendar year in which such dividend payment date falls.

The dividend payable on any dividend payment date to any holder of First Preferred Shares, Second Series shall be calculated by multiplying the amount of the dividend payable on such date on each such share then held by such holder by the total number of First Preferred Shares, Second Series so held by such holder and rounding to the nearest \$0.01.

For the purposes of calculating the amounts of the dividends payable on the first days of March and June of 1978 the period beginning on the date on which any First Preferred Shares, Second Series are first issued and ending on the last day of February, 1978 shall be deemed to be a dividend payment period.

For the purposes of calculating the amount of the dividend payable on any day other than a dividend payment date the provisions of the first and second paragraphs of this Section 1.3 shall apply mutatis mutandis and the period beginning on the immediately preceding dividend payment date and ending on the day immediately preceding the date of such dividend payment shall be deemed to be a dividend payment period.

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

2. Retraction Privilege

A registered holder of First Preferred Shares, Second Series shall be entitled, subject to any agreement made between the Corporation and such holder, to require the Corporation to redeem at any time or times all or any of the First Preferred Shares, Second Series registered in the name of such holder on the books of the Corporation by tendering to the Corporation at its head office a share certificate representing the First Preferred Shares, Second Series which the registered holder desires to have the Corporation redeem together with a request in writing specifying (i) that the registered holder desires to have the First Preferred Shares, Second Series represented by such certificate redeemed by the Corporation and (ii) the business day (in this paragraph referred to as the "redemption date") on which the holder desires to have the Corporation redeem such Shares. A request in writing shall specify a redemption date which shall be not less than 30 days after the day on which the request in writing is given to the Corporation. Upon receipt of a share certificate representing the First Preferred Shares, Second Series which the registered holder desires to have the Corporation redeem together with such a request the Corporation shall on the redemption date redeem such Shares by paying to

Each registered holder an amount equal to \$50 times the number of Shares being redeemed plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid in full up to but not including the redemption date. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers for the time being in Canada. The said First Preferred Shares, Second Series shall be redeemed on the redemption date and from and after the redemption date such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of holders of preferred shares in respect thereof unless payment of the redemption price is not made on the redemption date, in which event the rights of the holders of the said Shares shall remain unaffected.

3. Redemption and Purchase for Restoration

3.1 Right to Redeem or Purchase for Restoration: Subject to the provisions hereof and of the Canada Business Corporations Act, and to Article 8, the First Preferred Shares, Second Series may be redeemed or purchased by the Corporation.

3.2 Redemption Right: Subject to Section 5.2 hereof, the Corporation may, at its option, redeem at any time all or from time to time any number of the outstanding First Preferred Shares, Second Series on payment of the redemption price as provided in Section 3.3. ~~If less than all of the outstanding~~ First Preferred Shares, Second Series are to be redeemed, the shares to be redeemed shall be selected as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the number of First Preferred Shares, Second Series registered in the name of each holder, in such manner as the board of directors in its sole discretion shall by resolution determine.

3.3 Redemption Price: The redemption price at which any First Preferred Share, Second Series is redeemable shall be the aggregate of (i) \$50 and (ii) all accrued and unpaid dividends thereon up to but not including the date fixed for redemption.

3.4 Redemption Procedure:

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

tion, the number or portion of each holder's shares to be redeemed.

- (b) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid the redemption price to or to the order of the holders of the First Preferred Shares, Second Series redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares and the holders of the First Preferred Shares, Second Series called for redemption shall cease to be entitled to dividends or to exercise any of the rights of holders in respect thereof unless payment of the redemption price shall not be made in accordance with the foregoing provisions, in which case the rights of the holders shall remain unimpaired.
- (c) The Corporation shall have the right at any time after mailing a notice of redemption to deposit the redemption price of the shares thereby called for redemption, or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares, and upon such deposit being made or upon the date fixed for redemption, whichever is the later, the First Preferred Shares, Second Series in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of each holder thereof shall be limited to receiving, without interest, his proportionate part of the redemption price so deposited upon presentation and surrender of the certificates representing his shares so redeemed. Any interest on such deposit shall belong to the Corporation.
- (d) If less than all the First Preferred Shares, Second Series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued.

3.5 Purchase for Restoration: The Corporation may purchase at any time all or from time to time any number of the outstanding First Preferred Shares, Second Series in the market, or by private contract, or upon a recognized stock exchange if listed thereon, or pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of First Preferred Shares, Second Series, at a price not exceeding \$50 per share plus all accrued and unpaid dividends thereon up to but not including the date of purchase, plus in all cases reasonable costs of purchase. If upon any invitation for tenders the Corporation receives tenders for First Preferred Shares, Second Series at the same price in an aggregate number greater than the number for which the Corporation is prepared to accept tenders, the

Shares to be purchased shall be selected from the shares offered at such price as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the number of First Preferred Shares, Second Series offered in each such tender, in such manner as the board of directors in its sole discretion shall by resolution determine.

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

3.7 Restoration of Shares Redeemed or Purchased: First Preferred Shares, Second Series redeemed or purchased by the Corporation shall be restored to the status of authorized but unissued First Preferred Shares as a class and not of any designated series.

4. Financial Statements

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

5. Restrictions on Dividends, Issue and Retirement of Shares

5.1 Dividends on and Retirement of Junior Shares: Without the approval of the holders of the First Preferred Shares, Second Series given in accordance with Article 8:

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

unless, in each such case, all dividends accrued on the outstanding First Preferred Shares, Second Series up to and including the

Dividend payable for the last completed dividend payment period shall have been declared and paid or set apart for payment.

5.2 Redemption of First Preferred Shares, Second Series: Except in accordance with Article 2, the Corporation shall not, without the approval of the holders of the First Preferred Shares, Second Series given in accordance with Article 8, redeem any First Preferred Shares, Second Series at any time if any part of the redemption price which constitutes a repayment of paid-up capital would, for purposes of the Income Tax Act (Canada) as amended or re-enacted from time to time

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

5.3 Creation and Issue of Shares: Without approval given in accordance with the Canada Business Corporations Act, the Corporation shall not create any class of shares ranking equally with or prior to the First Preferred Shares, Second Series.

5.4 Definition: In this Article 5, "ranking" refers to ranking with respect to the payment of dividends or the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

6. Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the First Preferred Shares, Second Series shall be entitled to receive in lawful money of Canada the sum of \$50 per share plus all accrued and unpaid dividends up to but not including the date of the distribution, the whole being paid before any amount is paid or any assets of the Corporation are distributed to the holders of any shares of any class ranking junior to the First Preferred Shares, Second Series. Upon payment of the amounts so payable to them, the holders of First Preferred Shares, Second Series shall not be entitled to share in any further distribution of assets of the Corporation.

7. Notices and Interpretation

7.1 Notices: Any notice, cheque, invitation for tenders or other communication from the Corporation herein provided

or shall be sufficiently given if delivered or if sent by ordinary unregistered mail, postage prepaid, to the holders of the First Preferred Shares, Second Series at their respective addresses appearing on the books of the Corporation or, in the event of the address of any such holder not so appearing then at the last address of such holder known to the Corporation. Any notice so mailed shall be deemed to have been given on the third business day after the date of mailing. Accidental failure to give any such notice, invitation for tenders or other communication to one or more holders of the First Preferred Shares, Second Series shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tenders or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such holder or holders.

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

All references to dollars herein are in Canadian funds.

8. Approval of Holders of
First Preferred Shares, Second Series

Any approval required or permitted to be given by the holders of the First Preferred Shares, Second Series with respect to any and all matters referred to in Sections 5.1 and 5.2 hereof shall be deemed to have been sufficiently given if given in writing by the holders of at least a majority of the outstanding First Preferred Shares, Second Series or by arrangement under the Canada Business Corporations Act or by resolution passed or by by-law sanctioned at a meeting of holders of First Preferred Shares, Second Series duly called and held upon at least 15 days' notice at which the holders of at least a majority of the outstanding First Preferred Shares, Second Series are present or represented by proxy and carried by the affirmative vote of the holders of not less than (2/3) of the First Preferred Shares, Second Series represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding First Preferred Shares, Second Series are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than 21 days later and to such time and place as may be appointed by the chairman and at least 15 days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such

adjourned meeting the holders of First Preferred Shares, Second Series present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than 2/3 of the First Preferred Shares, Second Series represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of First Preferred Shares, Second Series referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of First Preferred Shares, Second Series shall be entitled to one vote in respect of each First Preferred Share, Second Series held.

9. Tax Indemnification

9.1 Interpretation: For the purposes of this Article 9:

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

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

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

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

9.3 Options Available to Corporation: Upon the giving of any notice in accordance with Section 9.2, the Corporation may at its option, redeem all of the First Preferred Shares, Second Series in accordance with Section 9.4 or negotiate loans to replace all of First Preferred Shares, Second Series in accordance with Section 9.7 or negotiate modifications to the provisions

the First Preferred Shares, Second Series in accordance with Section 9.8.

9.4 Redemption at Corporation's Option: Subject to Section 5.2, the Corporation may, at its option, redeem at any time all of the outstanding First Preferred Shares, Second Series on payment of the redemption price as provided in Section 9.5. The provisions of Section 3.4 shall apply to such redemption except that notice of such redemption (unless waived in writing by the holders of all of the First Preferred Shares, Second Series) shall be given by the Corporation not less than 30 days nor more than 40 days prior to the date fixed for redemption.

9.5 Redemption or Purchase Price: The price at which any First Preferred Share, Second Series is redeemable pursuant to Section 9.4 or 9.7 or shall be purchased pursuant to Section 9.9 shall be the aggregate of

- (a) \$50;
- (b) all accrued and unpaid dividends thereon up to but not including the date fixed for redemption or the date of purchase, as the case may be; and
- (c) an additional amount which, after deducting therefrom an amount equal to the tax paid or payable thereon by the Taxable Holder of such share, will equal the amount of tax paid or payable by such Taxable Holder in respect of dividends on such share from the date on which the amendment (notice of which was given to the Corporation pursuant to Section 9.2) commences to affect the income tax treatment of dividends on the First Preferred Shares, Second Series to the date fixed for redemption thereof or the date of sale or purchase thereof, as the case may be.

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

9.6 Conflict of Redemption Provisions: In case of conflict between the provisions of Section 9.4 and the provisions of Article 3, including, without limitation, Section 3.3, the provisions of Section 9.4 shall take precedence.

If any redemption of First Preferred Shares, Second Series has been completed prior to the Corporation becoming entitled to exercise its right of redemption under Section 9.4 and the income tax treatment of the dividends paid thereon (whether as part of the redemption price or otherwise) is affected in the manner described in Section 9.2, the Corporation shall, within 10 days after a report of accountants of the nature described in Section 9.5 is given to the Corporation, pay to the holder of such redeemed First Preferred Shares, Second Series the additional amount which would have been payable to such holder pursuant to paragraph (c) of Section 9.5 if such shares had been redeemed pursuant to such Section.

9.7 Negotiation for Loans: By notice sent to the holders of First Preferred Shares, Second Series, the Corporation may initiate negotiations with the holders of the First Preferred Shares, Second Series for loans in an aggregate amount equal to the aggregate par value of the First Preferred Shares, Second Series, which loans are to be made by the holders of such shares to the Corporation in the proportion which the First Preferred Shares, Second Series registered in the names of such respective holders is of the aggregate number of First Preferred Shares, Second Series outstanding on the redemption of the whole of the First Preferred Shares, Second Series as contemplated in this Section. Upon the execution and delivery by all holders of First Preferred Shares, Second Series and the Corporation of a commitment for such loans (which commitment, among other things, shall fix the time and place at which the loans therein provided for must be consummated failing which the commitment shall become void), the Corporation shall at the time and place of the consummation of such loans in accordance with such commitment redeem all of the First Preferred Shares, Second Series on payment of the redemption price as provided in Section 9.5.

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

9.9 Purchase at Option of Taxable Holder: Upon the giving of any notice in accordance with Section 9.2, any Taxable Holder

ay, at its option, by written notice to the Corporation given at any time except during the interval between:

- (a) the execution and delivery of a loan commitment pursuant to Section 9.7 or of an agreement pursuant to Section 9.8, as the case may be; and
- (b) if Section 9.7 applies, the expiration of the time within which, according to such loan commitment, the loans therein provided for must be consummated failing which the commitment shall become void or, if Section 9.8 applies, the expiration of the time limited thereunder for amendment to the articles;

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

9.10 Purchase Subject to Applicable Law: If the purchase of any First Preferred Shares, Second Series which the Corporation is required by any Taxable Holder to purchase under Section 9.9 would be contrary to applicable law, the Corporation shall be obligated to purchase only the maximum number (rounded to the next lower multiple of 100 shares) of the First Preferred Shares, Second Series so to be purchased which the Corporation determines it is then permitted to purchase. If at any time the Corporation is obligated to purchase First Preferred Shares, Second Series under Section 9.9 from more than one Taxable Holder, such purchases will be made pro rata (disregarding fractions of shares) according to the number of First Preferred Shares, Second Series which the Corporation is obligated to purchase from each such Taxable Holder and the Corporation shall issue at its expense a new certificate for the First Preferred Shares, Second Series not so purchased by the Corporation. If the Corporation has acted in good faith in making any such determination, it shall have no liability in the event that such determination is inaccurate.

In case the foregoing provisions of this Section 9.10 become applicable then, notwithstanding the provisions of Section 5.2, the Corporation shall redeem on each dividend payment date thereafter upon the terms and conditions applicable to a redemption under Section 9.4 such number of the First Preferred Shares, Second Series as the Corporation has been required by Taxable Holders to purchase (rounded to the next lower multiple of 100

ares) as the Corporation determines it is then permitted to redeem.

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

SECOND PREFERRED SHARES - AS A CLASS

The Second Preferred Shares, as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Directors' Rights to Issue in One or More Series

The Second Preferred Shares may at any time or 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 board of directors of the Corporation.

2. Directors to Fix Terms of Each Series

The directors of the Corporation shall (subject as hereinafter provided) by resolution fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions, and other provisions attaching to the Second Preferred Shares of each series including, without limiting the generality of the foregoing (i) the rate, amount or method of calculation of dividends and whether such rate, amount or method shall be subject to change or adjustment in the future, (ii) whether such dividends shall be cumulative, non-cumulative or partially cumulative, (iii) the date or dates, manner and currency or currencies of payment of such dividends, (iv) the date or dates from which such dividends shall accrue, (v) the restrictions, if any, respecting the payment of dividends on any Junior Shares (as hereinafter defined), (vi) the rights and obligations, if any, of the Corporation to purchase Second Preferred Shares of such series or to redeem the same and the prices and the other terms and conditions of any such purchase or redemption, (vii) the terms and conditions of any share purchase plan or sinking fund or similar fund providing for the purchase or redemption of Second Preferred Shares of such series, (viii) the rights of retraction, if any, vested in the holders of Second Preferred Shares of such series, and the prices and the other terms and conditions of any rights of retraction, and whether any additional rights of retraction may be vested in such holders in the future, (ix) the rights of conversion and/or exchange, if any, of Second Preferred Shares of such series, and the rates and the other terms and conditions of any such rights, (x) the voting rights, if any, attached to the Second Preferred Shares of such series in addition to the voting rights of the holders of the Second Preferred Shares as a class as referred to in Articles 6 and 7 below, and (xi) the preferences over the Junior Shares with respect to the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation

among its shareholders for the purpose of winding up its affairs; "Junior Shares" means the Common Shares and any other shares of the Corporation ranking junior to the Second Preferred Shares with respect to the payment of dividends and with respect to the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

3. Subordination to First Preferred Shares and Preference Over Junior Shares

The Second Preferred Shares of each series shall (i) rank after the First Preferred Shares to the extent that there is a conflict between the preferences, priorities and rights attaching to the two classes of preferred shares and (ii) shall be entitled to preferences (as set forth in the provisions attaching to such series) over the Junior Shares, (a) with respect to priority in the payment of dividends and (b) with respect to priority in the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs; provided that, subject to Article 4 below, the Second Preferred Shares of each series may be given such other preferences over the Junior Shares as may be fixed by the board of directors as to the respective series authorized to be issued.

4. Parity of Second Preferred Shares

The Second Preferred Shares of each series shall rank on a parity with the Second Preferred Shares of every other series with respect to priority in the payment of dividends and with respect to priority in the distribution of assets of the Corporation in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs. When any fixed cumulative dividends or amounts payable on a return of capital are not paid in full, the Second Preferred Shares of all series shall participate ratably in respect of such dividends, including accumulations, if any, in accordance with the sums which would be payable on the said shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.

Voting

Except as required by law, the holders of the Second Preferred Shares as a class shall have no voting rights.

6. Amendments

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

7. Approval of Holders of Second Preferred Shares

As regards any matter upon which the holders of the Second Preferred Shares as a class have voting rights, on any poll taken at any meeting of the holders of the Second Preferred Shares as a class, or at any joint meeting of the holders of two or more series of the Second Preferred Shares, each holder of Second Preferred Shares entitled to vote thereat shall have 1/100 of a vote in respect of each \$1.00 attributable to the Second Preferred Shares held by him in the stated capital account maintained by the Corporation in respect of the Second Preferred Shares. Fractional votes shall not be voted on any poll. Subject to the foregoing, the formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without in any way limiting the generality of the foregoing, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders.

8. Arrangement and Reorganization

Neither any amalgamation, arrangement or reorganization, nor any sale, lease or exchange of all or substantially all of the assets of the Corporation, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of these Articles.

SECOND PREFERRED SHARES - FIRST SERIES

The first series of the said class of Second Preferred Shares consists of 300,000 shares without nominal or par value, designated Second Preferred Shares, First Series which, in addition to the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Dividends

1.1 Definitions: For the purposes of these provisions:

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

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

- (i) for the period beginning on the date on which the Second Preferred Shares, First Series are first issued and ending on May 31, 1979 such average prime rate shall be the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during the period from the date of issuance to May 25, 1979, inclusive; and

(ii) in the event the board of directors of the Corporation fails to declare and pay any dividend as provided in Section 1.2, the dividend rate for any dividend payment period will be the sum of (x) the applicable percentage stipulated above in this clause (e), (y) .75% and (z) 1/2 of the average prime rate for the immediately preceding dividend payment period; such dividend rate to be effective for the dividend payment period for which no dividend was paid and the subsequent period of time ending on the day immediately preceding the date of payment of the dividend arrears;

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

1.2. Payment of Dividends: The holder of Second Preferred Shares, First Series shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the First Preferred Shares of the Corporation) cumulative preferential cash dividends in the amounts determined from time to time in accordance with the provisions hereof. Dividends on the Second Preferred Shares, First Series shall accrue on a day-to-day basis from and including the date of issue thereof to and including the day immediately preceding a dividend payment date and shall be payable on each dividend payment date to the holders of record at the close of business on the 10th business day preceding such dividend payment date. Cheques drawn on a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued in respect of such dividends to the holders of the Second Preferred Shares, First Series entitled thereto and shall be mailed on or before the 3rd business day preceding the applicable dividend payment date. The mailing of such cheques shall satisfy and discharge all liability for such dividends to the extent of the sums represented thereby, unless such cheques are not paid on due presentation. If on any dividend payment date dividends payable on such date are not paid in full on all the Second Preferred Shares, First Series then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors. The holders of the Second Preferred Shares, First Series shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 1. A dividend which is represented by a cheque which has not been presented for payment within 6 years after it was issued or that otherwise remains unclaimed for a period of 6 years from

e date on which it was declared to be payable and set apart for payment shall be forfeited to the Corporation.

1.3 Amount of Dividends: Subject as hereinafter provided, the amount of the dividend payable on any dividend payment date on any Second Preferred Share, First Series then outstanding shall be equal to the amount (rounded to the nearest \$0.00001) calculated by applying the dividend rate for the dividend payment period ending on the day before such dividend payment date to \$100 and multiplying the result by a fraction of which the numerator is the lesser of (i) the number of days such share has been outstanding and (ii) the number of days in such dividend payment period, and the denominator is the number of days in the calendar year in which such dividend payment date falls.

The dividend payable on any dividend payment date to any holder of Second Preferred Shares, First Series shall be calculated by multiplying the amount of the dividend payable on such date on each such share then held by such holder by the total number of Second Preferred Shares, First Series so held by such holder and rounding to the nearest \$0.01.

For the purposes of calculating the amounts of the dividends payable on June 1, 1979 and September 1, 1979, the period beginning on the date on which any Second Preferred Shares, First Series are first issued and ending on May 31, 1979 shall be deemed to be a dividend payment period.

For the purposes of calculating the amount of the dividend payable on any day other than a dividend payment date, the provisions of the first and second paragraphs of this Section 1.3 shall apply mutatis mutandis and the period beginning on the immediately preceding dividend payment date and ending on the day immediately preceding the date of such dividend payment shall be deemed to be a dividend payment period.

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

2. Retraction Privilege

A registered holder of Second Preferred Shares, First Series shall be entitled, subject to any agreement made between the Corporation and such holder, to require the Corporation to redeem at any time or times all or any of the Second Preferred Shares, First Series registered in the name of such holder on the books of the Corporation by tendering to the Corporation at its head office a share certificate representing the Second

ferred Shares, First Series which the registered holder desires to have the Corporation redeem together with a request in writing specifying (i) that the registered holder desires to have the Second Preferred Shares, First Series represented by such certificate redeemed by the Corporation and (ii) the business day (in this paragraph referred to as the "redemption date") on which the holder desires to have the Corporation redeem such Shares. Request in writing shall specify a redemption date which shall be not less than 30 days after the day on which the request in writing is given to the Corporation. Upon receipt of a share certificate representing the Second Preferred Shares, First Series which the registered holder desires to have the Corporation redeem together with such a request the Corporation shall on the redemption date redeem such Shares by paying to such registered holder an amount equal to \$100 times the number of Shares being redeemed plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid in full up to but not including the redemption date. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers for the time being in Canada. The said Second Preferred Shares, First Series shall be redeemed on the redemption date and from and after the redemption date such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of holders of preferred shares in respect thereof unless payment of the redemption price is not made on the redemption date, in which event the rights of the holders of the said shares shall remain unaffected.

3. Redemption and Purchase for Cancellation

3.1 Right to Redeem or Purchase for Cancellation: Subject to the provisions of this Article 3 and of the Canada Business Corporations Act, and to Article 10, the Second Preferred Shares, First Series may be redeemed or purchased for cancellation by the Corporation.

3.2 Redemption Right: Subject to Sections 3.1, 3.8 and 6.2, the Corporation may, at its option, redeem at any time all or from time to time any of the outstanding Second Preferred Shares, First Series on payment of the redemption price as provided in Section 3.3. If less than all of the outstanding Second Preferred Shares, First Series are to be redeemed, the shares to be redeemed shall be selected as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the number of Second Preferred Shares, First Series registered in the name of each holder, in such manner as the board of directors in its sole discretion shall by resolution determine.

3.3 Redemption Price: The redemption price at which any Second Preferred Shares, First Series are redeemable shall be

the aggregate of (i) \$100 and (ii) all accrued and unpaid dividends thereon up to but not including the date fixed for redemption.

3.4 Redemption Procedure:

- (a) Any notice of redemption of Second Preferred Shares, First Series shall be given by the Corporation to each holder thereof not less than 60 days prior to the date fixed for redemption. Accidental failure or omission to give such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the redemption price, the date fixed for redemption and the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.
- (b) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid the redemption price to or to the order of the holders of the Second Preferred Shares, First Series redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares and the holders of the Second Preferred Shares, First Series called for redemption shall cease to be entitled to dividends or to exercise any of the rights of holders in respect thereof unless payment of the redemption price shall not be made in accordance with the foregoing provisions, in which case the rights of the holders shall remain unimpaired.
- (c) The Corporation shall have the right at any time after mailing a notice of redemption to deposit the redemption price of the shares thereby called for redemption, or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares, and upon such deposit being made or upon the date fixed for redemption, whichever is the later, the Second Preferred Shares, First Series in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of each holder thereof shall be limited to receiving, without interest, his proportionate part of the redemption price so deposited upon presentation and surrender of the certificates representing his shares so redeemed. Any interest on such deposit shall belong to the Corporation.
- (d) If less than all the Second Preferred Shares, First Series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

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

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

3.7 Cancellation of Shares Redeemed or Purchased: Second Preferred Shares, First Series redeemed or purchased by the Corporation shall be cancelled and shall not be re-issued.

3.8 Limitation on Redemption Right: The Corporation shall not redeem the Second Preferred Shares, First Series, in whole or in part, pursuant to the provisions of Section 3.2 from or in anticipation of the proceeds of preferred shares having terms and conditions substantially similar to those of the Second Preferred Shares, First Series, directly or indirectly issued or to be issued by the Corporation or any affiliate if, on the fifth business day next preceding the date on which notice of such redemption is given, such preferred shares have, or if they were not then outstanding would have, an effective dividend cost to the Corporation or such affiliate, determined in accordance with generally accepted financial practice, less than the effective dividend cost of the Second Preferred Shares, First Series. Notice of any redemption pursuant to the provisions of Section 3.2 shall be accompanied by a certified copy of the resolution of the board of directors of the Corporation declaring that

uch redemption is not being effected from or in anticipation of such proceeds. In this Section 3.8, "affiliate" means any person directly or indirectly controlling, controlled by or under direct or indirect common control with, the Corporation, and for such purpose "controlling" means possessing, directly or indirectly, the power to direct or affect the direction of the management and policies of a corporation, whether through ownership of voting shares (as defined in Section 6.4), contract or otherwise and "controlled" and "control" have a corresponding meaning.

4. Voting Rights

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

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

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

If any director of the Corporation elected by the holders of Second Preferred Shares, First Series shall die, resign or otherwise cease to be a director of the Corporation otherwise than due to the payment of all arrears of dividends on the Second Preferred Shares, First Series, such vacancy may be filled by the holders of Second Preferred Shares, First Series meeting and voting as provided in the provisions attaching to the Second Preferred Shares as a class which are contained in Article 7 of Part E hereof, which provisions shall apply mutatis mutandis.

5. Financial Statements

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

6. Restrictions on Dividends, Issue and Retirement of Shares

6.1 Dividends on and Retirement of Junior and Equal Shares:
Without the approval of the holders of the Second Preferred Shares, First Series given in accordance with Article 9:

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

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

6.2 Redemption of Second Preferred Shares, First Series:
Except in accordance with Article 2, the Corporation shall not, without the approval of the holders of the Second Preferred Shares, First Series given in accordance with Article 9, redeem any Second Preferred Shares, First Series at any time if any part of the redemption price which constitutes a repayment of paid-up capital would, for purposes of the Income Tax Act (Canada) as amended or re-enacted from time to time

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

6.3 Creation and Issue of Shares: Without approval given in accordance with the Canada Business Corporations Act, the Corporation shall not:

- (a) create any shares ranking equally with or prior to the Second Preferred Shares, First Series; or
- (b) issue any additional Second Preferred Shares or any shares ranking equally with or prior to the Second Preferred Shares, First Series;

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

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

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

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

6.4 Definitions: In this Article 6,

- (a) "ranking" refers to ranking with respect to the payment of dividends or the distribution of assets in the event

of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs;

- (b) "subsidiary" means any corporation of which more than 50% of the outstanding voting shares is owned, directly or indirectly, by the Corporation and includes any corporation in like relation to a subsidiary; and
- (c) "voting shares" means shares of capital stock of any class of any corporation having under all circumstances the right to elect at least a majority of the board of directors of such corporation, provided that, for the purposes of this definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered voting shares.

7. Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Second Preferred Shares, First Series shall (subject to the prior rights of the First Preferred Shares in that respect) be entitled to receive in lawful money of Canada the sum of \$100 per share plus all accrued and unpaid dividends up to but not including the date of the distribution, the whole being paid before any amount is paid or any assets of the Corporation are distributed to the holders of any shares of any class ranking junior in that regard to the Second Preferred Shares, First Series. Upon payment of the amounts so payable to them, the holders of Second Preferred Shares, First Series shall not be entitled to share in any further distribution of assets of the Corporation.

8. Notices and Interpretation

8.1 Notices: Any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given if delivered or if sent by registered mail, postage prepaid, to the holders of the Second Preferred Shares, First Series at their respective addresses appearing on the books of the Corporation or, in the event of the address of any such holder not so appearing then at the last address of such holder known to the Corporation. Any notice so mailed shall be deemed to have been given on the third business day after the date of mailing. In the event that the number of registered holders of Second Preferred Shares, First Series exceeds 5, accidental failure to give any such notice, invitation for tenders or other communication to one or more holders of

e Second Preferred Shares, First Series shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tenders or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such holder or holders.

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

All references to dollars herein are in Canadian funds.

9. Approval of Holders of Second Preferred Shares, First Series

Any approval required or permitted to be given by the holders of the Second Preferred Shares, First Series with respect to any and all matters referred to in Sections 6.1 and 6.2 hereof shall be deemed to have been sufficiently given if given by the holders of Second Preferred Shares, First Series as provided in the provisions attaching to the Second Preferred Shares as a class which are contained in Article 7 of Part E hereof, which provisions shall apply, mutatis mutandis, as though the term "Second Preferred Shares, First Series" was used in the said Article 7 of Part E in place of the term "Second Preferred Shares".

10. Tax Indemnification

10.1 Interpretation: For the purposes of this Article 10:

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

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

10.2 Notice of Tax Amendment: In the event that any amendment to the Income Tax Act (Canada) or The Corporations Tax Act (Ontario) or to any Regulation under either such statute is enacted or passed which affects the income tax treatment of the dividends on the Second Preferred Shares, First Series received or to be received by any Taxable Holder in such a manner that any income tax or corporation income tax is or would be payable

ereon, such Taxable Holder may give to the Corporation a written notice stating that it is a Taxable Holder and that such amendment has been enacted or passed.

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

10.3 Options Available to Corporation: Upon the giving of any notice in accordance with Section 10.2, the Corporation may at its option,

- (a) redeem all of the Second Preferred Shares, First Series in accordance with Section 10.4; or
- (b) negotiate loans to replace all of Second Preferred Shares, First Series in accordance with Section 10.7; or
- (c) negotiate modifications to the provisions of the Second Preferred Shares, First Series in accordance with Section 10.8.

10.4 Redemption at Corporation's Option: Subject to Section 6.2, the Corporation may, at its option, redeem at any time all of the outstanding Second Preferred Shares, First Series on payment of the redemption price as provided in Section 10.5. The provisions of Section 3.4 shall apply to such redemption except that notice of such redemption (unless waived in writing by the holders of all of the Second Preferred Shares, First Series) shall be given by the Corporation not less than 30 days nor more than 40 days prior to the date fixed for redemption.

10.5 Redemption or Purchase Price: The price at which any Second Preferred Share, First Series is redeemable pursuant to Section 10.4 or 10.7 or shall be purchased pursuant to Section 10.9 shall be the aggregate of

- (a) \$100;
- (b) all accrued and unpaid dividends thereon up to but not including the date fixed for redemption or the date of purchase, as the case may be; and
- (c) an additional amount which, after deducting therefrom an amount equal to the tax paid or payable thereon by the Taxable Holder of such share, will equal the amount of tax paid or payable by such Taxable Holder in respect of dividends on such share from the date on which the amendment (notice of which was given to the Corporation pursuant to Section 10.2) commences to affect the income tax treatment of dividends on the Second Preferred Shares, First Series

to the date fixed for redemption thereof or the date of sale or purchase thereof, as the case may be.

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

10.6 Conflict of Redemption Provisions: In case of conflict between the provisions of Section 10.4 and the provisions of Article 3, including, without limitation, Section 3.3, the provisions of Section 10.4 shall take precedence.

If any redemption of Second Preferred Shares, First Series has been completed prior to the Corporation becoming entitled to exercise its right of redemption under Section 10.4 and the income tax treatment of the dividends paid thereon (whether as part of the redemption price or otherwise) is affected in the manner described in Section 10.2, the Corporation shall, within 10 days after a report of accountants of the nature described in Section 10.5 is given to the Corporation, pay to the holder of such redeemed Second Preferred Shares, First Series the additional amount which would have been payable to such holder pursuant to paragraph (c) of Section 10.5 if such shares had been redeemed pursuant to such Section.

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

such loans in accordance with such commitment redeem all or the Second Preferred Shares, First Series on payment of the redemption price as provided in Section 10.5.

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

10.9 Purchase at Option of Taxable Holder: Upon the giving of any notice in accordance with Section 10.2, any Taxable Holder may, at its option, by written notice to the Corporation given at any time except during the interval between:

- (a) the execution and delivery of a loan commitment pursuant to Section 10.7 or of an agreement pursuant to Section 10.8, as the case may be; and
- (b) if Section 10.7 applies, the expiration of the time within which, according to such loan commitment, the loans therein provided for must be consummated failing which the commitment shall become void or, if Section 10.8 applies, the expiration of the time limited thereunder for the amendment to the articles;

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

10.10 Purchase Subject to Applicable Law: If the purchase of any Second Preferred Shares, First Series which the Corporation is required by any Taxable Holder to purchase under Section 10.9 would be contrary to applicable law, the Corporation shall be obligated to purchase only the maximum number (rounded to

the next lower multiple of 100 shares) of the Second Preferred Shares, First Series so to be purchased which the Corporation determines it is then permitted to purchase. If at any time the Corporation is obligated to purchase Second Preferred Shares, First Series under Section 10.9 from more than one Taxable Holder, such purchases will be made pro rata (disregarding fractions of shares) according to the number of Second Preferred Shares, First Series which the Corporation is obligated to purchase from each such Taxable Holder and the Corporation shall issue at its expense a new certificate for the Second Preferred Shares, First Series not so purchased by the Corporation. If the Corporation has acted in good faith in making any such determination, it shall have no liability in the event that such determination is inaccurate.

In case the foregoing provisions of this Section 10.10 become applicable then, notwithstanding the provisions of Section 6.2, the Corporation shall redeem on each dividend payment date thereafter upon the terms and conditions applicable to a redemption under Section 10.4 such number of the Second Preferred Shares, First Series as the Corporation has been required by Taxable Holders to purchase (rounded to the next lower multiple of 100 shares) as the Corporation determines it is then permitted to redeem.

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

SECOND PREFERRED SHARES - SECOND SERIES

The second series of the said class of Second Preferred Shares consists of 250,000 shares without nominal or par value designated Second Preferred Shares, Second Series which, in addition to the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Dividends

1.1 Definitions: For the purposes of these provisions:

- (a) "average prime rate" for any dividend payment period means the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during such period other than the last 15 days thereof;
- (b) "business day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province where the Corporation has its principal office;
- (c) "dividend payment date" means the 1st day of March, June, September and December in each year;
- (d) "dividend payment period" means a period beginning on a dividend payment date and ending on the day immediately prior to the next subsequent dividend payment date;
- (e) "dividend rate" for any dividend payment period means the sum of 1.25% and 1/2 of the average prime rate for the immediately preceding dividend payment period; provided that,
 - (i) for the period beginning on the date on which the Second Preferred Shares, Second Series are first issued and ending on November 30, 1979 such average prime rate shall be the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during the period from the date of issue to November 23, 1979, inclusive; and
 - (ii) in the event the board of directors of the Corporation fails to declare and pay any dividend as provided in Section 1.2, the dividend rate for any dividend payment period will be the sum of 2% and 1/2 of the average prime rate for the immediately preceding dividend payment period;

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

- (f) "prime rate" for any day means the rate of interest, expressed as an annual rate, reported by the Canadian Imperial Bank of Commerce or its successors to be the lowest rate of interest charged by it on such day on demand loans in Canadian currency to its most credit-worthy commercial customers in Canada; and
- (g) "retraction date" means December 1, 1991.

1.2. Payment of Dividends: The holder of Second Preferred Shares, Second Series shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends, (and subject to the prior payment of all dividends on the First Preferred Shares) cumulative preferential cash dividends in the amounts determined from time to time in accordance with the provisions hereof. Dividends on the Second Preferred Shares, Second Series shall accrue on a day-to-day basis from and including the date of issue thereof to and including the day immediately preceding a dividend payment date and shall be payable on each dividend payment date to the holders of record at the close of business on the 10th business day preceding such dividend payment date. Cheques drawn on a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued in respect of such dividends to the holders of the Second Preferred Shares, Second Series entitled thereto and shall be mailed on or before the 3rd business day preceding the applicable dividend payment date. The mailing of such cheques shall satisfy and discharge all liability for such dividends to the extent of the sums represented thereby, unless such cheques are not paid on due presentation. If on any dividend payment date dividends payable on such date are not paid in full on all the Second Preferred Shares, Second Series then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors. The holders of the Second Preferred Shares, Second Series shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 1. A dividend which is represented by a cheque which has not been presented for payment within 6 years after it was issued or that otherwise remains unclaimed for a period of 6 years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Corporation.

1.3 Amount of Dividends: Subject as hereinafter provided, the amount of the dividend payable on any dividend payment date

On any Second Preferred Share, Second Series then outstanding shall be equal to the amount (rounded to the nearest \$0.00001) calculated by applying the dividend rate for the dividend payment period ending on the day before such dividend payment date to \$100 and multiplying the result by a fraction of which the numerator is the lesser of (i) the number of days such share has been outstanding and (ii) the number of days in such dividend payment period, and the denominator is the number of days in the calendar year in which such dividend payment date falls.

The dividend payable on any dividend payment date to any holder of Second Preferred Shares, Second Series shall be calculated by multiplying the amount of the dividend payable on such date on each such share then held by such holder by the total number of Second Preferred Shares, Second Series so held by such holder and rounding to the nearest \$0.01.

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

For the purposes of calculating the amount of the dividend payable on any day other than a dividend payment date, the provisions of the first and second paragraphs of this Section 1.3 shall apply mutatis mutandis and the period beginning on the immediately preceding dividend payment date and ending on the day immediately preceding the date of such dividend payment shall be deemed to be a dividend payment period.

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

2. Retraction Privilege

2.1 Requirement to Invite Tenders: Not less than 90 days prior to the retraction date, the Corporation shall make an invitation for tenders to all holders of Second Preferred Shares Second Series inviting them to tender for the purchase by the Corporation on such retraction date, subject to the provisions of Section 2.4, of all or any part (at the holders' option) of their Second Preferred Shares, Second Series, at a price per share of \$100 plus all unpaid dividends thereon up to but not including such retraction date.

2.2 Changes in Provisions: In connection with the invitation for tenders made pursuant to Section 2.1, the directors of the

Corporation may by resolution, without the approval of the holders of the Second Preferred Shares, Second Series but subject to and in compliance with applicable law, make changes in the designation of and the rights, restrictions, conditions and limitations attaching to the Second Preferred Shares, Second Series including, without limitation, changes in the dividends payable thereon, which changes shall be effective from the retraction date, if:

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

2.3 Tendering Procedure:

- (a) In order to tender pursuant to an invitation for tenders made by the Corporation pursuant to Section 2.1, a holder of Second Preferred Shares, Second Series shall, not less than 60 days prior to the retraction date, deposit the certificate or certificates representing the Second Preferred Shares, Second Series to be tendered with the trust company named in the invitation for tenders (the "Trust Company"), whose fees shall be paid by the Corporation. Such deposit shall constitute the irrevocable instruction of the holder of such shares to the Trust Company,
 - (i) either to tender such shares to the Corporation for purchase by it on such retraction date or, if such holder so instructs the Trust Company in writing at the time of such deposit, to so tender such shares only if all authorizations required by applicable law to effect the changes in the provisions attaching to the Second Preferred Shares, Second Series as described in the invitation for tenders are not obtained on or before such retraction date;
 - (ii) to receive from the Corporation the purchase price of the shares so tendered;
 - (iii) to remit forthwith such purchase price to such holder; and
 - (iv) to return forthwith to such holder the certificate or certificates representing the Second Preferred Shares, Second Series so deposited by such holder but not so tendered to or purchased by the Corporation.

- (b) To the extent permitted by applicable law, the Corporation shall accept all tenders of Second Preferred Shares, Second Series and purchase the shares so tendered.
- (c) Upon payment of the purchase price of the Second Preferred Shares, Second Series so tendered and purchased, the holders thereof shall cease to be entitled to dividends or to exercise any rights of holders in respect thereof.
- (d) If a holder of Second Preferred Shares, Second Series wishes to tender a part only of the shares represented by any certificate so deposited the holder may, at the time of such deposit, instruct the Trust Company in writing as to the number of Second Preferred Shares, Second Series with respect to which the irrevocable instruction to tender is being made and instruct the Trust Company to arrange to have issued and delivered to such holder, at the expense of the Corporation, a new certificate for the Second Preferred Shares, Second Series which are not to be tendered.

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

2.5 Covenant to Redeem: In the event that the purchase by the Corporation on the retraction date of all Second Preferred Shares, Second Series tendered pursuant to an invitation for tenders would be contrary to applicable law then, notwithstanding the provisions of Section 6.2, the Corporation shall redeem in accordance with Article 3 on each dividend payment date thereafter such number of Second Preferred Shares, Second Series so tendered (rounded to the next lower multiple of 100 shares) as the Corporation determines it is then permitted to redeem.

3. Redemption and Purchase for Cancellation

3.1 Right to Redeem or Purchase for Cancellation: Subject to the provisions of this Article 3, and of the Canada Business

Corporations Act, the Second Preferred Shares, Second Series may be redeemed or purchased for cancellation by the Corporation.

3.2 Redemption Right: Subject to Sections 3.1 and 6.2, the Corporation may, at its option, redeem at any time all or from time to time any of the outstanding Second Preferred Shares, Second Series on payment of the redemption price as provided in Section 3.3. If less than all of the outstanding Second Preferred Shares, Second Series are to be redeemed, the shares to be redeemed shall be selected as nearly as may be on a pro rata basis (to the nearest 100 shares) according to the number of Second Preferred Shares, Second Series registered in the name of each holder, in such manner as the board of directors in its sole discretion shall by resolution determine.

3.3 Redemption Price: The redemption price at which any Second Preferred Shares, Second Series are redeemable shall be the aggregate of (i) \$100 and (ii) all unpaid dividends thereon accrued up to but not including the date fixed for redemption.

3.4 Redemption Procedure:

- (a) Any notice of redemption of Second Preferred Shares, Second Series shall be given by the Corporation to each holder thereof not less than 60 days prior to the date fixed for redemption. Accidental failure or omission to give such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the redemption price, the date fixed for redemption and the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.
- (b) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid the redemption price to or to the order of the holders of the Second Preferred Shares, Second Series redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares and the holders of the Second Preferred Shares, Second Series called for redemption shall cease to be entitled to dividends or to exercise any of the rights of holders in respect thereof unless payment of the redemption price shall not be made in accordance with the foregoing provisions, in which case the rights of the holders shall remain unimpaired.
- (c) The Corporation shall have the right at any time after mailing a notice of redemption to deposit the redemption price of the shares thereby called for redemption, or such part thereof as at the time of deposit has

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

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

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

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

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

4. Voting Rights

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

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

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

If any director of the Corporation elected by the holders of Second Preferred Shares, Second Series shall die, resign or otherwise cease to be a director of the Corporation otherwise than due to the payment of all arrears of dividends on the Second Preferred Shares, Second Series, such vacancy may be filled by the holders of Second Preferred Shares, Second Series meeting and voting as provided in the provisions attaching

the Second Preferred Shares as a class which are contained in Article 7 of Part E hereof, which provisions shall apply mutatis mutandis.

5. Financial Statements

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

6. Restrictions on Dividends, Issue and Retirement of Shares

6.1 Dividends on Junior and Equal Shares and Retirement of Junior Shares: Without the approval of the holders of the Second Preferred Shares, Second Series given in accordance with Article 9:

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

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

6.2 Redemption of Second Preferred Shares, Second Series: Subject to the provisions of Section 2.5 the Corporation shall not, without the approval of the holders of the Second Preferred Shares, Second Series given in accordance with Article 9, redeem any Second Preferred Shares, Second Series at any time if any part of the redemption price which constitutes a repayment of paid-up capital would, for purposes of the Income Tax Act (Canada) as amended or re-enacted from time to time

- (a) be deemed to have been paid as a dividend which is subject to income tax in the hands of any such holders; or

- (b) give rise to a taxable capital gain in the hands of any holder of such shares who or whose predecessor shall have continuously held such shares since their issuance.

6.3 Creation and Issue of Shares: Without approval given in accordance with the Canada Business Corporations Act, the Corporation shall not:

- (a) create any shares ranking equally with or prior to the Second Preferred Shares, Second Series; or
- (b) issue any additional Second Preferred Shares or any shares ranking equally with or prior to the Second Preferred Shares, Second Series;

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

6.4 Definitions: In this Article 6,

- (a) "consolidated net earnings" for any period means the net profit (including extraordinary gains and losses and the tax effect thereof, if any) of the Corporation and its subsidiaries for such period after the following adjustments:
 - (i) when computed for purposes of Section 6.3, interest charges on indebtedness which will be eliminated or reduced by reason of the issuance of such equally ranking shares shall be disregarded or adjusted; and
 - (ii) in all cases, net profits for the entire period of subsidiaries which became subsidiaries subsequent to the commencement of such period shall be included;

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

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

7. Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Second Preferred Shares, Second Series shall (subject to the prior rights of the First Preferred Shares in that respect) be entitled to receive in lawful money of Canada the sum of \$100 per share plus all unpaid dividends thereon accrued up to but not including the date of the distribution, the whole being paid before any amount is paid or any assets of the Corporation are distributed to the holders of any shares of any class ranking junior in that regard to the Second Preferred Shares, Second Series. Upon payment of the amounts so payable to them, the holders of Second Preferred Shares, Second Series shall not be entitled to share in any further distribution of assets of the Corporation.

8. Notices and Interpretation

8.1 Notices: Any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given if delivered or if sent by registered mail, postage prepaid, to the holders of the Second Preferred Shares, Second Series at their respective addresses appearing on the books of the Corporation or, in the event of the address of any such holder not so appearing then at the last address of such holder known to the Corporation. Any notice so mailed shall be deemed to have been given on the third business day after the date of mailing. In the event that the number of

registered holders of Second Preferred Shares, Second Series exceeds 5, accidental failure to give any such notice, invitation for tenders or other communication to one or more holders of the Second Preferred Shares, Second Series shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tenders or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such holder or holders.

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

All references to dollars herein are in Canadian funds.

9. Approval of Holders of Second Preferred Shares, Second Series

Any approval required or permitted to be given by the holders of the Second Preferred Shares, Second Series with respect to any and all matters referred to in Sections 6.1 and 6.2 hereof shall be deemed to have been sufficiently given if given by the holders of Second Preferred Shares, Second Series as provided in the provisions attaching to the Second Preferred Shares as a class which are contained in Article 7 of Part E hereof, which provisions shall apply, mutatis mutandis, as though the term "Second Preferred Shares, Second Series" was used in the said Article 7 of Part E in place of the term "Second Preferred Shares".

JUNIOR PREFERRED SHARES - AS A CLASS

The Junior Preferred Shares, as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Directors' Rights to Issue in One or More Series

The Junior Preferred Shares may at any time or 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 board of directors of the Corporation.

2. Directors to Fix Terms of Each Series

The directors of the Corporation shall (subject to the Canada Business Corporations Act and to these Articles) by resolution fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions, and other provisions attaching to the Junior Preferred Shares of each series.

3. Subordination to First and Second Preferred Shares and Preference Over Common Shares

The Junior Preferred Shares of each series shall rank

- (a) after the First Preferred Shares and the Second Preferred Shares, and
- (b) before the Common Shares

with respect to priority in the payment of dividends and with respect to the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

The Junior Preferred Shares shall also rank before any other shares with respect to priority in the payment of dividends and/or distribution of assets to the extent that the provisions attaching to such other shares expressly provide for such priority.

4. Parity of Junior Preferred Shares

The Junior Preferred Shares of each series shall rank on a parity with the Junior Preferred Shares of every other series with respect to priority in the payment of dividends

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

5. Voting

Except as required by law, the holders of the Junior Preferred Shares as a class shall have no voting rights.

6. Amendments

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

7. Approval of Holders
of Junior Preferred Shares

As regards any matter upon which the holders of the Junior Preferred Shares as a class have voting rights, on any poll taken at any meeting of the holders of the Junior Preferred Shares as a class, or at any joint meeting of the holders of two or more series of the Junior Preferred Shares, each holder of Junior Preferred Shares entitled to vote thereat shall have 1 vote in respect of each \$1.00 attributable to the Junior Preferred Shares held by him in the stated capital account maintained by the Corporation in respect of the Junior Preferred Shares. Fractional votes shall not be voted on any poll, except that each holder of Junior Preferred Shares otherwise entitled to vote shall have at least 1 vote. Subject to the foregoing, the formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without in any way limiting the generality of the foregoing, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders.

Arrangement and Reorganization

Neither any amalgamation, arrangement or reorganization, nor any sale, lease or exchange of all or substantially all of the assets of the Corporation, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of these Articles.

COMMON SHARES

The holders of the Common Shares are entitled

- (a) to vote at all meetings of shareholders, except meetings at which only holders of another specified class of shares are entitled to vote;
- (b) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive any dividend declared by the Corporation and to receive the remaining property of the Corporation upon dissolution.



Certificate of Amendment

**Canada Business
Corporations Act**

Certificat de modification

**Loi sur les sociétés
commerciales canadiennes**

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

Name of Corporation — Dénomination de la société

12676

Number — Numéro

I hereby certify that the Articles of the above-mentioned Corporation were amended

(a) under section 13 of the Canada Business Corporations Act in accordance with the attached notice;

(b) under Section 27 of the Canada Business Corporations Act as set out in the attached Articles of Amendment designating a series of shares;

(c) under Section 171 of the Canada Business Corporations Act as set out in the attached Articles of Amendment;

(d) under Section 185 of the Canada Business Corporations Act as set out in the attached Articles of Reorganization;

(e) under Section 185.1 of the Canada Business Corporations Act as set out in the attached Articles of Arrangement.

Je certifie par les présentes que les statuts de la société mentionnée ci-haut ont été modifiés

(a) en vertu de l'article 13 de la Loi sur les sociétés commerciales canadiennes conformément à l'avis ci-joint;

(b) en vertu de l'article 27 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) en vertu de l'article 171 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes;

(d) en vertu de l'article 185 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses de réorganisation ci-jointes;

(e) en vertu de l'article 185.1 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses d'arrangement ci-jointes.

Director — Directeur

June 25, 1980

Date of Amendment — Date de la modification

CANADA BUSINESS
CORPORATIONS ACT



LOI SUR LES SOCIÉTÉS
COMMERCIALES CANADIENNES

FORM 4

FORMULE 4

ARTICLES OF AMENDMENT
(SECTION 27 OR 171)

CLAUSES MODIFICATRICES
(ARTICLE 27 OU 171)

1 - Name of Corporation - Dénomination de la société

2 - Corporation No. - N° de la société

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE

12676

3 The articles of the above-named corporation are amended as follows:

Les statuts de la société ci-haut mentionnée sont modifiés de la façon suivante:

Part I of the articles is re-lettered as Part J. A new Part I is inserted in the articles, between Part H and the re-lettered Part J as follows.

I. JUNIOR PREFERRED SHARES - FIRST SERIES

The first series of the class of Junior Preferred Shares consists of 19,000 shares without nominal or par value, designated Junior Preferred Shares, First Series, which, in addition to the rights, privileges, restrictions and conditions attaching to the Junior Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Definitions

For the purposes of these provisions:

- (a) "dividend payment date" means the 30th day of March, June, September and December in each year;
- (b) "final distribution" means any distribution of assets of the Corporation among its shareholders upon liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (c) "redemption price" means \$100 per Junior Preferred Share, First Series redeemed or purchased or held at the date of final distribution, as the case may be, plus all unpaid dividends accrued thereon up to but not including the date of redemption, purchase or final distribution.

2. Dividends

Subject to the rights and restrictions attaching to the First Preferred Shares and the Second Preferred Shares, the holders of Junior Preferred Shares, First Series shall be entitled to receive as and when declared by the directors out

the moneys of the Corporation properly applicable to the payment of dividends fixed preferential cumulative cash dividends at the rate of \$9 per share per annum and no more. Such dividends shall accrue from the date of issue (or from such other date no more than 6 months later as the board may determine) and shall be payable in equal quarterly instalments on each dividend payment date at par at any branch in Canada of the Corporation's bankers for the time being. If on any dividend payment date the Corporation does not pay the said dividends in full on all Junior Preferred Shares, First Series then outstanding, such dividends or the unpaid part thereof shall be paid subsequently before any dividends are declared or paid on the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends), other than stock dividends in Common Shares (or in any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends or final distributions).

3. Redemption and Purchase

3.1 Right to Redeem or Purchase: Subject to this Article 3, the Canada Business Corporations Act and the rights and restrictions attaching to the First Preferred Shares and the Second Preferred Shares, the Corporation may redeem or purchase Junior Preferred Shares, First Series.

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

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

(b) On and after the redemption date the Corporation shall pay the redemption price or cause it to be paid to or to the order of the registered holders of the shares to be redeemed, on presentation and surrender of the certificates representing such shares. The shares shall thereupon be redeemed. From and after the redemption date, the holders of the shares called

or redemption shall cease to be entitled to any rights of shareholders in respect thereof, except to receive the redemption price, unless it is not paid or deposited in accordance herewith (in which case their rights shall remain unimpaired).

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

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

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

4. Conversion Privilege

4.1 Definition: In this Article 4, "Shares" means the present Common Shares or their equivalent in any other shares into which the present Common Shares may have been converted, consolidated or subdivided.

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

Divide the number of Junior Preferred Shares, First Series converted by .0475 and exclude any fraction.

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

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

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

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

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

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

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

5. Final Distribution


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

6. Restriction on Retirement of Junior Shares

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

Changes

The Corporation may not add, change or remove any right, privilege, restriction or condition attached to the Junior Preferred Shares, First Series as a series without such approval as may then be required by the Canada Business Corporations Act to be given by the holders thereof.

June 1, 1980	Signature 	Description of Office - Description du poste Assistant Secretary
DEPARTMENTAL USE ONLY		À L'USAGE DU MINISTÈRE SEULEMENT
		Filed - Déposée July 2, 1980

367 (4-79)



Certificate of Amendment

Certificat de modification

**Canada Business
Corporation Act**

**Loi sur les sociétés
commerciales canadiennes**

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

12676

Name of Corporation — Dénomination de la société

Number — Numéro

I hereby certify that the Articles of the above-mentioned Corporation were amended

Je certifie par les présentes que les statuts de la société mentionnée ci-haut ont été modifiés

(a) under section 13 of the Canada Business Corporations Act in accordance with the attached notice;

(a) en vertu de l'article 13 de la Loi sur les sociétés commerciales canadiennes conformément à l'avis ci-joint;

(b) under Section 27 of the Canada Business Corporations Act as set out in the attached Articles of Amendment designating a series of shares;

(b) en vertu de l'article 27 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under Section 171 of the Canada Business Corporations Act as set out in the attached Articles of Amendment;

(c) en vertu de l'article 171 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes;

(d) under Section 185 of the Canada Business Corporations Act as set out in the attached Articles of Reorganization;

(d) en vertu de l'article 185 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses de réorganisation ci-jointes;

(e) under Section 185.1 of the Canada Business Corporations Act as set out in the attached Articles of Arrangement.

(e) en vertu de l'article 185.1 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses d'arrangement ci-jointes.

Director — Directeur

October 8, 1981

Date of Amendment — Date de la modification



1 - Name of Corporation - Dénomination de la société LOBLAW COMPANIES LIMITED LES COMPAGNIES LOBLAW LIMITÉE	2 - Corporation No. - N° de la société 12676
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3 The articles of the above-named corporation are amended as follows: Les statuts de la société ci-haut mentionnée sont modifiés de la façon suivante:

Part J of the articles is re-lettered as Part K. A new Part J is inserted in the articles, between Part I and the re-lettered Part K as follows.

J. JUNIOR PREFERRED SHARES - SECOND SERIES

The second series of the class of Junior Preferred Shares consists of 13,000 shares without nominal or par value, designated Junior Preferred Shares, Second Series, which, in addition to the rights, privileges, restrictions and conditions attaching to the Junior Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Definitions

For the purposes of these provisions:

- (a) "dividend payment date" means the 30th day of March, June, September and December in each year;
- (b) "final distribution" means any distribution of assets of the Corporation among its shareholders upon liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (c) "redemption price" means \$100 per Junior Preferred Share, Second Series redeemed or purchased or held at the date of final distribution, as the case may be, plus all unpaid dividends accrued thereon up to but not including the date of redemption, purchase or final distribution.

2. Dividends

Subject to the rights and restrictions attaching to the First Preferred Shares and the Second Preferred Shares, the holders of Junior Preferred Shares, Second Series shall be entitled to receive as and when declared by the directors

ut of the moneys of the Corporation properly applicable to the payment of dividends fixed preferential cumulative cash dividends at the rate of \$12 per share per annum and no more. Such dividends shall accrue from the date of issue (or from such other date no more than 6 months later as the board may determine) and shall be payable in equal quarterly instalments on each dividend payment date at par at any branch in Canada of the Corporation's bankers for the time being. If on any dividend payment date the Corporation does not pay the said dividends in full on all Junior Preferred Shares, Second Series then outstanding, such dividends or the unpaid part thereof shall be paid subsequently before any dividends are declared or paid on the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends), other than stock dividends in Common Shares (or in any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends or final distributions).

3. Redemption and Purchase

3.1 Right to Redeem or Purchase: Subject to this Article 3, the Canada Business Corporations Act and the rights and restrictions attaching to the First Preferred Shares and the Second Preferred Shares, the Corporation may redeem or purchase Junior Preferred Shares, Second Series.

3.2 Redemption Right: The Corporation may after October 6, 1991 redeem all or from time to time any of the outstanding Junior Preferred Shares, Second Series on payment to the holders thereof of the redemption price. If less than all of the outstanding Junior Preferred Shares, Second Series are to be redeemed, the shares to be redeemed shall be selected by lot or (disregarding fractions) pro rata to the number of such shares then registered in the name of each shareholder, as the directors determine.

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

(b) On and after the redemption date the Corporation shall pay the redemption price or cause it to be paid to or to the order of the registered holders of the shares to be redeemed, on presentation and surrender of the certificates representing such shares. The shares shall thereupon be redeemed. From

and after the redemption date, the holders of the shares called for redemption shall cease to be entitled to any rights of shareholders in respect thereof, except to receive the redemption price, unless it is not paid or deposited in accordance herewith (in which case their rights shall remain unimpaired).

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

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

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

4. Conversion Privilege

4.1 Definition: In this Article 4, "Shares" means the present Common Shares or their equivalent in any other shares into which the present Common Shares may have been converted, consolidated or subdivided.

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

Divide the number of Junior Preferred Shares, Second Series converted by .060 and exclude any fraction.

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

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

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

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

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

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

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

5. Final Distribution

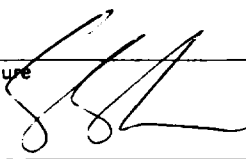
In the event of a final distribution, the holders of the Junior Preferred Shares, Second Series shall be entitled to receive their redemption price before any distribution to the holders of the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after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

6. Restriction on Retirement of Junior Shares

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

. Changes

The Corporation may not add, change or remove any right, privilege, restriction or condition attached to the Junior Preferred Shares, Second Series as a series without such approval as may then be required by the Canada Business Corporations Act to be given by the holders thereof.

Date October 7, 1981	Signature 	Description of Office - Description du poste Assistant Secretary
FOR DEPARTMENTAL USE ONLY		À L'USAGE DU MINISTÈRE SEULEMENT
		Filed - Déposée October 22/1981



Certificate of Amendment

Canada Business
Corporations Act

Certificat de modification

Loi sur les sociétés
commerciales canadiennes

LOBLAW COMPANIES LIMITED/
LES COMPAGNIES LOBLAW LIMITEE

12676

Name of Corporation — Dénomination de la société

Number — Numéro

I hereby certify that the Articles of
the above-mentioned Corporation
were amended

Je certifie par les présentes que les
statuts de la société mentionnée
ci-haut ont été modifiés

(a) under section 13 of the Canada
Business Corporations Act in accor-
dance with the attached notice;

(a) en vertu de l'article 13 de la Loi
sur les sociétés commerciales
canadiennes conformément à l'avis
ci-joint;

(b) under Section 27 of the Canada
Business Corporations Act as set
out in the attached Articles of
Amendment designating a series of
shares;

(b) en vertu de l'article 27 de la Loi
sur les sociétés commerciales
canadiennes tel qu'indiqué dans les
clauses modificatrices ci-jointes
désignant une série d'actions;

(c) under Section 171 of the Canada
Business Corporations Act as set
out in the attached Articles of
Amendment;

(c) en vertu de l'article 171 de la Loi
sur les sociétés commerciales
canadiennes tel qu'indiqué dans les
clauses modificatrices ci-jointes;

(d) under Section 185 of the Canada
Business Corporations Act as set
out in the attached Articles of
Reorganization;

(d) en vertu de l'article 185 de la Loi
sur les sociétés commerciales
canadiennes tel qu'indiqué dans les
clauses de réorganisation ci-jointes;

(e) under Section 185.1 of the
Canada Business Corporations
Act as set out in the attached
Articles of Arrangement.

(e) en vertu de l'article 185.1 de la
Loi sur les sociétés commerciales
canadiennes tel qu'indiqué dans les
clauses d'arrangement ci-jointes.

Director — Directeur

May 20, 1982
Date of Amendment — Date de la modification



- Name of Corporation - Dénomination de la société

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE

2 - Corporation No. - N° de la société

12676

- The articles of the above-named corporation are amended
as follows:

Les statuts de la société ci-haut mentionnée sont modifiés de la
façon suivante:

Part K of the articles is re-lettered as Part L. A new Part K is inserted in the articles, between Part J and Part L as follows.

K. JUNIOR PREFERRED SHARES - THIRD SERIES

The third series of the class of Junior Preferred Shares consists of 30,000 shares without nominal or par value, designated Junior Preferred Shares, Third Series, which, in addition to the rights, privileges, restrictions and conditions attaching to the Junior Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Definitions

For the purposes of these provisions:

- (a) "average prime rate" for any dividend payment period means the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during such period, other than the last 7 business days thereof;
- (b) "dividend payment date" means the last day of March, June, September and December in each year;
- (c) "dividend payment period" means a period beginning on a dividend payment date and ending on the day immediately prior to the next subsequent dividend payment date, and includes the period beginning on the date on which the Junior Preferred Shares, Third Series are first issued and ending on the day immediately prior to the next subsequent dividend payment date;
- (d) "dividend rate" for any dividend payment period means the sum of 2/3 of the average prime rate for such period, plus .75%;
- (e) "final distribution" means any distribution of assets of the Corporation among its shareholders upon liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;

- (f) "prime rate" for any day means the rate of interest, expressed as an annual rate, reported by the Canadian Imperial Bank of Commerce or its successors to be the lowest rate of interest charged by it on such day on demand loans in Canadian currency to its most credit-worthy commercial customers in Canada; and
- (g) "redemption price" means \$100 per Junior Preferred Share, Third Series redeemed or purchased or held at the date of final distribution, as the case may be, plus all unpaid dividends accrued thereon up to but not including the date of redemption, purchase or final distribution.

2. Dividends

2.1 Payment of Dividends: Subject to the rights and restrictions attaching to the First Preferred Shares and the Second Preferred Shares, the holders of Junior Preferred Shares, Third Series shall be entitled to receive as and when declared by the board of directors out of the moneys of the Corporation properly applicable to the payment of dividends preferential cumulative dividends in the amounts determined from time to time in accordance with Section 2.2. Such dividends shall accrue on a day-to-day-basis from and including the date of issue and shall be payable on each dividend payment date at par at any branch in Canada of the Corporation's bankers for the time being. If on any dividend payment date the Corporation does not pay the said dividends in full on all Junior Preferred Shares, Third Series then outstanding, such dividends or the unpaid part thereof shall be paid subsequently before any dividends are declared or paid on the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends), other than stock dividends in Common Shares (or in any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends and final distributions).

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

The dividend payable on any dividend payment date to any holder of Junior Preferred Shares, Third Series shall be calculated by multiplying the amount of the dividend payable on such date on each such share held by such holder by the total number of Junior Preferred Shares, Third Series held by such holder.

3. Redemption and Purchase

3.1 Right to Redeem or Purchase: Subject to this Article 3, the Canada Business Corporations Act and the rights and restrictions attaching to the First Preferred Shares and the Second Preferred Shares, the Corporation may redeem or purchase Junior Preferred Shares, Third Series.

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

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

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

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

limited to receiving, without interest, the redemption price of their redeemed shares upon presentation and surrender of the certificates representing such shares. Any interest on such deposit belongs to the Corporation.

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

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

4. Conversion Privilege

4.1 Definition: In this Article 4,

- (a) "Shares" means the present Common Shares or their equivalent in any other shares into which the present Common Shares may have been converted, consolidated or subdivided; and
- (b) "fair market value" means, with respect to the Shares into which any Junior Preferred Shares, Third Series are to be converted, the median between the highest and lowest per share selling prices for trades in board lots of the Shares on The Toronto Stock Exchange on the business day next preceding the day on which such Junior Preferred Shares, Third Series are issued. In the event no such board lots have been traded on such day, the fair market value shall be established on the same basis on the next preceding day for which such trades were reported by such Exchange.

4.2 Right to Convert: A holder of any Junior Preferred Shares, Third Series may, on any dividend payment date, convert any of them into the number of Shares determined by the following formula:

The number of Junior Preferred Shares, Third Series to be converted multiplied by 100 shall be divided by the fair market value of the Shares and any fraction shall be excluded.

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

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

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

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

4.7 No Fractions: Notwithstanding anything herein, the Corporation shall not issue fractional Shares in satisfaction of any conversion privilege herein; the fair market value of any fractional Share being included in the aggregate stated capital for the Shares issued upon the conversion.

5. Final Distribution

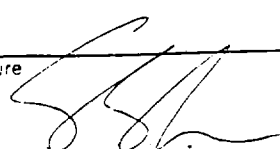
In the event of a final distribution, the holders of the Junior Preferred Shares, Third Series shall be entitled to receive their redemption price before any distribution to the holders of the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after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

6. Restriction on Retirement of Junior Shares

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

7. Changes

The Corporation may not add, change or remove any right, privilege, restriction or condition attached to the Junior Preferred Shares, Third Series as a series without such approval as may then be required by the Canada Business Corporations Act to be given by the holders thereof.

Date	Signature	Description of Office - Description du poste
May 19, 1982		Assistant Secretary
FOR DEPARTMENTAL USE ONLY		A L'USAGE DU MINISTÈRE SEULEMENT
		Filed - Dépôtées
		Jun 3, 1982



Certificate of Amendment

Certificat de modification

**Canada Business
Corporations Act**

**Loi sur les sociétés
commerciales canadiennes**

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE
Name of corporation - Dénomination de la société

12676-4
Number - Numéro

I hereby certify that the Articles of the above-mentioned Corporation were amended

Je certifie par les présentes que les statuts de la société mentionnée ci-haut ont été modifiés

(a) under Section 13 of the Canada Business Corporations Act in accordance with the attached notice;

(a) en vertu de l'article 13 de la Loi sur les sociétés commerciales canadiennes conformément à l'avis ci-joint;

(b) under Section 27 of the Canada Business Corporations Act as set out in the attached Articles of Amendment designating a series of shares;

(b) en vertu de l'article 27 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under Section 171 of the Canada Business Corporations Act as set out in the attached Articles of Amendment;

(c) en vertu de l'article 171 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes;

(d) under Section 185 of the Canada Business Corporations Act as set out in the attached Articles of Reorganization.

(d) en vertu de l'article 185 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses de réorganisation ci-jointes;

(e) under Section 185.1 of the Canada Business Corporations Act as set out in the attached Articles of Arrangement.

(e) en vertu de l'article 185.1 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses d'arrangement ci-jointes.

Director - Directeur

May 6, 1983

Date of Amendment - Date de la modification

CANADA BUSINESS
CORPORATIONS ACT
FORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 171)

LOI SUR LES SOCIÉTÉS
COMMERCIALES CANADIENNES
FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLE 27 OU 171)

1- Name of Corporation	2- Corporation No. - N ^o de la société
LOBLAW COMPANIES LIMITED LES COMPAGNIES LOBLAW LIMITÉE	12676

3- The articles of the above-named corporation are amended as follows:	Les statuts de la société ci-haut mentionnée sont modifiés de la façon suivante:
--	--

Part L of the articles is re-lettered as Part M. A new Part L is inserted in the articles, between Part K and Part M as follows:

L. JUNIOR PREFERRED SHARES - FOURTH SERIES

The fourth series of the class of Junior Preferred Shares consists of 20,000 shares without nominal or par value, designated Junior Preferred Shares, Fourth Series, which, in addition to the rights, privileges, restrictions and conditions attaching to the Junior Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Definitions

For the purposes of these provisions:

- (a) "average prime rate" for any dividend payment period means the arithmetic mean (rounded to the nearest 0.01%) of the prime rate for each day during such period, other than the last 7 business days thereof;
- (b) "dividend payment date" means the last day of March, June, September and December in each year;
- (c) "dividend payment period" means a period beginning on a dividend payment date and ending on the day immediately prior to the next subsequent dividend payment date, and includes the period beginning on the date on which the Junior Preferred Shares, Fourth Series are first issued and ending on the day immediately prior to the next subsequent dividend payment date;
- (d) "dividend rate" for any dividend payment period means the sum of 2/3 of the average prime rate for such period, plus .75%;
- (e) "final distribution" means any distribution of assets of the Corporation among its shareholders upon liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (f) "prime rate" for any day means the rate of interest, expressed as an annual rate, reported by the Canadian Imperial Bank of Commerce or its successors to be the lowest rate of interest charged by it on such day on demand loans in Canadian currency to its most credit-worthy commercial customers in Canada; and

- (g) "redemption price" means \$100 per Junior Preferred Share, Fourth Series redeemed or purchased or held at the date of final distribution, as the case may be, plus all unpaid dividends accrued thereon up to but not including the date of redemption, purchase or final distribution.

2. Dividends

2.1 Payment of Dividends: Subject to the rights and restrictions attaching to the First Preferred Shares and the Second Preferred Shares, the holders of Junior Preferred Shares, Fourth Series shall be entitled to receive as and when declared by the board of directors out of the moneys of the Corporation properly applicable to the payment of dividends preferential cumulative dividends in the amounts determined from time to time in accordance with Section 2.2. Such dividends shall accrue on a day-to-day basis from and including the date of issue and shall be payable on each dividend payment date at par at any branch in Canada of the Corporation's bankers for the time being. If on any dividend payment date the Corporation does not pay the said dividends in full on all Junior Preferred Shares, Fourth Series then outstanding, such dividends or the unpaid part thereof shall be paid subsequently before any dividends are declared or paid on the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends), other than stock dividends in Common Shares (or in any other shares which by virtue of the provisions attaching thereto expressly rank after the Junior Preferred Shares with respect to priority in the payment of dividends and final distributions).

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

The dividend payable on any dividend payment date to any holder of Junior Preferred Shares, Fourth Series shall be calculated by multiplying the amount of the dividend payable on such date on each such share held by such holder by the total number of Junior Preferred Shares, Fourth Series held by such holder.

3. Redemption and Purchase

3.1 Right to Redeem or Purchase: Subject to this Article 3, the Canada Business Corporations Act and the rights and restrictions attaching to the First Preferred Shares and the Second Preferred Shares, the Corporation may redeem or purchase Junior Preferred Shares, Fourth Series.

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

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

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

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

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

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

4. Conversion Privilege

4.1 Definition: In this Article 4,

- (a) "Shares" means the present Common Shares or their equivalent in any other shares into which the present Common Shares may have been converted, consolidated or subdivided; and
- (b) "fair market value" means, with respect to the Shares into which any Junior Preferred Shares, Fourth Series are to be converted, the median between the highest and lowest per share selling prices for trades in board lots of the Shares on The Toronto Stock Exchange on the business day next preceding the day on which such Junior Preferred Shares, Fourth Series are issued. In the event no such board

lots have been traded on such day, the fair market value shall be established on the same basis on the next preceding day for which such trades were reported by such Exchange.

4.2 Right to Convert: A holder of any Junior Preferred Shares, Fourth Series may, on any dividend payment date, convert any of them into the number of Shares determined by the following formula:

The number of Junior Preferred Shares, Fourth Series to be converted multiplied by 100 shall be divided by the fair market value of the Shares and any fraction shall be excluded.

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

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

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

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

4.7 No Fractions: Notwithstanding anything herein, the Corporation shall not issue fractional Shares in satisfaction of any conversion privilege herein; the fair market value of any fractional Share being included in the aggregate stated capital for the Shares issued upon the conversion.

5. Final Distribution

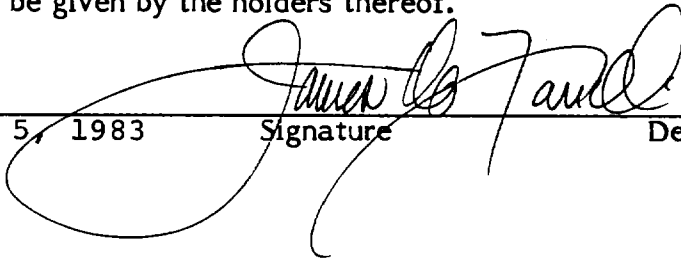
In the event of a final distribution, the holders of the Junior Preferred Shares, Fourth Series shall be entitled to receive their redemption price before any distribution to the holders of the Common Shares (or any other shares which by virtue of the provisions attaching thereto expressly rank after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

6. Restriction on Retirement of Junior Shares

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

7. Changes

The Corporation may not add, change or remove any right, privilege, restriction or condition attached to the Junior Preferred Shares, Fourth Series as a series without such approval as may then be required by the Canada Business Corporations Act to be given by the holders thereof.

Date May 5, 1983		Secretary
	Signature	Description of Office - Description du poste

FOR DEPARTMENTAL USE ONLY
Corporation No.-No de la société

A L'USAGE DU MINISTÈRE SEULEMENT
Filed-Déposée

12676-4

May 10, 1983



Certificate of Amendment

Certificat de modification

**Canada Business
Corporation Act**

**Loi sur les sociétés
commerciales canadiennes**

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE**

12676-4

Name of Corporation — Dénomination de la société

Number — Numéro

I hereby certify that the Articles of the above-mentioned Corporation were amended

Je certifie par les présentes que les statuts de la société mentionnée ci-haut ont été modifiés

(a) under section 13 of the Canada Business Corporations Act in accordance with the attached notice;

(a) en vertu de l'article 13 de la Loi sur les sociétés commerciales canadiennes conformément à l'avis ci-joint;

(b) under Section 27 of the Canada Business Corporations Act as set out in the attached Articles of Amendment designating a series of shares;

(b) en vertu de l'article 27 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under Section 171 of the Canada Business Corporations Act as set out in the attached Articles of Amendment;

(c) en vertu de l'article 171 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes;

(d) under Section 185 of the Canada Business Corporations Act as set out in the attached Articles of Reorganization;

(d) en vertu de l'article 185 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses de réorganisation ci-jointes;

(e) under Section 185.1 of the Canada Business Corporations Act as set out in the attached Articles of Arrangement.

(e) en vertu de l'article 185.1 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses d'arrangement ci-jointes.

Director — Directeur

November 10, 1983.

Date of Amendment — Date de la modification

ARTICLES OF AMENDMENT

1. Name of Corporation:
Loblaw Companies Limited
Les Compagnies Loblaw Limitée
2. Corporation No. 12676
3. The articles of the above named corporation are amended as follows:
 - (a) Part D of the articles is deleted.
 - (b) A new Part D is inserted in the articles as follows:

D. FIRST PREFERRED SHARES - SECOND SERIES

The third series of the said class of First Preferred Shares consists of 371,244 shares without nominal or par value, designated First Preferred Shares, Second Series which, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

1. Dividends

The holders of the First Preferred Shares, Second Series shall be entitled to receive, and the Corporation shall pay thereon if, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of \$3.70 per share per annum payable quarterly on the first days of March, June, September and December in each year. Such dividends shall accrue from such date or dates as may in the case of each issue be determined by the board of directors of the Corporation or in case no date be so determined then from the date of allotment. Warrants or cheques of the Corporation payable at par at any branch of the Corporation's bankers for the time being in Canada (Yukon Territory excepted) shall be issued in respect of such dividends. If on any dividend payment date the dividend payable on such date is not paid in full on all of the First Preferred Shares, Second Series then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of the same. The holders of

the First Preferred Shares, Second Series shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for.

2. Liquidation, Dissolution or Winding Up

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the First Preferred Shares, Second Series shall be entitled to receive the sum of \$67.00 per share together with all unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution) before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any Common Shares or shares of any other class ranking junior to the First Preferred Shares, Second Series. After payment to the holders of the First Preferred Shares, Second Series of the amount so payable to them they shall not be entitled to share in any further distribution of property or assets of the Corporation.

3. Redemption and Purchase for Restoration

3.1 Purchase for Restoration: The Corporation may at any time or times purchase (if obtainable) the whole or any part of the First Preferred Shares, Second Series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the First Preferred Shares, Second Series outstanding at the lowest price at which, in the opinion of the board of directors, such shares are obtainable but not exceeding \$70.00 per share plus costs of purchase and all unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of purchase). If upon any invitation for tenders under the provisions of this paragraph the Corporation shall receive tenders of First Preferred Shares, Second Series at the same lowest price which the Corporation may be willing to pay in an aggregate number greater than the number for which the Corporation is prepared to accept tenders, the First Preferred Shares, Second Series so tendered shall be purchased so nearly as may be pro rata

(disregarding fractions) according to the number of First Preferred Shares, Second Series so tendered by each of the holders of First Preferred Shares, Second Series who submitted tenders at the said same lowest price. From and after the date of purchase of any First Preferred Shares, Second Series under the provisions of this paragraph the shares so purchased shall be deemed to be redeemed and shall be restored to the status of authorized but unissued First Preferred Shares as a class and not of any designated series.

3.2 Redemption Right: Subject to the provisions of the Canada Business Corporations Act, the Corporation may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding First Preferred Shares, Second Series on payment for each share to be redeemed of \$70.00, together with all unpaid preferential dividends (which for such purpose shall be calculated as if the dividends on the First Preferred Shares, Second Series were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption). In case a part only of the then outstanding First Preferred Shares, Second Series is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the directors or the transfer agent appointed by the Corporation in respect of the First Preferred Shares, Second Series shall decide or if the directors so determine may be redeemed pro rata disregarding fractions.

3.3 Redemption Procedure: In any case of redemption of First Preferred Shares, Second Series under the provisions of Section 3.2 hereof, the Corporation shall at least 30 days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of First Preferred Shares, Second Series to be redeemed a notice in writing of the intention of the Corporation to redeem such First Preferred Shares, Second Series. Such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Corporation or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption as to the other holders. Such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or

after the date so specified for redemption the Corporation shall pay or cause to be paid to or to the order of the registered holders of the First Preferred Shares, Second Series to be redeemed the redemption price on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the First Preferred Shares, Second Series called for redemption. Such First Preferred Shares, Second Series shall thereupon be and be deemed to be redeemed and shall be restored to the status of authorized but unissued First Preferred Shares as a class and not of any designated series. If a part only of the shares represented by any certificate be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the First Preferred Shares, Second Series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right at any time after the mailing of notice of its intention to redeem any First Preferred Shares, Second Series as aforesaid to deposit the redemption price of the shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such First Preferred Shares, Second Series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the First Preferred Shares, Second Series in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be restored to the status of authorized but unissued First Preferred Shares as a class and not of any designated series 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.

4. Mandatory Purchase Requirements

So long as any of the First Preferred Shares, Second Series are outstanding and the Company is not in arrears in payment of any preferential dividends on the First Preferred Shares, the Company shall, in the fiscal year of the Company commencing January 1, 1984 and in each fiscal year thereafter, apply \$400,000 to the retirement of First Preferred Shares, Second Series; provided that no such application shall be required to be made in any fiscal year of the Corporation except to the extent that First Preferred Shares, Second Series are available for purchase by the Corporation in that fiscal year at a price not exceeding \$67.00 per share; and provided further that any amount not so applied in any fiscal year of the Corporation by reason of the foregoing provision shall not be required to be applied in any succeeding fiscal year of the Corporation.

5. Redemption of Junior Shares


5.1 When Dividends Unpaid: So long as any First Preferred Shares, Second Series are outstanding, no dividend shall at any time be declared or paid on or set apart for nor shall the Corporation redeem, purchase, reduce or otherwise pay off any Second Preferred Shares, Junior Preferred Shares or Common Shares or any other shares of the Corporation ranking junior to the First Preferred Shares unless all dividends up to and including the dividend payable on the last preceding dividend payment date on all the First Preferred Shares then issued and outstanding shall have been declared and paid or provided for.

5.2 Redemption Tests: So long as any First Preferred Shares, Second Series are outstanding, the Corporation shall not, without the authorization of the holders of the First Preferred Shares, Second Series, redeem, purchase, reduce or otherwise pay off (except out of the proceeds of an issue of shares ranking junior to the First Preferred Shares) any Second Preferred Shares, Junior Preferred Shares or Common Shares or any other shares ranking junior to the First Preferred Shares if, after giving effect thereto, the aggregate amount of the stated capital accounts maintained for the Second Preferred Shares, Junior Preferred Shares and Common Shares and any other shares ranking junior to the First Preferred Shares plus the consolidated earned surplus (as hereinafter defined and as at a date not more than 120 days preceding such redemption, purchase, reduction or other payment off) would be less than the sum of \$35,000,000.

5.3 Consolidated Earned Surplus: "Consolidated earned surplus" as used herein means the amount of \$186,120,000 plus the consolidated net earnings earned subsequent to January 1, 1983 (the profits or losses of any subsidiary to be included only from the date when such subsidiary became a subsidiary) and after deducting all dividends paid on all classes of shares of the Corporation and all other charges properly chargeable to earned surplus, the whole as determined on a consolidated basis in accordance with sound accounting practice; provided, however, that if the operations of the Corporation and its subsidiaries subsequent to January 1, 1983 result in a consolidated net loss (to be determined on the basis as is above provided for determination of consolidated net earnings and after deducting all dividends and other charges as aforesaid) then consolidated earned surplus as used herein means the amount of \$186,120,000 less the amount of such consolidated net loss.

5.4 Subsidiary: "Subsidiary company" or "subsidiary" as used herein means any corporation or company of which more than ninety per cent (90%) of the outstanding voting shares are for the time being owned by or held for the Corporation and/or any subsidiary of the Corporation.

5.5 Determination of Consolidated Earned Surplus: For the purposes of this paragraph 5 consolidated earned surplus shall be determined by the auditors of the Corporation whose determination shall be conclusive and binding on all parties in interest.

Date	Signature	Description of Office - Description du poste
9 Nov 83		Secretary
FOR DEPARTMENTAL USE ONLY Corporation No.-No de la société		A L'USAGE DU MINISTERE SEULEMENT Filed-Déposée

November 18, 1983



Certificate of Amendment

Certificat de modification

**Canada Business
Corporations Act**

**Loi sur les sociétés
commerciales canadiennes**

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE**

012676-4

Name of Corporation — Dénomination de la société

Number — Numéro

I hereby certify that the Articles of the above-mentioned Corporation were amended

Je certifie par les présentes que les statuts de la société mentionnée ci-haut ont été modifiés

(a) under section 13 of the Canada Business Corporations Act in accordance with the attached notice;

(a) en vertu de l'article 13 de la Loi sur les sociétés commerciales canadiennes conformément à l'avis ci-joint;

(b) under Section 27 of the Canada Business Corporations Act as set out in the attached Articles of Amendment designating a series of shares;

(b) en vertu de l'article 27 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under Section 171 of the Canada Business Corporations Act as set out in the attached Articles of Amendment;

(c) en vertu de l'article 171 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes;

(d) under Section 185 of the Canada Business Corporations Act as set out in the attached Articles of Reorganization;

(d) en vertu de l'article 185 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses de réorganisation ci-jointes;

(e) under Section 185.1 of the Canada Business Corporations Act as set out in the attached Articles of Arrangement.

(e) en vertu de l'article 185.1 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses d'arrangement ci-jointes.

Le Directeur

Director

April 29, 1986
le 29 avril 1986

Date of Amendment — Date de la modification

CANADA BUSINESS
CORPORATIONS ACT
FORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 171)

LOI SUR LES SOCIÉTÉS
COMMERCIALES CANADIENNES
FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLE 27 OU 171)

1- Name of Corporation - Denomination de la société LOBLAW COMPANIES LIMITED LES COMPAGNIES LOBLAW LIMITÉE	2- Corporation No. - n° de la société 12676 - 4/
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3- The articles of the above-named corporation are amended as follows: Les statuts de la société ci-haut mentionnée sont modifiés de la façon suivante:

To change each of the issued Common Shares of the Corporation into two Common Shares of the Corporation, effective 8:00 p.m., Eastern Daylight Time, May 16, 1986.

Date April 29, 1986	Signature <i>James B. Farrell</i>	Description of Office - Description du poste Secretary
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FOR DEPARTMENTAL USE ONLY Corporation No. - No de la société	À L'USAGE DU MINISTÈRE SEULEMENT Filed - Déposée 29-4-1986
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Certificate of Amendment

Certificat de modification

**Canada Business
Corporations Act**

**Loi sur les sociétés
commerciales canadiennes**

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE**

012676-4

Name of Corporation — Dénomination de la société

Number — Numéro

I hereby certify that the Articles of the above-mentioned Corporation were amended

Je certifie par les présentes que les statuts de la société mentionnée ci-haut ont été modifiés

(a) under section 13 of the Canada Business Corporations Act in accordance with the attached notice;

(a) en vertu de l'article 13 de la Loi sur les sociétés commerciales canadiennes conformément à l'avis ci-joint;

(b) under Section 27 of the Canada Business Corporations Act as set out in the attached Articles of Amendment designating a series of shares;

(b) en vertu de l'article 27 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under Section 171 of the Canada Business Corporations Act as set out in the attached Articles of Amendment;

(c) en vertu de l'article 171 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes;

(d) under Section 185 of the Canada Business Corporations Act as set out in the attached Articles of Reorganization;

(d) en vertu de l'article 185 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses de réorganisation ci-jointes;

(e) under Section 185.1 of the Canada Business Corporations Act as set out in the attached Articles of Arrangement.

(e) en vertu de l'article 185.1 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses d'arrangement ci-jointes.

Le Directeur

Director

July 4, 1986
le 4 juillet 1986

Date of Amendment — Date de la modification



Consumer and
Corporate Affairs Canada

Consommation
et Corporations Canada

Canada Business
Corporations Act

Loi sur les sociétés
commerciales canadiennes

FORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 171)

FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLE 27 OU 171)

1 - Name of Corporation — Dénomination de la société

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

2 - Corporation No. — N° de la société

12676-4

3 - The articles of the above-named corporation are amended
as follows:

Les statuts de la société ci-haut mentionnée sont modifiés de la
façon suivante:

The annexed Schedule 1 is incorporated in this form.

Date July 3, 1986	Signature <i>DA Reid</i>	Description of Office — Description du poste TREASURER
		FOR DEPARTMENTAL USE ONLY — À L'USAGE DU MINISTÈRE SEULEMENT Filed — Déposée JUL - 4 1986

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

SCHEDULE 1
ARTICLES OF AMENDMENT

SECOND PREFERRED SHARES - THIRD SERIES

The third series of the class of Second Preferred Shares consists of 3,000,000 shares without nominal or par value, designated Cumulative Redeemable Retractable Second Preferred Shares, Third Series (the "Second Preferred Shares, Third Series") which, in addition to the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

Priority

(1) The Second Preferred Shares, Third Series shall rank junior to the First Preferred Shares of the Corporation with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs (hereinafter called "liquidation distributions"), and shall be subject to any preferences and other rights, privileges, restrictions and conditions which are attached to the First Preferred Shares as a class and to any other class of shares of the Corporation that ranks senior to the Second Preferred Shares with respect to priority in the payment of dividends and/or on liquidation distributions, and to each series of the First Preferred Shares and of any such other senior-ranking class of shares; the Second Preferred Shares, Third Series shall rank on a parity with any other series of the Second Preferred Shares with respect to the payment of dividends and on liquidation distributions; and the Second Preferred Shares, Third Series shall rank senior to each series of Junior Preferred Shares of the Corporation and to the Common

Shares of the Corporation with respect to priority in the payment of dividends and on liquidation distributions.

Issue Price

(2) The issue price of the Second Preferred Shares, Third Series shall be \$25.00 per share.

Dividends

(3) The holders of the Second Preferred Shares, Third Series shall be entitled to receive and the Company shall pay thereon, as and when declared by the Board of Directors of the Corporation out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at the rate of \$1.825 per share per annum; such dividends shall accrue from July 9, 1986 or, if the Second Preferred Shares, Third Series are not issued on such date, such dividends shall accrue from any later date on which the Second Preferred Shares, Third Series are issued; such dividends shall be payable by quarterly instalments of \$0.45625 per share on the first day of March, June, September and December in each year; the first dividend, if declared, will be payable on September 1, 1986 and the amount payable shall be such amount per share as the Corporation shall determine to be payable calculated on the basis of a quarterly rate of \$0.45625; cheques of the Corporation payable at par at any branch of the Corporation's bankers in Canada shall be issued in respect of such dividends and the mailing of such a cheque to any holder shall satisfy the dividend represented thereby unless the cheque be not paid on presentation; no shareholder shall be entitled to recover by action or other legal process against the Corporation any dividend that is represented by a cheque that has not been duly presented to the Corporation's bankers for payment or that otherwise remains unclaimed for a period of six years from the

date on which it was payable; notwithstanding the foregoing, the Board of Directors may determine at any time or from time to time, with respect to any cash dividend declared payable or that may be declared payable on the Second Preferred Shares, Third Series, that the holders of the Second Preferred Shares, Third Series, or the holders of Second Preferred Shares, Third Series whose addresses in the Corporation's records are in Canada or in Canada and in specified jurisdictions outside Canada, shall have the right to elect to receive, in lieu of such cash dividends, a stock dividend payable in shares of any class or series of shares of the Corporation specified by the Board of Directors and having a value, as determined or to be determined by the Board of Directors, that is substantially equivalent, as of a date or a period of days determined or to be determined by the Board of Directors, to the amount of such cash dividend, provided that shareholders who elect to receive a stock dividend shall receive cash in lieu of any fractional share interests to which they would be entitled as a result of such election unless the Board of Directors shall otherwise determine; if on any dividend payment date the dividend payable on such date is not paid in full on all the Second Preferred Shares, Third Series then outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable to the payment of the same; the holders of the Second Preferred Shares, Third Series shall not be entitled to any dividends other than the cash or stock dividends hereinbefore provided for.

Voting Rights

(4) Except as otherwise provided herein or in Part E hereof, the holders of the Second Preferred Shares, Third Series shall not be entitled as such to receive notice of or to attend or to vote at meetings of shareholders of the Corporation. In the event that the Corporation fails to pay four quarterly dividends on any Second Preferred Shares,

Third Series, whether or not consecutive, the holders of the Second Preferred Shares, Third Series shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which members of the board of directors are to be elected and which takes place more than 60 days after the date on which the failure first occurs (other than a separate meeting of the holders of another series or class of shares) and such holders shall also have the right at any such meeting, voting separately, to elect one out of the total number of directors of the Corporation, each Second Preferred Share, Third Series entitling the holder thereof to one vote for such purpose, until all arrears of dividends on the Second Preferred Shares, Third Series shall have been paid, whereupon such right shall cease unless and until the same shall again arise under the provisions of this Article and so on from time to time.

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

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

If any director of the Corporation elected by the holders of Second Preferred Shares, Third Series shall die, resign or otherwise cease to be a director of the Corporation otherwise than due to the payment of all arrears of dividends on the Second Preferred Shares, Third Series, such vacancy may be filled by the holders of Second Preferred

Shares, Third Series meeting and voting as a series. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without in any way limiting the generality of the foregoing, the record dates for the giving of notice and entitlement to vote), the quorum therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders.

Liquidation

(5) In the event of a liquidation distribution, the holder of the Second Preferred Shares, Third Series shall be entitled to receive the amount of \$25.00 per share, together with all accrued and unpaid dividends thereon (which for such purpose shall be calculated as if such dividends, to the extent then unpaid, were accruing for the period from the expiration of the last quarterly period for which dividends thereon were paid in full up to the date of distribution), and, if such liquidation distribution be voluntary, an additional amount equal to a premium of \$1.00 per share if such event commences prior to September 1, 1991 or, if such event commences on or after September 1, 1991, an additional amount equal to the premium, if any, over \$25.00 (and over any amount representing accrued and unpaid dividends) which would be payable as part of the Redemption Price of the Second Preferred Shares, Third Series if such shares were to be redeemed in accordance with paragraph (6) of these provisions on the date of commencement of such liquidation distribution, before any amount shall be paid by the Corporation or any assets of the Corporation shall be distributed to the holders of the Junior Preferred Shares, the Common Shares or to the holders of any other class of shares of the Corporation ranking junior to the Second Preferred Shares, Third Series with respect to liquidation distributions; after payment to the holders of the Second Preferred Shares, Third Series of the amount so payable to them, they shall not be entitled to share in any further distribution of assets of the Corporation.

Redemption

(6) The Corporation may not redeem the Second Preferred Shares, Third Series or any of them prior to September 1, 1991; commencing on September 1, 1991, the Corporation, subject to paragraph (13) of these provisions, and to applicable law, may redeem at any time the whole or from time to time any part of the then outstanding Second Preferred Shares, Third Series on payment for each share to be redeemed of:

(i) \$26.00 if redeemed in the twelve months beginning September 1, 1991;

(ii) \$25.50 if redeemed in the twelve months beginning September 1, 1992;

(iii) \$25.00 if redeemed in the twelve months beginning September 1, 1993 or thereafter

together in each case with all accrued and unpaid dividends thereon (which for such purpose shall be calculated as if such dividends, to the extent then unpaid, were accruing for the period from the expiration of the last quarterly period for which dividends were paid in full up to but not including the date of such redemption) the whole being referred to for the purpose of these provisions as the "Redemption Price".

Redemption Procedure

(7) In any case of redemption of Second Preferred Shares, Third Series under the provisions of paragraph (6) hereof, the Corporation shall, at least 30 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Second

Preferred Shares, Third Series to be redeemed a notice in writing of the intention of the Corporation to redeem such Second Preferred Shares, Third Series; such notice shall set out the Redemption Price and the date on which redemption is to take place, and, if part only of the Second Preferred Shares, Third Series held by the person to whom such notice is addressed are 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 holders of each of the Second Preferred Shares, Third Series to be redeemed the Redemption Price thereof on presentation and surrender at the registered office of the Corporation or any other place designated in such notice of the certificates representing such Second Preferred Shares, Third Series; such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada; from and after the date specified for redemption in such notice, the Second Preferred Shares, Third Series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Price thereof shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Corporation shall have the right at any time after the mailing of notice of its intention to redeem any Second Preferred Shares, Third Series as aforesaid to deposit the Redemption Price of each of the Second Preferred Shares, Third Series so called for redemption, or of such of the said shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Second Preferred Shares, Third Series, 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 Second Preferred Shares, Third Series in respect whereof such

deposit shall have been made shall be redeemed 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 the Redemption Price so deposited and applicable to their shares against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Corporation; if part only of the Second Preferred Shares, Third Series are to be redeemed, the shares to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent therefor shall decide or, if the Board of Directors so decides, shall be redeemed, on a pro rata basis (disregarding fractions); if part only of the Second Preferred Shares, Third Series represented by any certificate or certificates are redeemed, a new certificate for the balance shall be issued at the expense of the Corporation.

Purchase Privilege

(8) Subject to paragraph (13) of these provisions, the Corporation may at any time or from time to time purchase (if obtainable) all or any part of the Second Preferred Shares, Third Series at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable, provided that, if any such shares are purchased otherwise than (i) through the facilities of a stock exchange on which the Second Preferred Shares, Third Series are listed or (ii) by an invitation for tenders addressed to all the holders of Second Preferred Shares, Third Series, they may not be purchased at a price exceeding \$26.00 per share together with the costs of purchase and all accrued and unpaid dividends thereon (which for such purpose shall be calculated as if such dividends, to the extent then unpaid, were accruing for the period from the expiration of the last quarterly period for which dividends were paid in full up to the date of purchase) if the purchase is made prior to September 1, 1991 or, if the purchase is made on or after that date, at a price exceeding the Redemption Price payable if

such shares were to be redeemed in accordance with paragraph (6) of these provisions on the date of purchase together with the costs of purchase; if upon any invitation for tenders under the provisions of this paragraph (8) more Second Preferred Shares, Third Series are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices and, if more shares are tendered at any such price than the Corporation is prepared to purchase, the shares tendered at that price shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Second Preferred Shares, Third Series so tendered by each of the holders of the Second Preferred Shares, Third Series who submitted tenders at that price.

Purchase Obligation

(9) Subject to paragraph (13) of these provisions, so long as any of the Second Preferred Shares, Third Series shall be outstanding, the Corporation shall make all reasonable efforts to purchase in the market in each calendar quarter commencing with the quarter beginning September 1, 1993 at such time or times as the Corporation in its discretion shall determine, one per cent of the total number of the Second Preferred Shares, Third Series outstanding immediately after the close of business on September 1, 1993, if and to the extent that such shares are available for purchase at a price or prices not exceeding \$25.00 per share plus the costs of purchase, and such obligation to purchase shall carry over to the succeeding calendar quarters in the same calendar year to the extent that such obligation is not fully performed in a particular calendar quarter; provided that to the extent that the Corporation is unable, notwithstanding all such reasonable efforts to purchase an aggregate of four per cent of such number of the Second Preferred Shares, Third Series in the four quarters of any calendar year

at a price or prices not exceeding \$25.00 per share plus the costs of purchase, or is prevented from doing so by paragraph (13) of these provisions, the obligation of the Corporation to purchase Second Preferred Shares, Third Series with respect to such calendar year shall be extinguished; the number of Second Preferred Shares, Third Series which the Corporation is obligated to purchase during any calendar quarter pursuant to this paragraph (9) shall be reduced by the number of Second Preferred Shares, Third Series, if any, redeemed or purchased by the Corporation pursuant to paragraph (6) or (8) of these provisions in the same calendar quarter.

Retraction Privilege

(10) Each holder of Second Preferred Shares, Third Series shall be entitled, subject to and upon compliance with the provisions of this paragraph (10), to require the Corporation to redeem all or any part of the Second Preferred Shares, Third Series registered in his name on September 1, 1993 (the "Retraction Date") at a price equal to \$25.00 per share, plus all accrued and unpaid dividends thereon (which for such purpose shall be calculated as if such dividends, to the extent then unpaid, were accruing for the period from the expiration of the last quarterly period for which dividends were paid in full up to but not including the date of such redemption) the whole being referred to for the purpose of these provisions as the "Retraction Price" and all the foregoing rights and obligations set forth in this subparagraph being hereinafter referred to as the "Retraction Privilege".

The Corporation shall, on a date which is in the 30-day period ending July 1, 1993, mail written notice of the Retraction Privilege to each person who at the date of mailing is a registered holder of Second Preferred Shares, Third Series, together with a form to be used by such holder for the purpose of exercising such privilege. Such notice shall set out the Retraction Price, the particulars of the

procedure to be followed by any holder wishing to exercise such privilege, including the date (the "Deposit Date"), which shall be August 1, 1993, on or before which the certificates representing any shares to be redeemed must be deposited, and the place and manner of exercise of the Retraction Privilege as hereinafter set out. Each holder of Second Preferred Shares, Third Series who elects to require the Corporation to redeem all or any Second Preferred Shares, Third Series registered in his name must prior to the close of business on the Deposit Date, deposit at any place where the Second Preferred Shares, Third Series may be transferred or at such other place or places in Canada specified in the aforementioned notice the certificates representing the Second Preferred Shares, Third Series which he desires to have redeemed by the Corporation. If at the time of giving the aforementioned notice the Corporation believes that it would not be obligated pursuant to this paragraph (10) to redeem on the Retraction Date all of the Second Preferred Shares, Third Series, the Corporation shall include in the notice a statement to such effect, indicate the maximum number of shares which the Corporation believes it will be able to redeem on the Retraction Date, summarize the rights of the holders to be redeemed on a pro rata basis on the Retraction Date and on the Succeeding Retraction Date to be established as hereinafter referred to.

If a holder of Second Preferred Shares, Third Series wishes to deposit pursuant to the Retraction Privilege a part only of the Second Preferred Shares, Third Series represented by any share certificate or certificates, he may deposit the certificate or certificates with the Corporation and at the same time advise the Corporation in writing as to the number of Second Preferred Shares, Third Series in respect of which his deposit is being made and, if he does so, the Corporation shall issue and deliver to him, at the expense of the Corporation, a new share certificate representing the Second Preferred Shares, Third Series which are not being deposited for redemption.

If the redemption by the Corporation of all the Second Preferred Shares, Third Series required to be redeemed on a Retraction Date under this paragraph (10) would be contrary to applicable law the Corporation shall be obligated to redeem on the Retraction Date only the maximum number of Second Preferred Shares, Third Series which it is then permitted to redeem (the aggregate of the Retraction Price of such maximum number of shares which may be applied to redemption on the Retraction Date or on the Succeeding Retraction Date hereinafter referred to pursuant to the Retraction Privilege to be rounded to the next lower multiple of \$1,000 and being hereinafter referred to as "Available Redemption Moneys"). In such case the Corporation shall pay on the Retraction Date to each holder who deposited Second Preferred Shares, Third Series as aforesaid his pro rata share of the Available Redemption Moneys and shall issue and deliver to each such holder, at the expense of the Corporation, a new share certificate representing the Second Preferred Shares, Third Series deposited with but not redeemed by the Corporation on the Retraction Date (the "Unredeemed Shares") and bearing a legend to indicate the continuing Retraction Privilege attached thereto as hereinafter referred to. Thereafter the Corporation shall, as soon as it ascertains that it is no longer prevented from redeeming the Unredeemed Shares, establish an additional retraction date (the "Succeeding Retraction Date") which shall be no later than 90 days following the date upon which the Corporation so ascertains.

The Corporation shall, on a date which is in the 30-day period ending 60 days before the Succeeding Retraction Date, mail written notice of the Retraction Privilege to each person who at the date of mailing is a registered holder of Unredeemed Shares. Such notice shall set out the Succeeding Retraction Date, the Retraction Price, the particulars of the procedure to be followed by any holder wishing to exercise such privilege, including the date (the "New Deposit Date"), which shall be the date which is 30 days before the Succeeding Retraction Date, (or if that is a non-business day, the business day next following) on or before which the certificates representing any shares to be

redeemed must be deposited, and the place and manner of exercise of the Retraction Privilege. Each holder of Unredeemed Shares who elects to require the Corporation to redeem all or any Unredeemed Shares registered in his name must prior to the close of business on the New Deposit Date, deposit at any place where the Second Preferred Shares, Third Series may be transferred or at such other place or places in Canada specified in the aforementioned notice the certificates representing the Unredeemed Shares which he desires to have redeemed by the Corporation.

If a holder of Unredeemed Shares wishes to deposit a part only of the Unredeemed Shares represented by any share certificate or certificates, he may deposit the certificate or certificates with the Corporation and at the same time advise the Corporation in writing as to the number of Unredeemed Shares in respect of which his deposit is being made and, if he does so, the Corporation shall issue and deliver to him, at the expense of the Corporation, a new share certificate representing the Unredeemed Shares which are not being deposited for redemption.

If the directors of the Corporation have acted in good faith in making any of the determinations referred to above as to the number of Second Preferred Shares, Third Series which the Corporation is permitted to redeem, the Corporation shall have no liability in the event that any such determination proves inaccurate.

The election of any holder to require the Corporation to redeem any Second Preferred Shares, Third Series shall be irrevocable upon deposit by the holder in accordance with the terms hereof of the certificates for the shares to be redeemed.

The inability of the Corporation to effect a redemption in whole on the Retraction Date shall not affect or limit any of the rights of the holders, including the obligation of the Corporation to pay any

dividends accrued or accruing on the Second Preferred Shares, Third Series from time to time not redeemed and remaining outstanding.

Subject to the provisions of this paragraph (10), the Corporation shall redeem on the Retraction Date all of the Second Preferred Shares, Third Series, and on the Subsequent Retraction Date, all of the Unredeemed Shares, deposited pursuant to the Retraction Privilege at the Retraction Price and except as otherwise specifically provided in this paragraph (10), redemptions under this paragraph (10) shall comply with and be subject to those provisions of paragraph (7) not inconsistent herewith.

Cancellation of Shares Redeemed or Purchased

(11) Second Preferred Shares, Third Series redeemed or purchased by the Corporation shall be cancelled and shall not be re-issued.

Creation and Issue of Additional Shares

(12) So long as any of the Second Preferred Shares, Third Series are outstanding the Corporation shall not at any time without, but may at any time with, the approval of the holders of the Second Preferred Shares, Third Series given as specified in paragraph (17) of these provisions, create or issue any shares ranking prior to or on a parity with the Second Preferred Shares, Third Series with respect to payment of dividends or on liquidation distributions; provided that the Corporation may without such approval, if all dividends then payable on the Second Preferred Shares, Third Series have been declared and paid or set aside for payment, create and issue additional series of Second Preferred Shares.

Restrictions on Dividends and Retirement of Shares

(13) So long as any of the Second Preferred Shares, Third Series are outstanding, the Corporation shall not at any time without, but may at any time with, the approval of the holders of the Second Preferred Shares, Third Series given as specified in paragraph (17) of these provisions,

- (i) declare or pay any dividends on any series of Junior Preferred Shares, the Common Shares or on shares of any other class of shares of the Corporation ranking junior to the Second Preferred Shares, Third Series with respect to priority in the payment of dividends, other than stock dividends payable in Junior Preferred Shares, in Common Shares or in shares of any other junior-ranking class of shares,
- (ii) except out of the net proceeds of a substantially concurrent issue of shares ranking junior to the Second Preferred Shares, Third Series, and except in connection with the exercise of any right of conversion into Common Shares attached to Junior Preferred Shares, redeem or purchase or otherwise retire any series of Junior Preferred Shares, Common Shares or shares of any other class of shares of the Corporation ranking junior to the Second Preferred Shares, Third Series with respect to priority in the payment of dividends or on liquidation distributions,
- (iii) except with respect to the exercise of the Retraction Privilege, redeem, purchase or otherwise retire less than all of the Second Preferred Shares, Third Series,
- (iv) except in connection with the exercise of any retraction privilege or to meet any other mandatory redemption

or purchase requirements, redeem, purchase or otherwise retire any other shares of the Corporation ranking prior to or on a parity with the Second Preferred Shares, Third Series with respect to the payment of dividends or on liquidation distributions,

unless, in each such case, all dividends then payable on the Second Preferred Shares, Third Series, on the First Preferred Shares and on all other shares of the Corporation ranking prior to or on a parity with the Second Preferred Shares, Third Series with respect to the payment of dividends, have been declared and paid or set aside for payment.

Financial Statements

(14) So long as any of the Second Preferred Shares, Third Series are outstanding, the Corporation shall send to the registered holders thereof, at the time of distribution to the other shareholders of the Corporation, copies of the Corporation's annual audited financial statements and of all unaudited financial statements distributed to its other shareholders generally.

Notices

(15) Subject to the following subparagraph of this paragraph (15), any notice, cheque, or other communication from the Corporation herein provided for, including without limitation any notice of redemption, retraction or any conversion right, shall be sufficiently given if delivered or if sent by ordinary unregistered mail, postage prepaid, to the holders of the Second Preferred Shares, Third Series at their respective addresses appearing on the books of the Corporation or, in the event of the address of any such holders not so appearing, then at the last address of such holder known to the Corporation. Accidental failure

to give any such notice or other communication to one or more holders of the Second Preferred Shares, Third Series shall not affect the validity of the notices or other communication but, upon such failure being discovered, the notice or other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and effect as if given in due time.

If there exists any disruption of mail services in any province in which there are holders of Second Preferred Shares, Third Series whose addresses appear on the books of the Corporation to be in such province, any notice from the Corporation herein provided for may (but need not) be given to the holders in such province by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in the capital city of such province, or if the Corporation maintains a register of transfers for the Second Preferred Shares, Third Series in such province, then in the city in such province where the register of transfers is maintained. In such circumstances, notice given by publication shall be deemed for all purposes to be proper notice provided that the Corporation, during such publication period, shall have also attempted to contact the holders of the Second Preferred Shares, Third Series by telephone or other similar means.

Notice given by mail shall be deemed to be given on the day upon which it is mailed unless on the day of or the day following such mailing an actual disruption of mail services has occurred in the province in or to which such notice is mailed. Notice given by publication shall be deemed to be given on the day on which the first publication is completed in any city in which notice is published.

Modification

(16) The provisions attaching to the Second Preferred Shares, Third Series may be amended or repealed by the Corporation with the approval of the holders of the Second Preferred Shares, Third Series as provided for in paragraph (17) of these provisions. Notwithstanding the foregoing, the Corporation may at any time redesignate the Second Preferred Shares as First Preferred Shares, and the Second Preferred Shares, Third Series as First Preferred Shares, Third Series, and may take all action necessary to implement the foregoing, without the holders of the Second Preferred Shares, Third Series being entitled to vote thereon as a single series or to vote in a class vote of the holders of the Second Preferred Shares, the holders of the Second Preferred Shares, Third Series hereby being deemed to have consented to such redesignation being made.

Approval of Holders of Second Preferred Shares, Third Series

(17) Any approval required to be given hereunder at any time by the holders of the Second Preferred Shares, Third Series shall be given either by an instrument or instruments in writing signed by the holders of all of the then outstanding Second Preferred Shares, Third Series or by at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for the purpose and at which a quorum is present. A quorum for such meeting shall consist of the holders, present in person or represented by proxy, of not less than a majority of the Second Preferred Shares, Third Series outstanding at the time of the meeting; if, however, the holders of a majority of the outstanding Second Preferred Shares, Third Series are not present in person or represented by proxy at such meeting within one half-hour after the time for which the meeting was called and the meeting is adjourned to a subsequent date, a quorum for the adjourned meeting shall consist of two or more persons holding Second Preferred Shares, Third Series or representing holders of such shares by proxy; except as otherwise provided above, the formalities to be observed with respect to the

calling and conduct of such meeting or adjourned meeting shall be those from time to time prescribed by the by-laws of the Corporation or standing resolutions of the Board of Directors with respect to meetings of shareholders.

RJC



Certificate of Amendment

Certificat de modification

Canada Business Corporations Act

Loi régissant les sociétés par actions de régime fédéral

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE**

012676-4

Name of Corporation - Dénomination de la société

Number - Numéro

I hereby certify that the Articles of the above-mentioned Corporation were amended

Je certifie par les présentes que les statuts de la société mentionnée ci-haut ont été modifiés

(a) under Section 13 of the Canada Business Corporations Act in accordance with the attached notice;

(a) en vertu de l'article 13 de la Loi régissant les sociétés par actions de régime fédéral conformément à l'avis ci-joint;

(b) under Section 27 of the Canada Business Corporations Act as set out in the attached Articles of Amendment designating a series of shares;

(b) en vertu de l'article 27 de la Loi régissant les sociétés par actions de régime fédéral tel qu'indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under Section 177 of the Canada Business Corporations Act as set out in the attached Articles of Amendment;

(c) en vertu de l'article 177 de la Loi régissant les sociétés par actions de régime fédéral tel qu'indiqué dans les clauses modificatrices ci-jointes;

(d) under Section 191 of the Canada Business Corporations Act as set out in the attached Articles of Reorganization;

(d) en vertu de l'article 191 de la Loi régissant les sociétés par actions de régime fédéral tel qu'indiqué dans les clauses de réorganisation ci-jointes;

(e) under Section 192 of the Canada Business Corporations Act as set out in the attached Articles of Arrangement.

(e) en vertu de l'article 192 de la Loi régissant les sociétés par actions de régime fédéral tel qu'indiqué dans les clauses d'arrangement ci-jointes.

Le directeur

Director

December 13, 1989/le 13 décembre 1989

Date of Amendment - Date de la modification



Consumer and
Corporate Affairs Canada

Canada Business
Corporations Act

Consommation
et Corporations Canada

Loi sur les sociétés
commerciales canadiennes

FORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 171)

FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLE 27 OU 171)

1 - Name of Corporation — Dénomination de la société

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

2 - Corporation No. — N° de la société

12676-4

3 - The articles of the above-named corporation are amended
as follows:

Les statuts de la société ci-haut mentionnée sont modifiés de la
façon suivante:

The annexed Schedule 1 is incorporated in this form.

Date
Dec. 12, 1989

Signature
James G. Ford

Description of Office — Description du poste

Secretary

FOR DEPARTMENTAL USE ONLY — À L'USAGE DU MINISTÈRE SEULEMENT

Filed — Déposée

JAN - 4 1990

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE**

SCHEDULE I

ARTICLES OF AMENDMENT

SECOND PREFERRED SHARES, FOURTH SERIES

The fourth series of the class of Second Preferred Shares consists of 120 shares without nominal or par value designated Cumulative Redeemable Perpetual Second Preferred Shares, Fourth Series (the "Second Preferred Shares, Fourth Series") which shall be issued for a consideration of \$500,000 each and which, in addition to the rights, privileges, restrictions and conditions attached to the Second Preferred Shares as a class (the "Second Preferred Share Class Provisions"), carry and are subject to the following rights, privileges, restrictions and conditions:

PART I

All terms used in Part I of these provisions respecting the Second Preferred Shares, Fourth Series which are defined in Part II hereof have the meaning ascribed to them in Part II hereof.

1. Priority

The Second Preferred Shares, Fourth Series shall rank junior to the First Preferred Shares of the Corporation with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs (hereinafter called "liquidation distributions"), and shall be subject to any preferences and other rights, privileges, restrictions and conditions which are attached to the First Preferred Shares as a class and to any other class of shares of the Corporation that ranks senior to the Second Preferred Shares with respect to priority in the payment of dividends and/or on liquidation distributions, and to each series of the First Preferred Shares and of any such other senior-ranking class of shares; the Second

Preferred Shares, Fourth Series shall rank on a parity with any other series of the Second Preferred Shares with respect to the payment of dividends and on liquidation distributions; and the Second Preferred Shares, Fourth Series shall rank senior to each series of Junior Preferred Shares of the Corporation, the Common Shares of the Corporation and any other shares of the Corporation ranking junior to the Second Preferred Shares, Fourth Series with respect to priority in the payment of dividends and on liquidation distributions.

2. Payment of Dividends

- (a) For the Initial Term, the holders of Second Preferred Shares, Fourth Series shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, in an amount determined in accordance with section I.3(a) hereof, payable (subject to section I.2(e) hereof) on the Dividend Payment Dates in each year, the first of which dividends shall be paid on March 1, 1990 and the last of which dividends shall be paid on March 1, 1995.
- (b) After the expiry of the Initial Term, for each Dividend Period falling within a Corporation Determined Term, the holders of Second Preferred Shares, Fourth Series shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, quarterly cumulative preferential cash dividends, in an amount determined in accordance with section I.3(b) hereof, payable, with respect to each such Dividend Period, on the Dividend Payment Date immediately following the end of such Dividend Period.
- (c) After the expiry of the Initial Term, for each Dividend Period falling within a Dealer Determined Term, the holders of Second Preferred Shares, Fourth Series shall be entitled to receive and the

Corporation shall pay thereon, as and when declared by the directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, quarterly cumulative preferential cash dividends in an amount determined in accordance with section I.3(c) hereof, payable, with respect to each such Dividend Period, on the Dividend Payment Date immediately following the end of such Dividend Period.

- (d) After the expiry of the Initial Term, for each Auction Dividend Period falling within an Auction Term, the holders of the Second Preferred Shares, Fourth Series shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the Corporation out of the moneys of the Corporation properly applicable to the payment of dividends, quarterly cumulative preferential cash dividends in an amount determined in accordance with section I.3(d) hereof, payable, with respect to each such Auction Dividend Period, on the Auction Dividend Payment Date immediately following the end of such Auction Dividend Period.
- (e) The initial dividend on the Second Preferred Shares, Fourth Series shall accrue from and include the date of issue thereof, shall be payable on March 1, 1990 and shall be in an amount determined in accordance with section I.3(a) hereof.
- (f) The record date for the payment of dividends shall be (a) in respect of any Dividend Payment Date during the Initial Term except March 1, 1995 the date determined by the directors of the Corporation and (b) in respect of any Dividend Payment Date including and subsequent to March 1, 1995 the second Business Day immediately preceding the applicable Dividend Payment Date and, (c) in respect of any Auction Dividend Payment Date, the Auction Date. The Corporation shall pay dividends on Second Preferred Shares, Fourth Series (less any tax required to be deducted and withheld by the Corporation) by cheques drawn on a Canadian chartered bank and payable at par at any branch of such bank in Canada unless any

such holder requests, by notice in writing received by the Corporation no less than 7 Business Days prior to a Dividend Payment Date or Auction Dividend Payment Date as the case may be, to receive payment of all such dividends by wire transfer, and provides in such notice an account number at a specified branch in Canada of a Canadian chartered bank to which the Corporation may cause such dividends to be wire transferred. In such case, the Corporation shall instruct its bankers, or cause instructions to be given to a Canadian chartered bank, to wire transfer the amount of all such dividends to the account designated by each holder of Second Preferred Shares, Fourth Series. Any such notification by a registered holder shall remain in effect until such registered holder ceases to be a registered holder or until cancelled or superseded by subsequent notice in writing received by the Corporation no less than seven Business Days prior to a Dividend Payment Date or Auction Dividend Payment Date, as the case may be. The delivery or mailing of such cheques by the Corporation, or the receipt by the Corporation of a confirmation from a Canadian chartered bank that such bank has carried out instructions with respect to the wire transfer of the amount of any dividends, shall be full and complete discharge of the Corporation's obligation to pay such dividends (plus any tax required to be and in fact deducted and withheld therefrom and remitted to the proper taxing authority) unless, in the case of payment by cheque, the cheque is not honoured when presented for payment.

3. Amount of Dividends

- (a) The dividend to be paid on each Second Preferred Share, Fourth Series during the Initial Term shall be in the amount of \$38,750 per annum (being 7.75% per annum of \$500,000) payable in equal quarterly instalments on each Dividend Payment Date except the first dividend which shall be payable on March 1, 1990 and shall be in the amount of \$38,750 multiplied by a fraction of which the numerator is the number of days from and including the date of

issue of the Second Preferred Shares, Fourth Series to but excluding March 1, 1990 and the denominator is 365.

- (b) Subject to section I.3(e) hereof, after the expiry of the Initial Term, for each Dividend Period included within a Corporation Determined Term, the dividend to be paid on each Second Preferred Share, Fourth Series on the Dividend Payment Date immediately following the end of such Dividend Period shall be the amount obtained by multiplying \$500,000 by the Corporation Determined Quarterly Dividend Rate for such Dividend Period.
- (c) Subject to section I.3(e) hereof, after the expiry of the Initial Term, for each Dividend Period included within a Dealer Determined Term, the dividend to be paid on each Second Preferred Share, Fourth Series on the Dividend Payment Date immediately following the end of such Dividend Period shall be the amount obtained by multiplying \$500,000 by the Dealer Determined Quarterly Dividend Rate for such Dividend Period.
- (d) After the expiry of the Initial Term, for each Auction Dividend Period included within an Auction Term, the dividend to be paid on each Second Preferred Share, Fourth Series on the Auction Dividend Payment Date immediately following the end of such Auction Dividend Period shall be determined as follows:
 - (i) on the Auction Dividend Payment Date immediately following the end of the first Auction Dividend Period during any Auction Term, the dividend to be paid on each Second Preferred Share, Fourth Series shall be the amount which is the product of (1) \$500,000 (2) 75% of the Bankers' Acceptance Rate determined on the first Business Day of such Auction Dividend Period and (3) the number of days in the first Auction Dividend Period, divided by 365; and

- (ii) on the Auction Dividend Payment Dates immediately following the end of the second and subsequent Auction Dividend Periods during any Auction Term, the dividend to be paid on each Second Preferred Share, Fourth Series shall be the amount which is the product of (1) \$500,000 (2) the Current Dividend Rate (or such other rate per annum as may apply in accordance with Part V hereof) for each such Auction Dividend Period determined on the Auction Date immediately prior to the beginning of such Auction Dividend Period and (3) the number of days in such Auction Dividend Period, divided by 365.

- (e) After the expiry of the Initial Term, for the first Dividend Period included within a Corporation Determined Term or a Dealer Determined Term, in either case immediately following an Auction Term, the dividend to be paid on each Second Preferred Share, Fourth Series on the Dividend Payment Date immediately following the end of such Dividend Period shall be the product of (1) \$500,000, (2) four times the Corporation Determined Quarterly Dividend Rate or the Dealer Determined Quarterly Dividend Rate, as the case may be, for such Dividend Period and (3) the number of days in such Dividend Period, divided by 365.

- (f) If, for any reason, the dividend rate applicable hereunder is, in respect of any particular day, not determined or not determinable in accordance with the provisions hereof, the rate applicable in respect of such day shall be the Bankers' Acceptance Rate on such day plus 0.40%.

4. Cumulative Payment of Dividends

If on any Dividend Payment Date or Auction Dividend Payment Date the dividends accrued to such date are not paid in full on all Second Preferred Shares, Fourth Series then outstanding, such dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the directors

of the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of such dividends. The holders of Second Preferred Shares, Fourth Series shall not be entitled to any dividends other than or in excess of the cumulative preferential cash dividends herein provided for.

5. Redemption

The Corporation may not redeem the Second Preferred Shares, Fourth Series or any of them prior to the end of the Initial Term. Subject to section I.8 and subject to the rights, privileges, restrictions and conditions attaching to any shares of the Corporation ranking in priority to the Second Preferred Shares, Fourth Series, the Corporation may, upon giving notice as hereinafter specified, redeem on any day which is the Business Day immediately preceding the Dividend Payment Date next following the Initial Term, a Corporation Determined Term or a Dealer Determined Term, or on any Settlement Date (the "Redemption Date") the whole or from time to time any part of the then outstanding Second Preferred Shares, Fourth Series, on payment for each share to be redeemed of a price of \$500,000 together, in each case, with all accrued and unpaid dividends thereon up to and including the Redemption Date (the whole constituting and being herein referred to as the "Redemption Price").

In case a part only of the Second Preferred Shares, Fourth Series is at any time to be redeemed, the shares so to be redeemed shall be redeemed as nearly as may be pro rata from each of the holders of Second Preferred Shares, Fourth Series. If a part only of the Second Preferred Shares, Fourth Series 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.

6. Method of Redemption

In any case of redemption of Second Preferred Shares, Fourth Series, the Corporation shall, not less than 30 days and not more than 60 days before the Redemption Date, send by prepaid mail or deliver to the registered address of each person who at the date of mailing or delivery is a registered holder of

Second Preferred Shares, Fourth Series to be redeemed a notice in writing of the intention of the Corporation to redeem such Second Preferred Shares, Fourth Series. Notwithstanding the foregoing, if the Corporation gives notice of its intention to redeem Second Preferred Shares, Fourth Series during an Auction Term, such notice shall be given not less than 12 days prior to the Redemption Date, which date, in such event, must be a Settlement Date. Any such notice shall be validly and effectively given on the date it is delivered to the holder of Second Preferred Shares, Fourth Series for whom it is intended or is sent by prepaid first class mail addressed to such holder at his address as it appears on the books of the Corporation, or in the event of the address of such holder not so appearing, then to the address of such holder last known to the Corporation, provided, however that the accidental failure or omission to give such notice to one or more holders shall not affect the validity of such redemption, but upon such failure or omission being discovered notice shall be given forthwith to such holder or holders and shall have the same force and effect as if given in due time. Such notice shall set out the number of Second Preferred Shares, Fourth Series held by the person to whom it is addressed which are to be redeemed, the Redemption Price, the Redemption Date and the place or places within Canada at which holders of Second Preferred Shares, Fourth Series may present and surrender such shares for redemption. On and after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Second Preferred Shares, Fourth Series called for redemption the Redemption Price (less any tax required to be deducted and withheld by the Corporation) of such shares on presentation and surrender, at the registered office of the Corporation or any other place or places within Canada specified in such notice of redemption, of the certificate or certificates representing the Second Preferred Shares, Fourth Series called for redemption. Payment in respect of Second Preferred Shares, Fourth Series being redeemed shall be made by cheque payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being. The delivery of such cheques to the registered holders of the Second Preferred Shares, Fourth Series being redeemed shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the holders of the Second Preferred Shares, Fourth Series so called for redemption to the extent of the amount represented by such cheques (plus any tax required to be and in fact

deducted and withheld therefrom and remitted to the proper tax authority) unless such cheques are not honoured when presented for payment. From and after the Redemption Date, the Second Preferred Shares, Fourth Series called for redemption shall cease to be entitled to dividends or any other participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof, other than the right to receive the Redemption Price, unless payment of the Redemption Price shall not be made upon presentation and surrender of the certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right at any time after the mailing or delivery of notice of its intention to redeem Second Preferred Shares, Fourth Series to deposit an amount equal to the aggregate Redemption Price of the Second Preferred Shares, Fourth Series so called for redemption, or of such of the Second Preferred Shares, Fourth Series which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice or in a subsequent notice to the holders of the Second Preferred Shares, Fourth Series in respect of which the deposit is made, to be paid without interest to or to the order of the respective holders of Second Preferred Shares, Fourth Series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the Redemption Date, whichever is the later, the Second Preferred Shares, Fourth Series in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof shall be limited to receiving, without interest, their proportionate part of the amount so deposited (less any tax required to be and in fact deducted or withheld therefrom) upon presentation and surrender of the certificate or certificates representing their Second Preferred Shares, Fourth Series being redeemed. Any interest allowed on any such deposit shall belong to the Corporation. Redemption moneys that are represented by a cheque which was mailed to a registered holder in accordance with this section I.6 and which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of six years from the Redemption Date shall be forfeited to the Corporation.

7. Purchase for Cancellation

Subject to the provisions of section I.8 hereof and to the rights, privileges, restrictions and conditions attaching to any shares of the Corporation ranking in priority to the Second Preferred Shares, Fourth Series, the Corporation may at any time or from time to time purchase for cancellation all or any part of the outstanding Second Preferred Shares, Fourth Series at any price by tender to all of the holders of record of the Second Preferred Shares, Fourth Series then outstanding or through the facilities of any stock exchange on which the Second Preferred Shares, Fourth Series are listed, or in any other manner provided that in the case of a purchase in any other manner, such Second Preferred Shares, Fourth Series shall be purchased for cancellation at the lowest price or prices at which, in the opinion of the directors of the Corporation, such shares are then obtainable, but not exceeding \$500,000 per share together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of purchase, plus reasonable costs of purchase. If, in response to an invitation for tenders under the provisions of this section I.7, more Second Preferred Shares, Fourth Series are tendered at a price or prices acceptable to the Corporation than the Corporation is prepared to purchase, then the Second Preferred Shares, Fourth Series to be purchased by the Corporation shall be purchased as nearly as may be pro rata according to the number of shares tendered by each holder who submits a tender to the Corporation, provided that when shares are tendered at different prices, the pro rating shall be effected only with respect to the shares tendered at the price at which more shares were tendered than the Corporation is prepared to purchase after the Corporation has purchased all the shares tendered at lower prices. If part only of the Second Preferred Shares, Fourth Series represented by a certificate shall be purchased, a new certificate for the balance of such shares shall be issued at the expense of the Corporation.

8. Restriction on Dividends and Retirement or Issue of Shares

As long as any Second Preferred Shares, Fourth Series are outstanding, the Corporation will not, without prior approval of the holders of such outstanding Second Preferred Shares, Fourth Series given in the manner hereinafter specified:

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

unless in any such case, all accrued and unpaid dividends up to and including the dividend payment for the last completed period for which such dividends shall be payable, shall have been declared and paid or set apart for payment on the Second Preferred Shares, Fourth Series and any accrued and unpaid cumulative dividends which have become payable and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment on all other shares ranking in priority to or on a parity with the Second Preferred Shares, Fourth Series.

As long as any Second Preferred Shares, Fourth Series are outstanding, the Corporation shall not, without the prior approval of the holders of such outstanding Second Preferred Shares, Fourth Series given in the manner hereinafter specified, issue any shares ranking prior to the Second Preferred Shares, Fourth Series.

9. Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Second Preferred Shares, Fourth Series shall be entitled to receive from the assets of the Corporation in lawful money of Canada a sum equal to \$500,000 per Second Preferred Share, Fourth Series held by them plus an amount equal to all accrued and unpaid cumulative preferential dividends thereon, whether or not declared, calculated to but excluding the date of payment, the whole being paid before any amount shall be paid by the Corporation or any assets of the Corporation shall be distributed to the holders of the Junior Preferred Shares, the Common Shares or to the holders of any other class of shares of the Corporation ranking junior to the Second Preferred Shares, Fourth Series. Upon payment to the holders of record of the Second Preferred Shares, Fourth Series on the date of distribution 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.

10. Amendment

The rights, privileges, restrictions and conditions attached to the Second Preferred Shares, Fourth Series may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Second Preferred Shares, Fourth Series given in such manner as provided in section I.11 hereof in addition to any vote, authorization, confirmation or approval as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by all the holders of outstanding Second Preferred Shares, Fourth Series or passed by the affirmative vote of at least 66 2/3% of the

votes cast by the holders of the Second Preferred Shares, Fourth Series who voted in respect of that resolution at a meeting of the holders of the Second Preferred Shares, Fourth Series duly called for that purpose and at which a majority of the Second Preferred Shares, Fourth Series are represented or, if no quorum is present at such meeting, at any adjourned meeting of the holders of the Second Preferred Shares, Fourth Series at which holders of Second Preferred Shares, Fourth Series represented thereat shall constitute the quorum and may transact the business for which the meeting was originally called notwithstanding that they may not represent a majority of the outstanding Second Preferred Shares, Fourth Series.

11. Approval of Holders of Second Preferred Shares, Fourth Series

Any approval of the holders of the Second Preferred Shares, Fourth Series with respect to any matters requiring the consent of the holders of the Second Preferred Shares, Fourth Series other than an amendment of the rights, privileges, restrictions and conditions attached to the Second Preferred Shares, Fourth Series, may be given and shall be deemed to have been sufficiently given if given by the holders of the Second Preferred Shares, Fourth Series in the manner provided in the Second Preferred Share Class Provisions, which provisions shall apply mutatis mutandis, as though the term "Second Preferred Shares, Fourth Series" were used therein in place of the term "Second Preferred Shares".

12. Redesignation

Notwithstanding sections I.10 or I.11, the Corporation may at any time redesignate the Second Preferred Shares as First Preferred Shares, and the Second Preferred Shares, Fourth Series as First Preferred Shares, Fourth Series without the holders of the Second Preferred Shares, Fourth Series being entitled to vote thereon as a single series or to vote in a class vote of the holders of the Second Preferred Shares, the holders of the Second Preferred Shares, Fourth Series hereby being deemed to have consented to such redesignation being made, provided that no such redesignation shall prejudice the ranking of the Second Preferred Shares, Fourth Series relative to any other shares of the Corporation outstanding at the time of such redesignation.

13. 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 such that, and shall take all other necessary action under such Act such that, no holder of Second Preferred Shares, Fourth Series shall be required to pay tax on dividends received on the Second Preferred Shares, Fourth Series under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect.

PART II

1. Interpretation and Application

(a) For the purposes hereof, including Part I, Part III, Part IV and Part V hereof, the following expressions have the following meanings:

(i) "Auction" shall mean the periodic operation of the Auction Procedures;

- (ii) "Auction Date" shall mean the third Tuesday of the third calendar month of the first Auction Dividend Period included within an Auction Term and of each subsequent Auction Dividend Period included within an Auction Term (excluding, with respect to each such subsequent Auction Dividend Period, the calendar month in which the first day of such period falls) or, if such Tuesday is not a Business Day the next preceding Business Day;
- (iii) "Auction Dividend Payment Date" shall mean the first Business Day following the Settlement Date;
- (iv) "Auction Dividend Period" shall mean, with respect to the first Auction Dividend Period of any Auction Term, the period from and including the immediately preceding Dividend Payment Date to but excluding the first Settlement Date and, with respect to any subsequent Auction Dividend Period of such Auction Term, shall mean the period from and including each Settlement Date to but excluding the next succeeding Settlement Date; for greater certainty, the first Auction Dividend Period of an Auction Term shall commence on the day immediately following the last day of the Initial Term and on the day immediately following the last day of each Corporation Determined Term and each Dealer Determined Term unless the provisions of Part III or Part IV hereof shall have been implemented prior to such day so as to result in a Corporation Determined Term or Dealer Determined Term commencing on such day;
- (v) "Auction Procedures" shall mean the procedures set forth in Part V hereof for determining the applicable dividend rate for the Second Preferred Shares, Fourth Series from time to time during an Auction Term;

- (vi) "Auction Term" shall mean any term of not less than two consecutive Auction Dividend Periods with respect to which the Auction Procedures apply commencing on the first day of the first of such Auction Dividend Periods and terminating on the last day of any subsequent Auction Dividend Period which immediately precedes the beginning of a Corporation Determined Term or a Dealer Determined Term, as the case may be;

- (vii) "Average Daily Prime Rate" shall mean, for any day, the arithmetic average, rounded to the nearest one-hundredth of one percent (0.01%), of the Daily Prime Rates of the Banks on such day; provided that, if on such day there shall be no Daily Prime Rate for one or more of the Banks, the Average Daily Prime Rate for such day shall be the average of the Daily Prime Rates of the other Bank or Banks, as the case may be, and further provided that if on such day there shall be no Daily Prime Rate for any of the Banks, the Average Daily Prime Rate for such day shall be 1.5% above the average yield per annum on 91-day Government of Canada Treasury bills as reported by the Bank of Canada for the most recent weekly tender preceding such day;

- (viii) "Average Prime Rate" shall mean, for any period consisting of one or more days, the arithmetic average (rounded to the nearest one-hundredth of one percent (0.01%)) of the Average Daily Prime Rate for each day during such period;

- (ix) "Bankers' Acceptance Rate", for any day, shall mean the average bid rate for three-month Canadian dollar bankers' acceptances which appears on the Reuters Screen as of 10:00 a.m., Toronto time, on that day. If such rate does not appear on the Reuters Screen, the rate on that day shall be determined on the basis of the average quoted bid rates of the Banks for three-month Canadian dollar bankers'

acceptances for settlement on that day accepted by the Banks as of 10:00 a.m., Toronto time, on that day;

- (x) "Banks" shall mean Canadian Imperial Bank of Commerce, The Royal Bank of Canada, The Toronto-Dominion Bank, Bank of Montreal and The Bank of Nova Scotia and the term "Bank" shall mean one of the Banks and, for the purposes of this definition, "Banks" shall include any bank with which one or more of such Banks may merge and any bank which may become a successor to the business of one of such Banks;
- (xi) "Business Day" shall mean a day on which The Toronto Stock Exchange or any successor stock exchange is open for business and during an Auction Term, a day on which both such stock exchange and the principal offices of the Auction Manager in Toronto, Ontario are open for business;
- (xii) "Corporation Determined Dividend Rate" shall have the meaning ascribed thereto in Part III hereof;
- (xiii) "Corporation Determined Term" shall mean a term selected by the Corporation consisting of one or more consecutive Dividend Periods commencing on a Dividend Payment Date or a Settlement Date on or after March 1, 1995 and terminating on the last day of the last Dividend Period selected by the Corporation, to which the provisions of Part III hereof shall apply for the purpose of determining the dividend to be paid on each Dividend Payment Date relating to such term, provided that such term and the dividend rate applicable thereto have been approved by the holders of Second Preferred Shares, Fourth Series in accordance with section III.3. hereof;

- (xiv) "Current Dividend Rate" shall be the rate per annum which has been determined in accordance with section V.4.(b) hereof for the next succeeding Auction Dividend Period;
- (xv) "Daily Prime Rate" shall mean, for any Bank, on any day, the annual prime commercial lending rate of interest established and announced as the reference rate of interest used by such Bank on such day to determine the rates of interest such Bank will charge on Canadian dollar loans to customers in Canada and designated by such Bank as its prime rate;
- (xvi) "Dealer Determined Dividend Rate" shall have the meaning ascribed to that term in Part IV hereof;
- (xvii) "Dealer Determined Term" shall mean a term selected by a Dealer consisting of one or more consecutive Dividend Periods commencing on a Dividend Payment Date or Settlement Date on or after March 1, 1995 and terminating on the last day of the last Dividend Period selected by such Dealer, to which the provisions of Part IV hereof shall apply for the purpose of determining the dividend to be paid on each Dividend Payment Date relating to such term;
- (xviii) "Dividend Payment Dates" shall mean the first day of each of the months of March, June, September and December in each year commencing March 1, 1990;
- (xix) "Dividend Period" shall mean the period from and including the date of issue of the Second Preferred Shares, Fourth Series to but excluding the first Dividend Payment Date and, thereafter, the period from and including each Dividend Payment Date to but excluding the next succeeding Dividend Payment Date except for the first Dividend Period following an Auction Term in which case "Dividend Period" shall mean

the period from and including the most recent Settlement Date of the Auction Term to but excluding the next succeeding Dividend Payment Date which falls at least three calendar months after the said Settlement Date;

- (xx) "hereof" and similar expressions mean or refer to the provisions relating to the Second Preferred Shares, Fourth Series;
- (xxi) "Initial Term" shall mean the period from and including the date of issue of the Second Preferred Shares, Fourth Series to but excluding March 1, 1995;
- (xxii) "Reuters Screen" shall mean the display designated as page "CDOR" on the Reuter Monitor Money Rates Service (or such other page as may replace the CDOR page on that service) for the purpose of displaying Canadian dollar bankers' acceptance rates and Government of Canada Treasury bill rates;
- (xxiii) "ranking in priority to" or "ranking on a parity with" or "ranking junior to" or similar terms, whether used independently or in combination, shall mean and refer to the ranking of shares of different classes or series in respect of the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, voluntary or involuntary, or in the event of any other return of capital or distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs; and
- (xxiv) "Settlement Date" shall mean the first Business Day following an Auction Date.

- (b) Except as otherwise herein provided, in the event that any date on which any dividend on the Second Preferred Shares, Fourth Series is payable or on or by which any other action is required to be taken by the Corporation hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken, on or by the next succeeding day that is a Business Day.

- (c) In the event of the non-receipt of a cheque by a holder of Second Preferred Shares, Fourth Series entitled to such cheque, or the loss or destruction thereof, the Corporation, upon being furnished with reasonable evidence of such non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Corporation, shall issue to such holder a replacement cheque for the amount of such cheque.

- (d) The provisions of Part III hereof with respect to the fixing of a Corporation Determined Dividend Rate for a Corporation Determined Term may be initiated by the Corporation no earlier than 60 days and no later than 45 days prior to the end of the Initial Term and, thereafter, may be used by the Corporation from time to time during any Corporation Determined Term, Dealer Determined Term or Auction Dividend Period (other than during the first Auction Dividend Period within an Auction Term), as the case may be, provided that, in such circumstances, such provisions are initiated no earlier than 60 days and no later than 45 days prior to the end of such Corporation Determined Term or Dealer Determined Term or are initiated no earlier than 25 days and no later than 20 days prior to the end of such Auction Dividend Period, as the case may be.

- (e) The provisions of Part IV hereof with respect to the solicitation of Dealer Offers for the purpose of fixing a Dealer Determined Dividend Rate for a Dealer Determined Term may be initiated by the Corporation no earlier than 30 days and no later than 25 days prior to the end of the Initial Term and, thereafter, may be used by the Corporation from time to time during any Corporation Determined Term, Dealer Determined Term or Auction Dividend Period (other

than during the first Auction Dividend Period within an Auction Term), as the case may be, provided that in such circumstances, such provisions are initiated no earlier than 30 days and no later than 25 days prior to the end of such Corporation Determined Term or Dealer Determined Term or are initiated no earlier than 13 days and no later than 10 days prior to the end of such Auction Dividend Period, as the case may be.

- (f) The provisions of Part V hereof shall apply following the end of the Initial Term and following the end of any Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be, unless at any such time a Corporation Determined Dividend Rate has been accepted in accordance with the provisions of Part III hereof or a Dealer Determined Dividend Rate has been accepted in accordance with the provisions of Part IV hereof and the provisions of section IV.2.(g) hereof are fully complied with.

- (g) For the purposes hereof, including Part I, Part III, Part IV and Part V hereof, "accrued and unpaid dividends" means the aggregate of (i) all unpaid dividends on the Second Preferred Shares, Fourth Series in respect of any Dividend Payment Date for any completed Dividend Period and in respect of any Auction Dividend Payment Date for any completed Auction Dividend Period and (ii) the amount calculated as though dividends on each Second Preferred Share, Fourth Series had been accruing on a day to day basis in a manner consistent with section I.3 hereof from and including the Dividend Payment Date or Auction Dividend Payment Date in respect of the most recently completed of the Dividend Periods or Auction Dividend Periods, as the case may be, to but excluding the date on which the computation of accrued dividends is to be made; provided that, for the purpose of calculating accrued and unpaid dividends payable on (x) the Redemption Date in the event notice of redemption of the Second Preferred Shares, Fourth Series has been given pursuant to the provisions of section I.6., (y) the purchase date in the case of any purchase of Second Preferred Shares, Fourth Series made under

section I.7 or (z) the relevant date for the purposes of section I.9., the Average Prime Rate, if applicable to the calculation of the Corporation Determined Dividend Rate for a Corporation Determined Term or to the calculation of the Dealer Determined Dividend Rate for a Dealer Determined Term, shall be for a period of 90 days ending on a day not more than 15 days prior to the Redemption Date or purchase date and set out in the applicable notice of redemption, invitation for tenders or other purchase for cancellation, as the case may be, or ending on the relevant date for the purpose of section I.9., as the case may be.

- (h) The index and the headings of the various sections hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

2. Notices

- (a) Any notice or other communication from the Corporation provided for herein, including without limitation any notice of redemption, shall be in writing and shall be sufficiently given if delivered or if sent by ordinary unregistered first class prepaid mail, to the holders of Second Preferred Shares, Fourth Series at their respective addresses appearing on the securities register of the Corporation, or in the event of the address of any such holder not so appearing, then at the last address of such holder known to the Corporation, or if given to such holders by telex or facsimile communication. Notwithstanding the foregoing, any notice given under Part III, IV and V hereof shall be given by telex or facsimile communication, if possible. Accidental failure to give any notice or other communication to one or more holders of the Second Preferred Shares, Fourth Series shall not affect the validity of the notices or other communications properly given or any action, including the redemption of all or any part of the Second Preferred Shares, Fourth Series, taken pursuant to such properly given notice or other communication but, upon such failure being discovered, the notice or

other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and effect as if given in due time.

- (b) If the Corporation determines that mail service is or is threatened to be interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to the holder of any Second Preferred Share, Fourth Series whether in connection with the redemption of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:
- (i) give such notice by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in Toronto and Montreal; and
 - (ii) fulfill the requirement to send such cheque or such share certificate by arranging for delivery thereof to the principal office of the registrar and transfer agent for Second Preferred Shares, Fourth Series in Toronto, and such cheque and/or certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (i) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted such cheque or share certificate, if not theretofore delivered to such holder, shall be sent by ordinary unregistered first class mail to the registered address of each person who at the date of mailing is a registered holder and who is entitled to receive such cheque or share certificate or, in the event of the address of any such holder not so appearing, to the last address of such holder known to the Corporation.
- (c) Notice given by the Corporation by mail shall be deemed to be given three Business Days after the day upon which it is mailed unless on

the day of or the day following such mailing an actual disruption of mail services has occurred in the province in or to which such notice is mailed. Notice given by the Corporation by publication shall be deemed to be given on the day on which the first publication is completed in any city in which notice is published and notice given by telex or facsimile communication shall be deemed to be given on the day on which it is sent (or, if such day is not a Business Day on the next following Business Day). Notice given to the Corporation pursuant to the provisions hereof shall be deemed to be given on the date of actual receipt thereof by the Corporation.

PART III CORPORATION DETERMINED RATE PROCEDURES

1. Definitions

For the purposes of this Part III, the following expressions have the following meanings:

- (a) "Corporation Determined Percentage" shall mean a percentage of the Average Prime Rate or of the Bankers' Acceptance Rate to be selected by the Corporation and set forth in the notice referred to in section III.2. hereof;
- (b) "Corporation Determined Quarterly Dividend Rate" shall mean one-quarter of the Corporation Determined Dividend Rate;
- (c) "Corporation Determined Dividend Rate" shall mean the annual dividend rate specified by the Corporation in its notice pursuant to section III.2. hereof, which annual dividend rate shall be one of:
 - (i) the Corporation Determined Percentage of the Average Prime Rate determined quarterly for each Dividend Payment Date immediately following the Dividend Period for which such determination is being made taking into account the

Average Prime Rate for the period consisting of the three calendar months ending on the last day of the calendar month prior to the calendar month during which the Dividend Payment Date for which the determination is being made falls; or

- (ii) the Corporation Determined Percentage of the Bankers' Acceptance Rate determined on the first Business Day of the Dividend Period for which such determination is being made; or
- (iii) a fixed annual percentage rate.

Terms defined in Part II, Part IV or Part V hereof and used but not defined in this Part III shall have the meanings attributed thereto in Part II, Part IV or Part V, as the case may be.

2. Determination of New Dividend Rate

No earlier than 60 days and no later than 45 days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or no earlier than 25 days and no later than 20 days prior to the end of the then current Auction Dividend Period (and provided such Auction Dividend Period is not the first Auction Dividend Period within an Auction Term), as the case may be, the Corporation may notify the holders of Second Preferred Shares, Fourth Series of a proposed Corporation Determined Dividend Rate for a proposed Corporation Determined Term. Such notification to such holders shall also:

- (i) specify a date by which each holder must notify the Corporation in writing of its acceptance of the proposed Corporation Determined Dividend Rate and the proposed Corporation Determined Term, if such holder intends to accept such rate and term, which date shall be at least 35 days prior to the end of the Initial Term or the then

current Corporation Determined Term or Dealer Determined Term or at least 15 days prior to the end of the then current Auction Dividend Period, as the case may be; and

- (ii) specify that the proposed Corporation Determined Dividend Rate and the proposed Corporation Determined Term shall become effective for the purposes of determining the dividends to be paid on the Dividend Payment Dates for Dividend Periods during such proposed Corporation Determined Term only if all of the holders of Second Preferred Shares, Fourth Series accept such rate and term.

3. Acceptance of Corporation Determined Dividend Rate

If,

- (i) by the time prescribed in paragraph (i) of section III.2. hereof, all of the holders of Second Preferred Shares, Fourth Series have accepted the proposed Corporation Determined Dividend Rate and the proposed Corporation Determined Term as evidenced by notice in writing to the Corporation, and
- (ii) at least 30 days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or at least 12 days prior to the end of the then current Auction Dividend Period, as the case may be, the Corporation has notified all of such holders that each of them has agreed with the Corporation on such rate and term;

such Corporation Determined Dividend Rate and Corporation Determined Term shall apply for the purposes of determining the dividend to be paid on the Second Preferred Shares, Fourth Series, from time to time, on each of the Second

Preferred Shares, Fourth Series on each Dividend Payment Date in respect of Dividend Periods during such Corporation Determined Term.

4. Termination of Application

Notwithstanding the acceptance of a Corporation Determined Dividend Rate and a Corporation Determined Term as provided for in this Part III, the Corporation may notify the holders of Second Preferred Shares, Fourth Series that the Corporation does not intend to implement application of the Corporation Determined Dividend Rate and Corporation Determined Term as set forth in the notification to holders provided that such notification is given by the Corporation prior to the end of the Initial Term or the then current Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be. In such circumstances, the provisions of Part IV hereof may be applied in accordance with such Part, failing which the provisions of Part V hereof shall be applied in accordance with such Part. Any such notification shall not limit or restrict the right of the Corporation, prior to the expiry of any subsequent Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be, to implement the provisions of this Part III by forwarding a notification to the holders of Second Preferred Shares, Fourth Series.

5. Miscellaneous

In the event that there is any inconsistency, ambiguity or uncertainty in the interpretation or application of the procedures set forth in this Part, the directors of the Corporation (or any person or persons designated by the directors) may, in such manner as they shall determine in their sole discretion, interpret such procedures in order to deal with such inconsistency, ambiguity or uncertainty and any such determination evidenced by a certificate of the Secretary of the Corporation (which shall be provided to holders of Second Preferred Shares, Fourth Series upon request) shall be conclusive.

**PART IV
DEALER BIDS PROCEDURES**

1. Definitions

For the purposes of this Part IV, the following expressions have the following meanings:

- (a) "Dealer" shall mean any registered investment dealer or other person permitted by law to perform the functions required of a Dealer in this Part IV;
- (b) "Dealer Determined Percentage" shall mean a percentage of the Average Prime Rate or the Bankers' Acceptance Rate to be selected by each Dealer and to be set forth in each Dealer Offer in accordance with section IV.2.(b) hereof;
- (c) "Dealer Determined Quarterly Dividend Rate" shall mean one-quarter of the Dealer Determined Dividend Rate;
- (d) "Dealer Determined Dividend Rate" shall mean the annual dividend rate specified by the Dealer in the Accepted Dealer Offer referred to in section IV.2.(c) hereof which shall be one of:
 - (i) the Dealer Determined Percentage of the Average Prime Rate determined quarterly for each Dividend Payment Date immediately following the Dividend Period for which such determination is being made taking into account the Average Prime Rate for the period consisting of the three calendar months ending on the last day of the calendar month prior to the calendar month during which the Dividend Payment Date for which the determination is being made falls;
 - (ii) the Dealer Determined Percentage of the Bankers' Acceptance Rate determined on the first Business Day of

the Dividend Period for which such determination is being made; or

- (iii) a fixed annual percentage rate;
- (e) "Dealer Offer" shall mean a written irrevocable and unconditional offer from a Dealer in response to a Notice Requesting Bids to purchase all of the Second Preferred Shares, Fourth Series outstanding on the day of the expiry of the Initial Term or the then current Corporation Determined Term, Dealer Determined Term or on the Settlement Date immediately following the Auction Dividend Period, as the case may be, or if such day is not a Business Day, then on the immediately preceding Business Day, at a purchase price per Second Preferred Share, Fourth Series equal to \$500,000 and containing the information specified in section IV.2.(b) hereof;
- (f) "Dealer Response Date" shall have the meaning ascribed thereto in section IV.2.(a) hereof;
- (g) "Notice Requesting Bids" shall mean a notice from the Corporation to one or more Dealers requesting them to submit Dealer Offers as provided for in section IV.2.(a) hereof; and
- (h) "Notification to Holders" shall mean the notification from the Corporation to holders of Second Preferred Shares, Fourth Series of the acceptance of a Dealer Offer as provided for in section IV.2.(d) hereof.

Terms defined in Part II and Part V hereof and used but not defined in this Part IV shall have the meanings attributed thereto in Part II and Part V.

2. Bids by Dealers

- (a) No earlier than 30 days and no later than 25 days prior to the end of the Initial Term, or the then current Corporation Determined

Term or Dealer Determined Term or no earlier than 13 days and no later than 10 days prior to the end of the then current Auction Dividend Period (and provided such Auction Dividend Period is not the first Auction Dividend Period within an Auction Term), as the case may be, the Corporation may solicit bids from one or more Dealers for the purchase of all of the Second Preferred Shares, Fourth Series. Such solicitation shall be contained in a Notice Requesting Bids to be sent by the Corporation to such Dealers which notice shall:

- (i) invite each Dealer to submit to the Corporation a Dealer Offer; and
 - (ii) specify a date, which date shall not be more than 10 days after the giving of such notice except if such notice is given during an Auction Dividend Period in which case the date specified shall not be more than 5 days after the giving of such notice, by which any such offer must be received (the "Dealer Response Date") by the Corporation.
- (b) Each Dealer receiving a Notice Requesting Bids may submit a Dealer Offer provided such Dealer does so by the Dealer Response Date and provided that such Dealer Offer specifies:
- (i) for the purpose of determining the Dealer Determined Dividend Rate in the event such Dealer's Offer is accepted under section IV.2.(c):
 - (A) the Dealer Determined Percentage of the Average Prime Rate (to be determined as described in paragraph (i) of the definition herein of "Dealer Determined Dividend Rate");
 - (B) the Dealer Determined Percentage of the Bankers' Acceptance Rate (to be determined as described in

paragraph (ii) of the definition herein of "Dealer Determined Dividend Rate"); or

- (C) a fixed annual percentage rate;
 - (ii) a Dealer Determined Term for which the rate referred to in paragraph (i) of this section IV.2.(b) shall apply; and
 - (iii) the amount of any fees to be paid by the Corporation to the Dealer in respect of the Second Preferred Shares, Fourth Series in the event the Dealer's Offer is accepted by the Corporation.
- (c) If the Corporation wishes to accept a Dealer Offer, it shall signify such acceptance on or before 15 days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or on or before 5 days prior to the end of the then current Auction Dividend Period, as the case may be, by notice to the Dealer whose Dealer Offer it accepts (an "Accepted Dealer Offer"). The Dealer Determined Dividend Rate and Dealer Determined Term specified in the Accepted Dealer Offer shall apply for the purposes of determining the dividends to be paid on the Second Preferred Shares, Fourth Series on each Dividend Payment Date in respect of Dividend Periods during such Dealer Determined Term provided the provisions of section IV.2.(g) hereof are fully complied with. The Dealer whose Dealer Offer is accepted will be required to purchase all of the Second Preferred Shares, Fourth Series not retained by the existing holders on the day of the expiry of the Initial Term or of the then current Corporation Determined Term or Dealer Determined Term or on the Settlement Date immediately following the current Auction Dividend Period, as the case may be, or if such day is not a Business Day, on the immediately preceding Business Day, on the terms contained in the Accepted Dealer Offer.

- (d) Concurrently with its acceptance of a Dealer Offer, and in any event not later than 15 days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or not later than five days prior to the end of the then current Auction Dividend Period, as the case may be, the Corporation shall notify (a "Notification to Holders") each existing holder of Second Preferred Shares, Fourth Series that the Corporation has accepted a Dealer Offer. Such notification shall:
- (i) specify the Dealer Determined Dividend Rate to apply to the Second Preferred Shares, Fourth Series;
 - (ii) specify the Dealer Determined Term for which the Dealer Determined Dividend Rate referred to in paragraph (i) of this section IV.2.(d) shall apply;
 - (iii) notify such holders of the right of each holder either to sell all or some of the Second Preferred Shares, Fourth Series it holds to such Dealer or to continue to hold all or some of the Second Preferred Shares, Fourth Series it holds;
 - (iv) notify such holders of the date (which shall be not more than ten days and not less than six days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or not more than three days and not less than two days prior to the end of the then current Auction Dividend Period, as the case may be) by which the Corporation must have received written notice from such holder of its decision to sell all or some of the Second Preferred Shares, Fourth Series it holds as provided for in section IV.2.(e) hereof;
 - (v) notify such holders that any holder of Second Preferred Shares, Fourth Series that fails to respond to the Notification to Holders by the date specified for response

therein will be deemed to have elected to continue to hold all of the Second Preferred Shares, Fourth Series then held by it subject to the terms and conditions as to the Dealer Determined Dividend Rate and the Dealer Determined Term which are set forth in the Notification to Holders; and

- (vi) identify the Dealer whose Dealer Offer has been accepted.
- (e) Upon receipt of the Notification to Holders, an existing holder of Second Preferred Shares, Fourth Series may elect to sell Second Preferred Shares, Fourth Series in accordance with the terms specified in such Notification to Holders by notifying the Corporation in writing of such decision and of the number of shares to be sold. Each holder of Second Preferred Shares, Fourth Series who elects to sell all or some of its holdings of Second Preferred Shares, Fourth Series shall, together with such notice, deposit the certificate or certificates representing Second Preferred Shares, Fourth Series which such holder desires to sell (with the transfer panel on such certificate duly completed and signed or, in the alternative, with a duly completed stock transfer power of attorney accompanying such certificate or certificates) at the registered office of the Corporation, or at any place where the Second Preferred Shares, Fourth Series may be transferred or any other place or places in Canada specified by the Corporation to holders of the Second Preferred Shares, Fourth Series in the Notification to Holders. If a holder of Second Preferred Shares, Fourth Series wishes to sell only some of the Second Preferred Shares, Fourth Series represented by any share certificate or certificates the holder may deposit the certificate or certificates, as aforementioned, and the Corporation shall issue and deliver to such holder, at the expense of the Corporation, a new share certificate representing the Second Preferred Shares, Fourth Series which are not being delivered for sale. Any holder of Second Preferred Shares, Fourth Series that fails to respond to the Notification to Holders by the date specified for response therein will be deemed to have elected

to continue to hold all of the Second Preferred Shares, Fourth Series then held by it subject to the terms and conditions as to the Dealer Determined Dividend Rate and the Dealer Determined Term which are set forth in the Notification to Holders. The Corporation shall have all such powers and authority as may be necessary to determine finally the adequacy of all transfer instruments and related matters with respect to the sale of shares by an existing holder to a Dealer hereunder. Any determination by the Corporation to the effect that any instrument of transfer is incomplete or ineffective shall bind the holder intending to sell any of its Second Preferred Shares, Fourth Series pursuant to the provisions of this Part IV and shall also bind the Dealer in question.

- (f) At least one Business Day prior to the end of the Initial Term, or the then current Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be, the Corporation shall notify the Dealer submitting the Accepted Dealer Offer of the number of shares to be purchased by such Dealer in accordance with section IV.2.(g) hereof and of the identity of the vendor or vendors thereof.

- (g) On the day of the expiry of the Initial Term, or the then current Corporation Determined Term or Dealer Determined Term or on the Settlement Date immediately following the end of the Auction Dividend Period, as the case may be, or if such day is not a Business Day then on the immediately preceding Business Day, the Dealer submitting the Accepted Dealer Offer shall purchase the Second Preferred Shares, Fourth Series from the holders specified in section IV.2.(f) hereof, at the purchase price set out in section IV.1.(e) hereof. For the purposes of completing such purchase, the Dealer submitting the Accepted Dealer Offer shall deposit with the Corporation, at its registered office, on or prior to noon (Toronto time) on such date, a certified cheque payable to the Corporation, as agent for the vendor or vendors referred to in section IV.2.(f) hereof, representing the aggregate purchase price for

the Second Preferred Shares, Fourth Series to be purchased pursuant to this section IV.2.(g) together with a direction as to registration particulars with respect to such Second Preferred Shares, Fourth Series to be purchased. Upon receipt of such certified cheque as aforesaid, the Corporation shall deliver to the vendor or vendors at the registered office of the Corporation cheques payable to the vendor or vendors in payment of the purchase price for such Second Preferred Shares, Fourth Series (less any tax required to be deducted and withheld therefrom) against delivery of the certificates therefor duly completed in accordance with section IV.2.(e), and delivery of such cheques by the Corporation shall be deemed to be payment and shall satisfy and discharge all liability for such purchase price to the extent of the amount represented by such cheques (plus any tax required to be and in fact deducted and withheld therefrom and remitted to the proper tax authority), unless such cheques are not paid on due presentation.

3. Termination of Application

Notwithstanding the acceptance of a Dealer Offer as provided for in this Part IV, the Corporation may notify the holders of Second Preferred Shares, Fourth Series that the Corporation does not intend to implement application of the Dealer Determined Dividend Rate and Dealer Determined Term as set forth in the Notification to Holders provided that such notification is given by the Corporation prior to the end of the Initial Term or of the then current Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be. In such circumstances, the provisions of Part V hereof shall be applied in accordance with such Part and, for greater certainty, the Dealer whose Dealer Offer has been accepted shall not be obliged to purchase any Second Preferred Shares, Fourth Series pursuant to such Dealer Offer. Any such notification shall not limit or restrict the right of the Corporation, prior to the end of any subsequent Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be, to implement the provisions of this Part IV by forwarding a Notice Requesting Bids to one or more Dealers.

4. **Miscellaneous**

In the event that there is any inconsistency, ambiguity or uncertainty in the interpretation or application of the procedures set forth in this Part IV, the directors of the Corporation (or any person or persons designated by the directors) may, in such manner as they shall determine in their sole discretion, interpret such procedures in order to deal with any such inconsistency, ambiguity or uncertainty and any such determination evidenced by a certificate of the Secretary of the Corporation (which shall be provided to holders of Second Preferred Shares, Fourth Series upon request) shall be conclusive.

PART V
AUCTION PROCEDURES

1. **Definitions**

For the purposes of this Part V the following expressions have the following meanings:

- (a) "Auction Manager" shall mean (i) the Corporation or (ii) another person, or any successor thereto, duly appointed or to be appointed from time to time by the Corporation as Auction Manager in respect of the Second Preferred Shares, Fourth Series pursuant to the Auction Manager Agreement;
- (b) "Auction Manager Agreement" shall mean an agreement made between the Auction Manager, if other than the Corporation, and the Corporation which provides, among other things, that the Auction Manager will follow the procedures set forth in this Part V for the purposes of determining the Current Dividend Rate for the Second Preferred Shares, Fourth Series;
- (c) "Available Shares" shall have the meaning specified in paragraph (i) of section V.4.(a) hereof;

- (d) "Bid" and "Bids" shall have the respective meanings specified in section V.2.(a) hereof;
- (e) "Bidder" and "Bidders" shall have the respective meanings specified in section V.2.(a) hereof;
- (f) "Dealer" shall mean any registered investment dealer or other person permitted by law to perform the functions required of a Dealer in this Part V that has entered into a Dealer Agreement with the Auction Manager that is in effect;
- (g) "Dealer Agreement" shall mean an agreement between the Auction Manager and a Dealer pursuant to which the Dealer agrees to participate in Auctions in compliance with the procedures set forth in this Part V;
- (h) "Existing Holder" shall mean a holder of Second Preferred Shares, Fourth Series (i) who has signed a Purchaser's Letter, (ii) who has delivered or caused to be delivered such Purchaser's Letter to the Auction Manager and to any Dealer to which such Existing Holder submits information pursuant to section V.2.(a) hereof, and (iii) who is registered in the ledger maintained by the Auction Manager in respect of holders of Second Preferred Shares, Fourth Series;
- (i) "held by" with respect to any Second Preferred Shares, Fourth Series registered in the name of the Auction Manager shall include such shares beneficially owned by an Existing Holder but does not include, with respect to such shares, the Auction Manager;
- (j) "Hold Order" and "Hold Orders" shall have the respective meanings specified in section V.2.(a) hereof;
- (k) "Maximum Rate" with respect to any Auction Dividend Period shall mean the Bankers' Acceptance Rate determined on the Auction Date

immediately preceding the beginning of such Auction Dividend Period plus 0.40%;

- (l) "Order" and "Orders" shall have the respective meanings specified in section V.2.(a) hereof;
- (m) "Potential Holder" shall mean any person, including any Existing Holder, (i) who has executed a Purchaser's Letter, (ii) who has delivered or caused to be delivered such Purchaser's Letter to the Auction Manager and to any Dealer to which such Potential Holder submits information pursuant to section V.2.(a) hereof and (iii) who may be interested in acquiring Second Preferred Shares, Fourth Series (or, in the case of an Existing Holder, additional Second Preferred Shares, Fourth Series);
- (n) "Purchaser's Letter" shall mean a letter addressed to the Auction Manager and a Dealer in which a person agrees, among other things, to be bound by the Auction Procedures in the event such person participates in an Auction;
- (o) "Remaining Shares" shall have the meaning specified in paragraph (iv) of section V.5.(a) hereof;
- (p) "Sell Order" and "Sell Orders" shall have the respective meanings specified in section V.2.(a) hereof;
- (q) "Submission Deadline" shall mean 11:00 a.m., Toronto time, on any Auction Date or such later time on any Auction Date, as specified by the Auction Manager from time to time, by which Dealers are required to submit Orders to the Auction Manager;
- (r) "Submitted Bid" and "Submitted Bids" shall have the respective meanings specified in section V.4.(a) hereof;

- (s) "Submitted Hold Order" and "Submitted Hold Orders" shall have the respective meanings specified in section V.4.(a) hereof;
- (t) "Submitted Order" and "Submitted Orders" shall have the respective meanings specified in section V.4.(a) hereof;
- (u) "Submitted Sell Order" and "Submitted Sell Orders" shall have the respective meanings specified in section V.4.(a) hereof;
- (v) "Sufficient Clearing Bids" shall have the meaning specified in section V.4.(a) hereof; and
- (w) "Winning Bid Rate" shall mean the dividend rate per annum determined in accordance with section V.4.(a) hereof.

2. Orders by Existing Holders and Potential Holders

- (a) **Prior to the Submission Deadline on each Auction Date:**
 - (i) each Existing Holder may submit to a Dealer information as to the number of Second Preferred Shares, Fourth Series, if any, held by such Existing Holder which such Existing Holder:
 - (A) desires to continue to hold without regard to the Current Dividend Rate; and/or
 - (B) desires to continue to hold, provided that the Current Dividend Rate shall not be less than the dividend rate per annum specified by such Existing Holder; and/or
 - (C) offers to sell without regard to the Current Dividend Rate; and

- (ii) Potential Holders may submit to a Dealer offers to purchase Second Preferred Shares, Fourth Series, provided that any such offer shall be effective only if the Current Dividend Rate shall not be less than the dividend rate per annum specified by such Potential Holder.

The communication to a Dealer of the information referred to in this section V.2.(a) is an "Order" and, collectively, are "Orders", and each Existing Holder and each Potential Holder placing an Order is a "Bidder" and, collectively, are "Bidders"; an Order containing the information referred to in subparagraph (i)(A) of this section V.2.(a) is a "Hold Order" and, collectively, are "Hold Orders"; an Order containing the information referred to in subparagraph (i)(B) or paragraph (ii) of this section V.2.(a) is a "Bid" and, collectively, are "Bids"; and an Order containing the information referred to in subparagraph (i)(C) of this section V.2.(a) is a "Sell Order" and, collectively, are "Sell Orders".

- (b) (i) A Bid by an Existing Holder shall constitute an irrevocable offer to sell at a price of \$500,000 per Second Preferred Share, Fourth Series:

- (A) the number of Second Preferred Shares, Fourth Series specified in such Bid if the Winning Bid Rate determined on the applicable Auction Date is less than the rate specified in such Bid;

- (B) the number of Second Preferred Shares, Fourth Series specified in such Bid or a lesser number to be determined as set forth in paragraph (iv) of section V.5.(a) hereof if the Winning Bid Rate determined on such Auction Date is equal to the rate specified in such Bid;

- (C) the number of Second Preferred Shares, Fourth Series specified in such Bid if the rate specified in such Bid

is higher than the Maximum Rate and Sufficient Clearing Bids do exist; or

- (D) a lesser number of Second Preferred Shares, Fourth Series to be determined as set forth in paragraph (iii) of section V.5.(b) hereof if the rate specified in such Bid is higher than the Maximum Rate and Sufficient Clearing Bids do not exist.
- (ii) A Sell Order by an Existing Holder shall constitute an irrevocable offer to sell at a price of \$500,000 per Second Preferred Share, Fourth Series:
- (A) the number of Second Preferred Shares, Fourth Series specified in such Sell Order; or
 - (B) a lesser number of Second Preferred Shares, Fourth Series to be determined as set forth in paragraph (iii) of section V.5.(b) hereof if Sufficient Clearing Bids do not exist.
- (iii) A Bid by a Potential Holder shall constitute an irrevocable offer to purchase at a price of \$500,000 per Second Preferred Share, Fourth Series:
- (A) the number of Second Preferred Shares, Fourth Series specified in such Bid if the Winning Bid Rate determined on the applicable Auction Date is higher than the rate specified in such Bid; or
 - (B) the specified number or a lesser number of Second Preferred Shares, Fourth Series to be determined as set forth in paragraph (v) of section V.5.(a) hereof if the Winning Bid Rate determined on such Auction Date is equal to the rate specified in such Bid; or

(C) the specified number of Second Preferred Shares, Fourth Series if the rate specified in such Bid is equal to or lower than the Maximum Rate and Sufficient Clearing Bids do not exist.

(c) A rate specified by an Existing Holder or Potential Holder in any Bid shall be a fixed annual percentage rate or a specified percentage of the Bankers' Acceptance Rate determined on the relevant Auction Date.

(d) If none of the holders of Second Preferred Shares, Fourth Series is an Existing Holder for the purposes of this Part V on any date which would be an Auction Date hereunder, the Current Dividend Rate for the next succeeding Auction Dividend Period shall be equal to 50% of the Bankers' Acceptance Rate determined on the Auction Date.

3. Submission of Orders by Dealers to the Auction Manager

(a) Each Dealer shall submit to the Auction Manager in writing in accordance with its Dealer Agreement prior to the Submission Deadline on each Auction Date all Orders obtained by such Dealer and specifying with respect to each Order:

- (i) the name of the Bidder placing such Order;
- (ii) the aggregate number of Second Preferred Shares, Fourth Series that are the subject of the Order;
- (iii) to the extent that the Bidder is an Existing Holder, the number of Second Preferred Shares, Fourth Series, if any, subject to any:
 - (A) Hold Order placed by such Existing Holder;
 - (B) Bid placed by such Existing Holder and the rate specified in such Bid; and/or

(C) Sell Order placed by such Existing Holder; and

(iv) to the extent that the Bidder is a Potential Holder, the rate specified in the Bid of such Potential Holder.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Manager shall round such rate up to the next highest one-thousandth of one percent (0.001%).

(c) If for any reason an Order or Orders covering in the aggregate all the Second Preferred Shares, Fourth Series held by an Existing Holder is not submitted to the Auction Manager prior to the Submission Deadline, the Auction Manager shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the number of Second Preferred Shares, Fourth Series held by such Existing Holder and not subject to Orders submitted to the Auction Manager.

(d) If one or more Orders covering in the aggregate more than the number of Second Preferred Shares, Fourth Series held by any Existing Holder are submitted to the Auction Manager, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid, but only up to and including, in the aggregate, the number of Second Preferred Shares, Fourth Series held by such Existing Holder, and, solely for purposes of allocating compensation among the Dealers submitting Hold Orders, if the number of Second Preferred Shares, Fourth Series subject to such Hold Orders exceeds the number of Second Preferred Shares, Fourth Series held by such Existing Holder, the number of Second Preferred Shares, Fourth Series subject to each such Hold Order shall be reduced pro rata to cover the number of Second Preferred Shares, Fourth Series held by such Existing Holder;

- (ii)
 - (A) any Bid shall be considered valid up to and including the excess of the number of Second Preferred Shares, Fourth Series held by such Existing Holder over the number of Second Preferred Shares, Fourth Series subject to any Hold Order referred to in paragraph (i) of this section V.3.(d);
 - (B) subject to paragraph (ii)(A) of this section V.3.(d), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the number of Second Preferred Shares, Fourth Series subject to such Bids is greater than such excess, such Bids shall be considered valid up to the amount of such excess, and, solely for purposes of allocating compensation among the Dealers submitting Bids with the same rate, the number of Second Preferred Shares, Fourth Series subject to each Bid with the same rate shall be reduced pro rata to cover the number of Second Preferred Shares, Fourth Series equal to such excess;
 - (C) subject to subparagraph (ii)(A) of this section V.3.(d), if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid in the ascending order of their respective rates up to the amount of such excess; and
 - (D) in any event, the number, if any, of such Second Preferred Shares, Fourth Series subject to Bids not valid under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Holder; and
- (e) all Sell Orders shall be considered valid but only up to and including in the aggregate the excess of the number of Second Preferred Shares, Fourth Series held by such Existing Holder over the sum of the Second Preferred Shares, Fourth Series subject to Hold Orders

referred to in paragraph (i) of this section V.3.(d) and valid Bids by Existing Holders referred to in paragraph (ii) of this section V.3.(d).

(f) If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate specified therein.

**4. Determination of Sufficient Clearing Bids,
Winning Bid Rate and Current Dividend Rate**

(a) On the Submission Deadline on each Auction Date, the Auction Manager shall assemble all Orders submitted or deemed submitted to it by the Dealers (each such Order as submitted or deemed submitted by a Dealer being individually a "Submitted Hold Order", a "Submitted Bid" or a "Submitted Sell Order", as the case may be, or a "Submitted Order" and, collectively, "Submitted Hold Orders", "Submitted Bids" or "Submitted Sell Orders", as the case may be, or "Submitted Orders") and shall determine:

(i) the excess of (a) the total number of Second Preferred Shares, Fourth Series held by Existing Holders issued and outstanding over (b) the number of Second Preferred Shares, Fourth Series that are the subject of Submitted Hold Orders (such excess being the "Available Shares");

(ii) from the Submitted Orders, whether:

(A) the number of Second Preferred Shares, Fourth Series that are the subject of Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Rate;

exceeds or is equal to the sum of:

(B) (I) the number of Second Preferred Shares, Fourth Series that are the subject of Submitted Bids

by Existing Holders specifying one or more rates higher than the Maximum Rate; and

- (II) the number of Second Preferred Shares, Fourth Series that are the subject of Submitted Sell Orders;

and if such excess or equality exists (other than because all of the Second Preferred Shares, Fourth Series held by Existing Holders are the subject of Submitted Hold Orders), then such Submitted Bids in subparagraph (A) hereof shall be "Sufficient Clearing Bids"; and

- (iii) if Sufficient Clearing Bids exist, the lowest rate specified in the Submitted Bids which if the Auction Manager accepted:

- (A) (I) each Submitted Bid from Existing Holders specifying that lowest rate, and

- (II) all other Submitted Bids from Existing Holders specifying lower rates,

thus entitling those Existing Holders to continue to hold the aggregate number of Second Preferred Shares, Fourth Series that are specified in those Submitted Bids; and

- (B) (I) each Submitted Bid from Potential Holders specifying that lowest rate, and

- (II) all other Submitted Bids from Potential Holders specifying lower rates,

thus entitling those Potential Holders to purchase the aggregate number of Second Preferred Shares, Fourth Series that are specified in those Submitted Bids;

would result in such Existing Holders described in subparagraph (A) hereof continuing to hold an aggregate number of Second Preferred Shares, Fourth Series which, when added to the aggregate number of Second Preferred Shares, Fourth Series to be purchased by such Potential Holders described in subparagraph (B) hereof, would equal not less than the number of Available Shares. This lowest rate is the "Winning Bid Rate".

- (b) Promptly after the Auction Manager has made the determinations pursuant to section V.4.(a) hereof, the Auction Manager shall advise the Corporation of the Bankers' Acceptance Rate and, based on such determinations, of the dividend rate applicable to the Second Preferred Shares, Fourth Series for the next succeeding Auction Dividend Period (the "Current Dividend Rate") as follows:
 - (i) if Sufficient Clearing Bids exist, that the Current Dividend Rate for the next succeeding Auction Dividend Period shall be equal to the Winning Bid Rate so determined;
 - (ii) if Sufficient Clearing Bids do not exist (other than because all of the Second Preferred Shares, Fourth Series held by Existing Holders are the subject of Submitted Hold Orders), that the Current Dividend Rate for the next succeeding Auction Dividend Period shall be equal to the Maximum Rate; or
 - (iii) if all of the Second Preferred Shares, Fourth Series held by Existing Holders are the subject of Submitted Hold Orders, that the Current Dividend Rate for the next succeeding Auction Dividend Period shall be equal to 50% of the Bankers' Acceptance Rate determined on the Auction Date.

5. Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Shares

Based on the determinations made pursuant to section V.4.(a) hereof, the Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Manager shall take such other action as set forth below:

- (a) If Sufficient Clearing Bids have been made, subject to the provisions of section V.5.(c) and V.5.(d) hereof, Submitted Bids and Submitted Sell Orders shall be accepted and rejected in the following order of priority and all other Submitted Bids shall be rejected:
 - (i) (A) the Submitted Sell Order of each Existing Holder shall be accepted and (B) the Submitted Bid of each Existing Holder specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Holder to sell the Second Preferred Shares, Fourth Series that are the subject of such Submitted Sell Order and such Submitted Bid;
 - (ii) the Submitted Bid of each Existing Holder specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus entitling each such Existing Holder to continue to hold the Second Preferred Shares, Fourth Series that are the subject of such Submitted Bid;
 - (iii) the Submitted Bid of each Potential Holder specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the number of Second Preferred Shares, Fourth Series specified in such Submitted Bid;
 - (iv) the Submitted Bid of each Existing Holder specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus entitling each such Existing Holder to continue to hold

the Second Preferred Shares, Fourth Series that are the subject of such Submitted Bid, unless the number of Second Preferred Shares, Fourth Series subject to all such Submitted Bids is greater than the total number of Available Shares minus the number of Second Preferred Shares, Fourth Series subject to Submitted Bids described in paragraphs (ii) and (iii) of this section V.5.(a) (the "Remaining Shares"). In this event, the Submitted Bids of each such Existing Holder described in this paragraph (iv) shall be rejected, and each such Existing Holder shall be required to sell Second Preferred Shares, Fourth Series, but only in an amount equal to the difference between (A) the number of Second Preferred Shares, Fourth Series then held by such Existing Holder subject to such Submitted Bid, and (B) the number of Second Preferred Shares, Fourth Series obtained by multiplying (x) the number of Remaining Shares by (y) a fraction, the numerator of which shall be the number of Second Preferred Shares, Fourth Series held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the number of Second Preferred Shares, Fourth Series subject to such Submitted Bids made by all such Existing Holders who specified a rate equal to the Winning Bid Rate; and

- (v) the Submitted Bid of each Potential Holder specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the number of Second Preferred Shares, Fourth Series obtained by multiplying (A) the excess, if any, of the total number of Available Shares over the number of Second Preferred Shares, Fourth Series subject to accepted Submitted Bids described in clauses (ii), (iii) and (iv) of this subsection V.5.(a) by (B) a fraction, the numerator of which shall be the number of Second Preferred Shares, Fourth Series specified in such Submitted Bid and the denominator of which shall be the sum of the number of

Second Preferred Shares, Fourth Series subject to Submitted Bids made by all Potential Holders who specified a rate equal to the Winning Bid Rate.

- (b) If Sufficient Clearing Bids have not been made (other than because all of the Second Preferred Shares, Fourth Series held by Existing Holders are subject to Submitted Hold Orders), subject to the provisions of sections V.5.(c) and V.5.(d) of this Part V, Submitted Bids and Submitted Sell Orders shall be accepted or rejected in the following order of priority and all other Submitted Bids shall be rejected:
- (i) the Submitted Bid of each Existing Holder specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus entitling that Existing Holder to continue to hold the Second Preferred Shares, Fourth Series that are the subject of such Submitted Bid;
 - (ii) the Submitted Bid of each Potential Holder specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus requiring such Potential Holder to purchase the number of Second Preferred Shares, Fourth Series specified in such Submitted Bid; and
 - (iii) the Submitted Bid of each Existing Holder specifying any rate that is higher than the Maximum Rate shall be rejected and the Submitted Sell Order of each Existing Holder shall be accepted, in both cases only in an amount equal to the difference between (A) the number of Second Preferred Shares, Fourth Series then held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and (B) the number of Second Preferred Shares, Fourth Series obtained by multiplying (x) the difference between the total number of Available Shares and the aggregate number of Second Preferred Shares, Fourth Series subject to Submitted

Bids described in paragraphs (i) and (ii) of this section V.5(b) by (y) a fraction, the numerator of which shall be the number of Second Preferred Shares, Fourth Series held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the number of Second Preferred Shares, Fourth Series subject to all such Submitted Bids and Submitted Sell Orders.

- (c) If, as a result of the procedures described in sections V.5.(a) or V.5.(b) hereof, any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a fraction of a Second Preferred Share, Fourth Series on any Auction Date, the Auction Manager shall, in such manner as it shall determine in its sole discretion, round up or down the number of Second Preferred Shares, Fourth Series to be purchased or sold by any Existing Holder or Potential Holder on such Auction Date so that the number of shares purchased or sold by each Existing Holder or Potential Holder shall be whole Second Preferred Shares, Fourth Series.
- (d) If, as a result of the procedures described in section V.5.(a) hereof, any Potential Holder would be entitled or required to purchase a fraction of a Second Preferred Share, Fourth Series on any Auction Date, the Auction Manager shall, in such manner as it shall determine in its sole discretion, allocate shares for purchase among Potential Holders so that only whole Second Preferred Shares, Fourth Series are purchased on such Auction Date by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing Second Preferred Shares, Fourth Series on such Auction Date.
- (e) Based on the results of each Auction, the Auction Manager shall determine to which Potential Holder or Potential Holders purchasing Second Preferred Shares, Fourth Series an Existing Holder or

Existing Holders shall sell Second Preferred Shares, Fourth Series being sold by such Existing Holder or Existing Holders. Such purchases and sales of Second Preferred Shares, Fourth Series shall be completed in accordance with the procedures specified in the Purchaser's Letter on the Settlement Date by payment by each Potential Holder purchasing Second Preferred Shares, Fourth Series of the aggregate purchase price of the Second Preferred Shares, Fourth Series to be purchased from a relevant Existing Holder equal to \$500,000 per Second Preferred Share, Fourth Series against delivery by such Existing Holder selling Second Preferred Shares, Fourth Series to such Potential Holder of a certificate or certificates representing the number of Second Preferred Shares, Fourth Series being sold, duly endorsed for transfer.

6. **Miscellaneous**

Notwithstanding the provisions of Part V hereof, the Auction Manager shall not follow the Auction Procedures on the Auction Date immediately preceding: (i) the Redemption Date in the event that written notice of redemption of all the outstanding Second Preferred Shares, Fourth Series has been given pursuant to the provisions of section I.6. hereof or (ii) the first day of a Corporation Determined Term or Dealer Determined Term.

In the event that there is any inconsistency, ambiguity or uncertainty in the interpretation or application of the procedures set forth in this Part, the directors of the Corporation (or any person or persons designated by the directors) may, in such manner as they shall determine in their sole discretion, interpret such procedures in order to deal with any such inconsistency, ambiguity or uncertainty and any such determination evidenced by a certificate of the Secretary of the Corporation (which shall be provided to holders of Second Preferred Shares, Fourth Series) shall be conclusive.

7. Corporation as Auction Manager

If the Corporation acts as the Auction Manager for any Auction, the Corporation shall not submit any Bid at such Auction.



Certificate of Amendment

**Canada Business
Corporations Act**

Certificat de modification

**Loi régissant les sociétés
par actions de régime fédéral**

*100-100-100
11/11/89
11/11/89*

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE**

012676-4

Name of Corporation - Dénomination de la société

Number - Numéro

I hereby certify that the
Articles of the above-mentioned
Corporation were amended

Je certifie par les présentes que
les statuts de la société
mentionnée ci-haut ont été modifiés

(a) under Section 13 of the
Canada Business Corporations
Act in accordance with the
attached notice;

(a) en vertu de l'article 13 de la
Loi régissant les sociétés par
actions de régime fédéral
conformément à l'avis ci-joint;

(b) under Section 27 of the
Canada Business Corporations
Act as set out in the attached
Articles of Amendment
designating a series of shares;

(b) en vertu de l'article 27 de la
Loi régissant les sociétés par actions
de régime fédéral tel qu'indiqué dans
les clauses modificatrices ci-jointes
désignant une série d'actions;

(c) under Section 177 of the
Canada Business Corporations
Act as set out in the attached
Articles of Amendment;

(c) en vertu de l'article 177 de la
Loi régissant les sociétés par actions
de régime fédéral tel qu'indiqué dans
les clauses modificatrices ci-jointes;

(d) under Section 191 of the
Canada Business Corporations
Act as set out in the attached
Articles of Reorganization;

(d) en vertu de l'article 191 de la
Loi régissant les sociétés par actions
de régime fédéral tel qu'indiqué
dans les clauses de réorganisation
ci-jointes;

(e) under Section 192 of the
Canada Business Corporations
Act as set out in the attached
Articles of Arrangement.

(e) en vertu de l'article 192 de la
Loi régissant les sociétés par actions
de régime fédéral tel qu'indiqué dans
les clauses d'arrangement ci-jointes.

Le directeur

Director

December 14, 1989/le 14 décembre 1989

Date of Amendment - Date de la modification



Consumer and
Corporate Affairs Canada

Consommation
et Corporations Canada

Canada Business
Corporations Act

Loi sur les sociétés
commerciales canadiennes

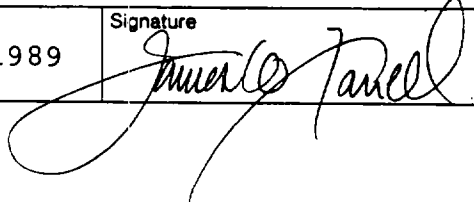
FORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 171)

FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLE 27 OU 171)

1 - Name of Corporation — Dénomination de la société <p style="text-align: center;">LOBLAW COMPANIES LIMITED LES COMPAGNIES LOBLAW LIMITEE</p>	2 - Corporation No. — N° de la société <p style="text-align: center;">12676-4</p>
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3 - The articles of the above-named corporation are amended as follows:	Les statuts de la société ci-haut mentionnée sont modifiés de la façon suivante:
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The annexed Schedule 1 is incorporated in this form.

Date Dec. 14 1989	Signature 	Description of Office — Description du poste <p style="text-align: center;">Secretary</p>
		FOR DEPARTMENTAL USE ONLY — À L'USAGE DU MINISTÈRE SEULEMENT Filed — Déposée JAN 11 1990

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE**

SCHEDULE I

ARTICLES OF AMENDMENT

SECOND PREFERRED SHARES, FIFTH SERIES

The fifth series of the class of Second Preferred Shares consists of 110 shares without nominal or par value designated Cumulative Redeemable Perpetual Second Preferred Shares, Fifth Series (the "Second Preferred Shares, Fifth Series") which shall be issued for a consideration of \$500,000 each and which, in addition to the rights, privileges, restrictions and conditions attached to the Second Preferred Shares as a class (the "Second Preferred Share Class Provisions"), carry and are subject to the following rights, privileges, restrictions and conditions:

PART I

All terms used in Part I of these provisions respecting the Second Preferred Shares, Fifth Series which are defined in Part II hereof have the meaning ascribed to them in Part II hereof.

1. Priority

The Second Preferred Shares, Fifth Series shall rank junior to the First Preferred Shares of the Corporation with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs (hereinafter called "liquidation distributions"), and shall be subject to any preferences and other rights, privileges, restrictions and conditions which are attached to the First Preferred Shares as a class and to any other class of shares of the Corporation that ranks senior to the Second Preferred Shares with respect to priority in the payment of dividends and/or on liquidation distributions, and to each series of the First Preferred Shares and of any such other senior-ranking class of shares; the Second

Preferred Shares, Fifth Series shall rank on a parity with any other series of the Second Preferred Shares with respect to the payment of dividends and on liquidation distributions; and the Second Preferred Shares, Fifth Series shall rank senior to each series of Junior Preferred Shares of the Corporation, the Common Shares of the Corporation and any other shares of the Corporation ranking junior to the Second Preferred Shares, Fifth Series with respect to priority in the payment of dividends and on liquidation distributions.

2. Payment of Dividends

- (a) For the Initial Term, the holders of Second Preferred Shares, Fifth Series shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, in an amount determined in accordance with section I.3(a) hereof, payable (subject to section I.2(e) hereof) on the Dividend Payment Dates in each year, the first of which dividends shall be paid on March 1, 1990 and the last of which dividends shall be paid on March 1, 1995.
- (b) After the expiry of the Initial Term, for each Dividend Period falling within a Corporation Determined Term, the holders of Second Preferred Shares, Fifth Series shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, quarterly cumulative preferential cash dividends, in an amount determined in accordance with section I.3(b) hereof, payable, with respect to each such Dividend Period, on the Dividend Payment Date immediately following the end of such Dividend Period.
- (c) After the expiry of the Initial Term, for each Dividend Period falling within a Dealer Determined Term, the holders of Second Preferred Shares, Fifth Series shall be entitled to receive and the

Corporation shall pay thereon, as and when declared by the directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, quarterly cumulative preferential cash dividends in an amount determined in accordance with section I.3(c) hereof, payable, with respect to each such Dividend Period, on the Dividend Payment Date immediately following the end of such Dividend Period.

- (d) After the expiry of the Initial Term, for each Auction Dividend Period falling within an Auction Term, the holders of the Second Preferred Shares, Fifth Series shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the Corporation out of the moneys of the Corporation properly applicable to the payment of dividends, quarterly cumulative preferential cash dividends in an amount determined in accordance with section I.3(d) hereof, payable, with respect to each such Auction Dividend Period, on the Auction Dividend Payment Date immediately following the end of such Auction Dividend Period.
- (e) The initial dividend on the Second Preferred Shares, Fifth Series shall accrue from and include the date of issue thereof, shall be payable on March 1, 1990 and shall be in an amount determined in accordance with section I.3(a) hereof.
- (f) The record date for the payment of dividends shall be (a) in respect of any Dividend Payment Date during the Initial Term except March 1, 1995 the date determined by the directors of the Corporation and (b) in respect of any Dividend Payment Date including and subsequent to March 1, 1995 the second Business Day immediately preceding the applicable Dividend Payment Date and, (c) in respect of any Auction Dividend Payment Date, the Auction Date. The Corporation shall pay dividends on Second Preferred Shares, Fifth Series (less any tax required to be deducted and withheld by the Corporation) by cheques drawn on a Canadian chartered bank and payable at par at any branch of such bank in Canada unless any

such holder requests, by notice in writing received by the Corporation no less than 7 Business Days prior to a Dividend Payment Date or Auction Dividend Payment Date as the case may be, to receive payment of all such dividends by wire transfer, and provides in such notice an account number at a specified branch in Canada of a Canadian chartered bank to which the Corporation may cause such dividends to be wire transferred. In such case, the Corporation shall instruct its bankers, or cause instructions to be given to a Canadian chartered bank, to wire transfer the amount of all such dividends to the account designated by each holder of Second Preferred Shares, Fifth Series. Any such notification by a registered holder shall remain in effect until such registered holder ceases to be a registered holder or until cancelled or superseded by subsequent notice in writing received by the Corporation no less than seven Business Days prior to a Dividend Payment Date or Auction Dividend Payment Date, as the case may be. The delivery or mailing of such cheques by the Corporation, or the receipt by the Corporation of a confirmation from a Canadian chartered bank that such bank has carried out instructions with respect to the wire transfer of the amount of any dividends, shall be full and complete discharge of the Corporation's obligation to pay such dividends (plus any tax required to be and in fact deducted and withheld therefrom and remitted to the proper taxing authority) unless, in the case of payment by cheque, the cheque is not honoured when presented for payment.

3. Amount of Dividends

- (a) The dividend to be paid on each Second Preferred Share, Fifth Series during the Initial Term shall be in the amount of \$38,750 per annum (being 7.75% per annum of \$500,000) payable in equal quarterly instalments on each Dividend Payment Date except the first dividend which shall be payable on March 1, 1990 and shall be in the amount of \$38,750 multiplied by a fraction of which the numerator is the number of days from and including the date of

issue of the Second Preferred Shares, Fifth Series to but excluding March 1, 1990 and the denominator is 365.

- (b) Subject to section I.3(e) hereof, after the expiry of the Initial Term, for each Dividend Period included within a Corporation Determined Term, the dividend to be paid on each Second Preferred Share, Fifth Series on the Dividend Payment Date immediately following the end of such Dividend Period shall be the amount obtained by multiplying \$500,000 by the Corporation Determined Quarterly Dividend Rate for such Dividend Period.
- (c) Subject to section I.3(e) hereof, after the expiry of the Initial Term, for each Dividend Period included within a Dealer Determined Term, the dividend to be paid on each Second Preferred Share, Fifth Series on the Dividend Payment Date immediately following the end of such Dividend Period shall be the amount obtained by multiplying \$500,000 by the Dealer Determined Quarterly Dividend Rate for such Dividend Period.
- (d) After the expiry of the Initial Term, for each Auction Dividend Period included within an Auction Term, the dividend to be paid on each Second Preferred Share, Fifth Series on the Auction Dividend Payment Date immediately following the end of such Auction Dividend Period shall be determined as follows:
 - (i) on the Auction Dividend Payment Date immediately following the end of the first Auction Dividend Period during any Auction Term, the dividend to be paid on each Second Preferred Share, Fifth Series shall be the amount which is the product of (1) \$500,000 (2) 75% of the Bankers' Acceptance Rate determined on the first Business Day of such Auction Dividend Period and (3) the number of days in the first Auction Dividend Period, divided by 365; and

- (ii) on the Auction Dividend Payment Dates immediately following the end of the second and subsequent Auction Dividend Periods during any Auction Term, the dividend to be paid on each Second Preferred Share, Fifth Series shall be the amount which is the product of (1) \$500,000 (2) the Current Dividend Rate (or such other rate per annum as may apply in accordance with Part V hereof) for each such Auction Dividend Period determined on the Auction Date immediately prior to the beginning of such Auction Dividend Period and (3) the number of days in such Auction Dividend Period, divided by 365.

- (e) After the expiry of the Initial Term, for the first Dividend Period included within a Corporation Determined Term or a Dealer Determined Term, in either case immediately following an Auction Term, the dividend to be paid on each Second Preferred Share, Fifth Series on the Dividend Payment Date immediately following the end of such Dividend Period shall be the product of (1) \$500,000, (2) four times the Corporation Determined Quarterly Dividend Rate or the Dealer Determined Quarterly Dividend Rate, as the case may be, for such Dividend Period and (3) the number of days in such Dividend Period, divided by 365.

- (f) If, for any reason, the dividend rate applicable hereunder is, in respect of any particular day, not determined or not determinable in accordance with the provisions hereof, the rate applicable in respect of such day shall be the Bankers' Acceptance Rate on such day plus 0.40%.

4. Cumulative Payment of Dividends

If on any Dividend Payment Date or Auction Dividend Payment Date the dividends accrued to such date are not paid in full on all Second Preferred Shares, Fifth Series then outstanding, such dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the directors of the

Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of such dividends. The holders of Second Preferred Shares, Fifth Series shall not be entitled to any dividends other than or in excess of the cumulative preferential cash dividends herein provided for.

5. Redemption

The Corporation may not redeem the Second Preferred Shares, Fifth Series or any of them prior to February 29, 1992. Subject to section I.8 and subject to the rights, privileges, restrictions and conditions attaching to any shares of the Corporation ranking in priority to the Second Preferred Shares, Fifth Series, the Corporation may, upon giving notice as hereinafter specified, redeem on February 29, 1992 and/or on the day which is the Business Day immediately preceding any Dividend Payment Date thereafter, up to and including February 28, 1995, and/or on any day which is the Business Day immediately preceding the Dividend Payment Date next following the Initial Term, a Corporation Determined Term or a Dealer Determined Term, or on any Settlement Date (the "Redemption Date") the whole or from time to time any part of the then outstanding Second Preferred Shares, Fifth Series, on payment for each share to be redeemed of a price of \$500,000 together, in each case, with all accrued and unpaid dividends thereon up to and including the Redemption Date (the whole constituting and being herein referred to as the "Redemption Price").

In case a part only of the Second Preferred Shares, Fifth Series is at any time to be redeemed, the shares so to be redeemed shall be redeemed as nearly as may be pro rata from each of the holders of Second Preferred Shares, Fifth Series. If a part only of the Second Preferred Shares, Fifth Series 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.

6. Method of Redemption

In any case of redemption of Second Preferred Shares, Fifth Series, the Corporation shall, not less than 30 days and not more than 60 days before the

Redemption Date, send by prepaid mail or deliver to the registered address of each person who at the date of mailing or delivery is a registered holder of Second Preferred Shares, Fifth Series to be redeemed a notice in writing of the intention of the Corporation to redeem such Second Preferred Shares, Fifth Series. Notwithstanding the foregoing, if the Corporation gives notice of its intention to redeem Second Preferred Shares, Fifth Series during an Auction Term, such notice shall be given not less than 12 days prior to the Redemption Date, which date, in such event, must be a Settlement Date. Any such notice shall be validly and effectively given on the date it is delivered to the holder of Second Preferred Shares, Fifth Series for whom it is intended or is sent by prepaid first class mail addressed to such holder at his address as it appears on the books of the Corporation, or in the event of the address of such holder not so appearing, then to the address of such holder last known to the Corporation, provided, however that the accidental failure or omission to give such notice to one or more holders shall not affect the validity of such redemption, but upon such failure or omission being discovered notice shall be given forthwith to such holder or holders and shall have the same force and effect as if given in due time. Such notice shall set out the number of Second Preferred Shares, Fifth Series held by the person to whom it is addressed which are to be redeemed, the Redemption Price, the Redemption Date and the place or places within Canada at which holders of Second Preferred Shares, Fifth Series may present and surrender such shares for redemption. On and after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Second Preferred Shares, Fifth Series called for redemption the Redemption Price (less any tax required to be deducted and withheld by the Corporation) of such shares on presentation and surrender, at the registered office of the Corporation or any other place or places within Canada specified in such notice of redemption, of the certificate or certificates representing the Second Preferred Shares, Fifth Series called for redemption. Payment in respect of Second Preferred Shares, Fifth Series being redeemed shall be made by cheque payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being. The delivery of such cheques to the registered holders of the Second Preferred Shares, Fifth Series being redeemed shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the holders of the Second Preferred Shares, Fifth

Series so called for redemption to the extent of the amount represented by such cheques (plus any tax required to be and in fact deducted and withheld therefrom and remitted to the proper tax authority) unless such cheques are not honoured when presented for payment. From and after the Redemption Date, the Second Preferred Shares, Fifth Series called for redemption shall cease to be entitled to dividends or any other participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof, other than the right to receive the Redemption Price, unless payment of the Redemption Price shall not be made upon presentation and surrender of the certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right at any time after the mailing or delivery of notice of its intention to redeem Second Preferred Shares, Fifth Series to deposit an amount equal to the aggregate Redemption Price of the Second Preferred Shares, Fifth Series so called for redemption, or of such of the Second Preferred Shares, Fifth Series which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice or in a subsequent notice to the holders of the Second Preferred Shares, Fifth Series in respect of which the deposit is made, to be paid without interest to or to the order of the respective holders of Second Preferred Shares, Fifth Series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the Redemption Date, whichever is the later, the Second Preferred Shares, Fifth Series in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof shall be limited to receiving, without interest, their proportionate part of the amount so deposited (less any tax required to be and in fact deducted or withheld therefrom) upon presentation and surrender of the certificate or certificates representing their Second Preferred Shares, Fifth Series being redeemed. Any interest allowed on any such deposit shall belong to the Corporation. Redemption moneys that are represented by a cheque which was mailed to a registered holder in accordance with this section I.6 and which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as

provided for above) for a period of six years from the Redemption Date shall be forfeited to the Corporation.

7. Purchase for Cancellation

Subject to the provisions of section I.8 hereof and to the rights, privileges, restrictions and conditions attaching to any shares of the Corporation ranking in priority to the Second Preferred Shares, Fifth Series, the Corporation may at any time or from time to time purchase for cancellation all or any part of the outstanding Second Preferred Shares, Fifth Series at any price by tender to all of the holders of record of the Second Preferred Shares, Fifth Series then outstanding or through the facilities of any stock exchange on which the Second Preferred Shares, Fifth Series are listed, or in any other manner provided that in the case of a purchase in any other manner, such Second Preferred Shares, Fifth Series shall be purchased for cancellation at the lowest price or prices at which, in the opinion of the directors of the Corporation, such shares are then obtainable, but not exceeding \$500,000 per share together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of purchase, plus reasonable costs of purchase. If, in response to an invitation for tenders under the provisions of this section I.7, more Second Preferred Shares, Fifth Series are tendered at a price or prices acceptable to the Corporation than the Corporation is prepared to purchase, then the Second Preferred Shares, Fifth Series to be purchased by the Corporation shall be purchased as nearly as may be pro rata according to the number of shares tendered by each holder who submits a tender to the Corporation, provided that when shares are tendered at different prices, the pro rating shall be effected only with respect to the shares tendered at the price at which more shares were tendered than the Corporation is prepared to purchase after the Corporation has purchased all the shares tendered at lower prices. If part only of the Second Preferred Shares, Fifth Series represented by a certificate shall be purchased, a new certificate for the balance of such shares shall be issued at the expense of the Corporation.

8. Restriction on Dividends and Retirement or Issue of Shares

As long as any Second Preferred Shares, Fifth Series are outstanding, the Corporation will not, without prior approval of the holders of such outstanding Second Preferred Shares, Fifth Series given in the manner hereinafter specified:

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

unless in any such case, all accrued and unpaid dividends up to and including the dividend payment for the last completed period for which such dividends shall be

payable, shall have been declared and paid or set apart for payment on the Second Preferred Shares, Fifth Series and any accrued and unpaid cumulative dividends which have become payable and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment on all other shares ranking in priority to or on a parity with the Second Preferred Shares, Fifth Series.

As long as any Second Preferred Shares, Fifth Series are outstanding, the Corporation shall not, without the prior approval of the holders of such outstanding Second Preferred Shares, Fifth Series given in the manner hereinafter specified, issue any shares ranking prior to the Second Preferred Shares, Fifth Series.

9. Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Second Preferred Shares, Fifth Series shall be entitled to receive from the assets of the Corporation in lawful money of Canada a sum equal to \$500,000 per Second Preferred Share, Fifth Series held by them plus an amount equal to all accrued and unpaid cumulative preferential dividends thereon, whether or not declared, calculated to but excluding the date of payment, the whole being paid before any amount shall be paid by the Corporation or any assets of the Corporation shall be distributed to the holders of the Junior Preferred Shares, the Common Shares or to the holders of any other class of shares of the Corporation ranking junior to the Second Preferred Shares, Fifth Series. Upon payment to the holders of record of the Second Preferred Shares, Fifth Series on the date of distribution 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.

10. Amendment

The rights, privileges, restrictions and conditions attached to the Second Preferred Shares, Fifth Series may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Second Preferred Shares, Fifth Series given in such manner as provided in section 1.11 hereof in addition to any vote, authorization, confirmation or approval as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by all the holders of outstanding Second Preferred Shares, Fifth Series or passed by the affirmative vote of at least 66 2/3% of the votes cast by the holders of the Second Preferred Shares, Fifth Series who voted in respect of that resolution at a meeting of the holders of the Second Preferred Shares, Fifth Series duly called for that purpose and at which a majority of the Second Preferred Shares, Fifth Series are represented or, if no quorum is present at such meeting, at any adjourned meeting of the holders of the Second Preferred Shares, Fifth Series at which holders of Second Preferred Shares, Fifth Series represented thereat shall constitute the quorum and may transact the business for which the meeting was originally called notwithstanding that they may not represent a majority of the outstanding Second Preferred Shares, Fifth Series.

11. Approval of Holders of Second Preferred Shares, Fifth Series

Any approval of the holders of the Second Preferred Shares, Fifth Series with respect to any matters requiring the consent of the holders of the Second Preferred Shares, Fifth Series other than an amendment of the rights, privileges, restrictions and conditions attached to the Second Preferred Shares, Fifth Series, may be given and shall be deemed to have been sufficiently given if given by the holders of the Second Preferred Shares, Fifth Series in the manner provided in the Second Preferred Share Class Provisions, which provisions shall apply mutatis mutandis, as though the term "Second Preferred Shares, Fifth Series" were used therein in place of the term "Second Preferred Shares".

12. Redesignation

Notwithstanding sections I.10 or I.11, the Corporation may at any time redesignate the Second Preferred Shares as First Preferred Shares, and the Second Preferred Shares, Fifth Series as First Preferred Shares, Fifth Series without the holders of the Second Preferred Shares, Fifth Series being entitled to vote thereon as a single series or to vote in a class vote of the holders of the Second Preferred Shares, the holders of the Second Preferred Shares, Fifth Series hereby being deemed to have consented to such redesignation being made, provided that no such redesignation shall prejudice the ranking of the Second Preferred Shares, Fifth Series relative to any other shares of the Corporation outstanding at the time of such redesignation.

13. 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 such that, and shall take all other necessary action under such Act such that, no holder of Second Preferred Shares, Fifth Series shall be required to pay tax on dividends received on the Second Preferred Shares, Fifth Series under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect.

PART II

1. Interpretation and Application

(a) For the purposes hereof, including Part I, Part III, Part IV and Part V hereof, the following expressions have the following meanings:

(i) "Auction" shall mean the periodic operation of the Auction Procedures;

- (ii) "Auction Date" shall mean the third Tuesday of the third calendar month of the first Auction Dividend Period included within an Auction Term and of each subsequent Auction Dividend Period included within an Auction Term (excluding, with respect to each such subsequent Auction Dividend Period, the calendar month in which the first day of such period falls) or, if such Tuesday is not a Business Day the next preceding Business Day;
- (iii) "Auction Dividend Payment Date" shall mean the first Business Day following the Settlement Date;
- (iv) "Auction Dividend Period" shall mean, with respect to the first Auction Dividend Period of any Auction Term, the period from and including the immediately preceding Dividend Payment Date to but excluding the first Settlement Date and, with respect to any subsequent Auction Dividend Period of such Auction Term, shall mean the period from and including each Settlement Date to but excluding the next succeeding Settlement Date; for greater certainty, the first Auction Dividend Period of an Auction Term shall commence on the day immediately following the last day of the Initial Term and on the day immediately following the last day of each Corporation Determined Term and each Dealer Determined Term unless the provisions of Part III or Part IV hereof shall have been implemented prior to such day so as to result in a Corporation Determined Term or Dealer Determined Term commencing on such day;
- (v) "Auction Procedures" shall mean the procedures set forth in Part V hereof for determining the applicable dividend rate for the Second Preferred Shares, Fifth Series from time to time during an Auction Term;

- (vi) "Auction Term" shall mean any term of not less than two consecutive Auction Dividend Periods with respect to which the Auction Procedures apply commencing on the first day of the first of such Auction Dividend Periods and terminating on the last day of any subsequent Auction Dividend Period which immediately precedes the beginning of a Corporation Determined Term or a Dealer Determined Term, as the case may be;

- (vii) "Average Daily Prime Rate" shall mean, for any day, the arithmetic average, rounded to the nearest one-hundredth of one percent (0.01%), of the Daily Prime Rates of the Banks on such day; provided that, if on such day there shall be no Daily Prime Rate for one or more of the Banks, the Average Daily Prime Rate for such day shall be the average of the Daily Prime Rates of the other Bank or Banks, as the case may be, and further provided that if on such day there shall be no Daily Prime Rate for any of the Banks, the Average Daily Prime Rate for such day shall be 1.5% above the average yield per annum on 91-day Government of Canada Treasury bills as reported by the Bank of Canada for the most recent weekly tender preceding such day;

- (viii) "Average Prime Rate" shall mean, for any period consisting of one or more days, the arithmetic average (rounded to the nearest one-hundredth of one percent (0.01%)) of the Average Daily Prime Rate for each day during such period;

- (ix) "Bankers' Acceptance Rate", for any day, shall mean the average bid rate for three-month Canadian dollar bankers' acceptances which appears on the Reuters Screen as of 10:00 a.m., Toronto time, on that day. If such rate does not appear on the Reuters Screen, the rate on that day shall be determined on the basis of the average quoted bid rates of the Banks for three-month Canadian dollar bankers'

acceptances for settlement on that day accepted by the Banks as of 10:00 a.m., Toronto time, on that day;

- (x) "Banks" shall mean Canadian Imperial Bank of Commerce, The Royal Bank of Canada, The Toronto-Dominion Bank, Bank of Montreal and The Bank of Nova Scotia and the term "Bank" shall mean one of the Banks and, for the purposes of this definition, "Banks" shall include any bank with which one or more of such Banks may merge and any bank which may become a successor to the business of one of such Banks;
- (xi) "Business Day" shall mean a day on which The Toronto Stock Exchange or any successor stock exchange is open for business and during an Auction Term, a day on which both such stock exchange and the principal offices of the Auction Manager in Toronto, Ontario are open for business;
- (xii) "Corporation Determined Dividend Rate" shall have the meaning ascribed thereto in Part III hereof;
- (xiii) "Corporation Determined Term" shall mean a term selected by the Corporation consisting of one or more consecutive Dividend Periods commencing on a Dividend Payment Date or a Settlement Date on or after March 1, 1995 and terminating on the last day of the last Dividend Period selected by the Corporation, to which the provisions of Part III hereof shall apply for the purpose of determining the dividend to be paid on each Dividend Payment Date relating to such term, provided that such term and the dividend rate applicable thereto have been approved by the holders of Second Preferred Shares, Fifth Series in accordance with section III.3. hereof;

- (xiv) "Current Dividend Rate" shall be the rate per annum which has been determined in accordance with section V.4.(b) hereof for the next succeeding Auction Dividend Period;
- (xv) "Daily Prime Rate" shall mean, for any Bank, on any day, the annual prime commercial lending rate of interest established and announced as the reference rate of interest used by such Bank on such day to determine the rates of interest such Bank will charge on Canadian dollar loans to customers in Canada and designated by such Bank as its prime rate;
- (xvi) "Dealer Determined Dividend Rate" shall have the meaning ascribed to that term in Part IV hereof;
- (xvii) "Dealer Determined Term" shall mean a term selected by a Dealer consisting of one or more consecutive Dividend Periods commencing on a Dividend Payment Date or Settlement Date on or after March 1, 1995 and terminating on the last day of the last Dividend Period selected by such Dealer, to which the provisions of Part IV hereof shall apply for the purpose of determining the dividend to be paid on each Dividend Payment Date relating to such term;
- (xviii) "Dividend Payment Dates" shall mean the first day of each of the months of March, June, September and December in each year commencing March 1, 1990;
- (xix) "Dividend Period" shall mean the period from and including the date of issue of the Second Preferred Shares, Fifth Series to but excluding the first Dividend Payment Date and, thereafter, the period from and including each Dividend Payment Date to but excluding the next succeeding Dividend Payment Date except for the first Dividend Period following an Auction Term in which case "Dividend Period" shall mean

the period from and including the most recent Settlement Date of the Auction Term to but excluding the next succeeding Dividend Payment Date which falls at least three calendar months after the said Settlement Date;

- (xx) "hereof" and similar expressions mean or refer to the provisions relating to the Second Preferred Shares, Fifth Series;
- (xxi) "Initial Term" shall mean the period from and including the date of issue of the Second Preferred Shares, Fifth Series to but excluding March 1, 1995;
- (xxii) "Reuters Screen" shall mean the display designated as page "CDOR" on the Reuter Monitor Money Rates Service (or such other page as may replace the CDOR page on that service) for the purpose of displaying Canadian dollar bankers' acceptance rates and Government of Canada Treasury bill rates;
- (xxiii) "ranking in priority to" or "ranking on a parity with" or "ranking junior to" or similar terms, whether used independently or in combination, shall mean and refer to the ranking of shares of different classes or series in respect of the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, voluntary or involuntary, or in the event of any other return of capital or distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs; and
- (xxiv) "Settlement Date" shall mean the first Business Day following an Auction Date.

- (b) Except as otherwise herein provided, in the event that any date on which any dividend on the Second Preferred Shares, Fifth Series is payable or on or by which any other action is required to be taken by the Corporation hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken, on or by the next succeeding day that is a Business Day.
- (c) In the event of the non-receipt of a cheque by a holder of Second Preferred Shares, Fifth Series entitled to such cheque, or the loss or destruction thereof, the Corporation, upon being furnished with reasonable evidence of such non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Corporation, shall issue to such holder a replacement cheque for the amount of such cheque.
- (d) The provisions of Part III hereof with respect to the fixing of a Corporation Determined Dividend Rate for a Corporation Determined Term may be initiated by the Corporation no earlier than 60 days and no later than 45 days prior to the end of the Initial Term and, thereafter, may be used by the Corporation from time to time during any Corporation Determined Term, Dealer Determined Term or Auction Dividend Period (other than during the first Auction Dividend Period within an Auction Term), as the case may be, provided that, in such circumstances, such provisions are initiated no earlier than 60 days and no later than 45 days prior to the end of such Corporation Determined Term or Dealer Determined Term or are initiated no earlier than 25 days and no later than 20 days prior to the end of such Auction Dividend Period, as the case may be.
- (e) The provisions of Part IV hereof with respect to the solicitation of Dealer Offers for the purpose of fixing a Dealer Determined Dividend Rate for a Dealer Determined Term may be initiated by the Corporation no earlier than 30 days and no later than 25 days prior to the end of the Initial Term and, thereafter, may be used by the Corporation from time to time during any Corporation Determined Term, Dealer Determined Term or Auction Dividend Period (other

than during the first Auction Dividend Period within an Auction Term), as the case may be, provided that in such circumstances, such provisions are initiated no earlier than 30 days and no later than 25 days prior to the end of such Corporation Determined Term or Dealer Determined Term or are initiated no earlier than 13 days and no later than 10 days prior to the end of such Auction Dividend Period, as the case may be.

- (f) The provisions of Part V hereof shall apply following the end of the Initial Term and following the end of any Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be, unless at any such time a Corporation Determined Dividend Rate has been accepted in accordance with the provisions of Part III hereof or a Dealer Determined Dividend Rate has been accepted in accordance with the provisions of Part IV hereof and the provisions of section IV.2.(g) hereof are fully complied with.

- (g) For the purposes hereof, including Part I, Part III, Part IV and Part V hereof, "accrued and unpaid dividends" means the aggregate of (i) all unpaid dividends on the Second Preferred Shares, Fifth Series in respect of any Dividend Payment Date for any completed Dividend Period and in respect of any Auction Dividend Payment Date for any completed Auction Dividend Period and (ii) the amount calculated as though dividends on each Second Preferred Share, Fifth Series had been accruing on a day to day basis in a manner consistent with section I.3 hereof from and including the Dividend Payment Date or Auction Dividend Payment Date in respect of the most recently completed of the Dividend Periods or Auction Dividend Periods, as the case may be, to but excluding the date on which the computation of accrued dividends is to be made; provided that, for the purpose of calculating accrued and unpaid dividends payable on (x) the Redemption Date in the event notice of redemption of the Second Preferred Shares, Fifth Series has been given pursuant to the provisions of section I.6., (y) the purchase date in the case of any purchase of Second Preferred Shares, Fifth Series made under

section I.7 or (z) the relevant date for the purposes of section I.9., the Average Prime Rate, if applicable to the calculation of the Corporation Determined Dividend Rate for a Corporation Determined Term or to the calculation of the Dealer Determined Dividend Rate for a Dealer Determined Term, shall be for a period of 90 days ending on a day not more than 15 days prior to the Redemption Date or purchase date and set out in the applicable notice of redemption, invitation for tenders or other purchase for cancellation, as the case may be, or ending on the relevant date for the purpose of section I.9., as the case may be.

- (h) The index and the headings of the various sections hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

2. Notices

- (a) Any notice or other communication from the Corporation provided for herein, including without limitation any notice of redemption, shall be in writing and shall be sufficiently given if delivered or if sent by ordinary unregistered first class prepaid mail, to the holders of Second Preferred Shares, Fifth Series at their respective addresses appearing on the securities register of the Corporation, or in the event of the address of any such holder not so appearing, then at the last address of such holder known to the Corporation, or if given to such holders by telex or facsimile communication. Notwithstanding the foregoing, any notice given under Part III, IV and V hereof shall be given by telex or facsimile communication, if possible. Accidental failure to give any notice or other communication to one or more holders of the Second Preferred Shares, Fifth Series shall not affect the validity of the notices or other communications properly given or any action, including the redemption of all or any part of the Second Preferred Shares, Fifth Series, taken pursuant to such properly given notice or other communication but, upon such failure being discovered, the notice or

other communication, as the case may be, shall be sent forthwith to such holder or holders and shall have the same force and effect as if given in due time.

- (b) If the Corporation determines that mail service is or is threatened to be interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to the holder of any Second Preferred Share, Fifth Series whether in connection with the redemption of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:
 - (i) give such notice by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in Toronto and Montreal; and
 - (ii) fulfill the requirement to send such cheque or such share certificate by arranging for delivery thereof to the principal office of the registrar and transfer agent for Second Preferred Shares, Fifth Series in Toronto, and such cheque and/or certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (i) above, provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted such cheque or share certificate, if not theretofore delivered to such holder, shall be sent by ordinary unregistered first class mail to the registered address of each person who at the date of mailing is a registered holder and who is entitled to receive such cheque or share certificate or, in the event of the address of any such holder not so appearing, to the last address of such holder known to the Corporation.
- (c) Notice given by the Corporation by mail shall be deemed to be given three Business Days after the day upon which it is mailed unless on

the day of or the day following such mailing an actual disruption of mail services has occurred in the province in or to which such notice is mailed. Notice given by the Corporation by publication shall be deemed to be given on the day on which the first publication is completed in any city in which notice is published and notice given by telex or facsimile communication shall be deemed to be given on the day on which it is sent (or, if such day is not a Business Day on the next following Business Day). Notice given to the Corporation pursuant to the provisions hereof shall be deemed to be given on the date of actual receipt thereof by the Corporation.

PART III CORPORATION DETERMINED RATE PROCEDURES

1. Definitions

For the purposes of this Part III, the following expressions have the following meanings:

- (a) "Corporation Determined Percentage" shall mean a percentage of the Average Prime Rate or of the Bankers' Acceptance Rate to be selected by the Corporation and set forth in the notice referred to in section III.2. hereof;
- (b) "Corporation Determined Quarterly Dividend Rate" shall mean one-quarter of the Corporation Determined Dividend Rate;
- (c) "Corporation Determined Dividend Rate" shall mean the annual dividend rate specified by the Corporation in its notice pursuant to section III.2. hereof, which annual dividend rate shall be one of:
 - (i) the Corporation Determined Percentage of the Average Prime Rate determined quarterly for each Dividend Payment Date immediately following the Dividend Period for which such determination is being made taking into account the

Average Prime Rate for the period consisting of the three calendar months ending on the last day of the calendar month prior to the calendar month during which the Dividend Payment Date for which the determination is being made falls; or

(ii) the Corporation Determined Percentage of the Bankers' Acceptance Rate determined on the first Business Day of the Dividend Period for which such determination is being made; or

(iii) a fixed annual percentage rate.

Terms defined in Part II, Part IV or Part V hereof and used but not defined in this Part III shall have the meanings attributed thereto in Part II, Part IV or Part V, as the case may be.

2. **Determination of New Dividend Rate**

No earlier than 60 days and no later than 45 days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or no earlier than 25 days and no later than 20 days prior to the end of the then current Auction Dividend Period (and provided such Auction Dividend Period is not the first Auction Dividend Period within an Auction Term), as the case may be, the Corporation may notify the holders of Second Preferred Shares, Fifth Series of a proposed Corporation Determined Dividend Rate for a proposed Corporation Determined Term. Such notification to such holders shall also:

(i) specify a date by which each holder must notify the Corporation in writing of its acceptance of the proposed Corporation Determined Dividend Rate and the proposed Corporation Determined Term, if such holder intends to accept such rate and term, which date shall be at least 35 days prior to the end of the Initial Term or the then

current Corporation Determined Term or Dealer Determined Term or at least 15 days prior to the end of the then current Auction Dividend Period, as the case may be; and

- (ii) specify that the proposed Corporation Determined Dividend Rate and the proposed Corporation Determined Term shall become effective for the purposes of determining the dividends to be paid on the Dividend Payment Dates for Dividend Periods during such proposed Corporation Determined Term only if all of the holders of Second Preferred Shares, Fifth Series accept such rate and term.

3. Acceptance of Corporation Determined Dividend Rate

If,

- (i) by the time prescribed in paragraph (i) of section III.2. hereof, all of the holders of Second Preferred Shares, Fifth Series have accepted the proposed Corporation Determined Dividend Rate and the proposed Corporation Determined Term as evidenced by notice in writing to the Corporation, and
- (ii) at least 30 days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or at least 12 days prior to the end of the then current Auction Dividend Period, as the case may be, the Corporation has notified all of such holders that each of them has agreed with the Corporation on such rate and term;

such Corporation Determined Dividend Rate and Corporation Determined Term shall apply for the purposes of determining the dividend to be paid on the Second Preferred Shares, Fifth Series, from time to time, on each of the Second

Preferred Shares, Fifth Series on each Dividend Payment Date in respect of Dividend Periods during such Corporation Determined Term.

4. Termination of Application

Notwithstanding the acceptance of a Corporation Determined Dividend Rate and a Corporation Determined Term as provided for in this Part III, the Corporation may notify the holders of Second Preferred Shares, Fifth Series that the Corporation does not intend to implement application of the Corporation Determined Dividend Rate and Corporation Determined Term as set forth in the notification to holders provided that such notification is given by the Corporation prior to the end of the Initial Term or the then current Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be. In such circumstances, the provisions of Part IV hereof may be applied in accordance with such Part, failing which the provisions of Part V hereof shall be applied in accordance with such Part. Any such notification shall not limit or restrict the right of the Corporation, prior to the expiry of any subsequent Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be, to implement the provisions of this Part III by forwarding a notification to the holders of Second Preferred Shares, Fifth Series.

5. Miscellaneous

In the event that there is any inconsistency, ambiguity or uncertainty in the interpretation or application of the procedures set forth in this Part, the directors of the Corporation (or any person or persons designated by the directors) may, in such manner as they shall determine in their sole discretion, interpret such procedures in order to deal with such inconsistency, ambiguity or uncertainty and any such determination evidenced by a certificate of the Secretary of the Corporation (which shall be provided to holders of Second Preferred Shares, Fifth Series upon request) shall be conclusive.

**PART IV
DEALER BIDS PROCEDURES**

1. Definitions

For the purposes of this Part IV, the following expressions have the following meanings:

- (a) "Dealer" shall mean any registered investment dealer or other person permitted by law to perform the functions required of a Dealer in this Part IV;
- (b) "Dealer Determined Percentage" shall mean a percentage of the Average Prime Rate or the Bankers' Acceptance Rate to be selected by each Dealer and to be set forth in each Dealer Offer in accordance with section IV.2.(b) hereof;
- (c) "Dealer Determined Quarterly Dividend Rate" shall mean one-quarter of the Dealer Determined Dividend Rate;
- (d) "Dealer Determined Dividend Rate" shall mean the annual dividend rate specified by the Dealer in the Accepted Dealer Offer referred to in section IV.2.(c) hereof which shall be one of:
 - (i) the Dealer Determined Percentage of the Average Prime Rate determined quarterly for each Dividend Payment Date immediately following the Dividend Period for which such determination is being made taking into account the Average Prime Rate for the period consisting of the three calendar months ending on the last day of the calendar month prior to the calendar month during which the Dividend Payment Date for which the determination is being made falls;
 - (ii) the Dealer Determined Percentage of the Bankers' Acceptance Rate determined on the first Business Day of

the Dividend Period for which such determination is being made; or

- (iii) a fixed annual percentage rate;
- (e) "Dealer Offer" shall mean a written irrevocable and unconditional offer from a Dealer in response to a Notice Requesting Bids to purchase all of the Second Preferred Shares, Fifth Series outstanding on the day of the expiry of the Initial Term or the then current Corporation Determined Term, Dealer Determined Term or on the Settlement Date immediately following the Auction Dividend Period, as the case may be, or if such day is not a Business Day, then on the immediately preceding Business Day, at a purchase price per Second Preferred Share, Fifth Series equal to \$500,000 and containing the information specified in section IV.2.(b) hereof;
- (f) "Dealer Response Date" shall have the meaning ascribed thereto in section IV.2.(a) hereof;
- (g) "Notice Requesting Bids" shall mean a notice from the Corporation to one or more Dealers requesting them to submit Dealer Offers as provided for in section IV.2.(a) hereof; and
- (h) "Notification to Holders" shall mean the notification from the Corporation to holders of Second Preferred Shares, Fifth Series of the acceptance of a Dealer Offer as provided for in section IV.2.(d) hereof.

Terms defined in Part II and Part V hereof and used but not defined in this Part IV shall have the meanings attributed thereto in Part II and Part V.

2. Bids by Dealers

- (a) No earlier than 30 days and no later than 25 days prior to the end of the Initial Term, or the then current Corporation Determined

Term or Dealer Determined Term or no earlier than 13 days and no later than 10 days prior to the end of the then current Auction Dividend Period (and provided such Auction Dividend Period is not the first Auction Dividend Period within an Auction Term), as the case may be, the Corporation may solicit bids from one or more Dealers for the purchase of all of the Second Preferred Shares, Fifth Series. Such solicitation shall be contained in a Notice Requesting Bids to be sent by the Corporation to such Dealers which notice shall:

- (i) invite each Dealer to submit to the Corporation a Dealer Offer; and
 - (ii) specify a date, which date shall not be more than 10 days after the giving of such notice except if such notice is given during an Auction Dividend Period in which case the date specified shall not be more than 5 days after the giving of such notice, by which any such offer must be received (the "Dealer Response Date") by the Corporation.
- (b) Each Dealer receiving a Notice Requesting Bids may submit a Dealer Offer provided such Dealer does so by the Dealer Response Date and provided that such Dealer Offer specifies:
- (i) for the purpose of determining the Dealer Determined Dividend Rate in the event such Dealer's Offer is accepted under section IV.2.(c):
 - (A) the Dealer Determined Percentage of the Average Prime Rate (to be determined as described in paragraph (i) of the definition herein of "Dealer Determined Dividend Rate");
 - (B) the Dealer Determined Percentage of the Bankers' Acceptance Rate (to be determined as described in

paragraph (ii) of the definition herein of "Dealer Determined Dividend Rate"); or

(C) a fixed annual percentage rate;

(ii) a Dealer Determined Term for which the rate referred to in paragraph (i) of this section IV.2.(b) shall apply; and

(iii) the amount of any fees to be paid by the Corporation to the Dealer in respect of the Second Preferred Shares, Fifth Series in the event the Dealer's Offer is accepted by the Corporation.

(c) If the Corporation wishes to accept a Dealer Offer, it shall signify such acceptance on or before 15 days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or on or before 5 days prior to the end of the then current Auction Dividend Period, as the case may be, by notice to the Dealer whose Dealer Offer it accepts (an "Accepted Dealer Offer"). The Dealer Determined Dividend Rate and Dealer Determined Term specified in the Accepted Dealer Offer shall apply for the purposes of determining the dividends to be paid on the Second Preferred Shares, Fifth Series on each Dividend Payment Date in respect of Dividend Periods during such Dealer Determined Term provided the provisions of section IV.2.(g) hereof are fully complied with. The Dealer whose Dealer Offer is accepted will be required to purchase all of the Second Preferred Shares, Fifth Series not retained by the existing holders on the day of the expiry of the Initial Term or of the then current Corporation Determined Term or Dealer Determined Term or on the Settlement Date immediately following the current Auction Dividend Period, as the case may be, or if such day is not a Business Day, on the immediately preceding Business Day, on the terms contained in the Accepted Dealer Offer.

- (d) Concurrently with its acceptance of a Dealer Offer, and in any event not later than 15 days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or not later than five days prior to the end of the then current Auction Dividend Period, as the case may be, the Corporation shall notify (a "Notification to Holders") each existing holder of Second Preferred Shares, Fifth Series that the Corporation has accepted a Dealer Offer. Such notification shall:
- (i) specify the Dealer Determined Dividend Rate to apply to the Second Preferred Shares, Fifth Series;
 - (ii) specify the Dealer Determined Term for which the Dealer Determined Dividend Rate referred to in paragraph (i) of this section IV.2.(d) shall apply;
 - (iii) notify such holders of the right of each holder either to sell all or some of the Second Preferred Shares, Fifth Series it holds to such Dealer or to continue to hold all or some of the Second Preferred Shares, Fifth Series it holds;
 - (iv) notify such holders of the date (which shall be not more than ten days and not less than six days prior to the end of the Initial Term or the then current Corporation Determined Term or Dealer Determined Term or not more than three days and not less than two days prior to the end of the then current Auction Dividend Period, as the case may be) by which the Corporation must have received written notice from such holder of its decision to sell all or some of the Second Preferred Shares, Fifth Series it holds as provided for in section IV.2.(e) hereof;
 - (v) notify such holders that any holder of Second Preferred Shares, Fifth Series that fails to respond to the Notification to Holders by the date specified for response therein will be

deemed to have elected to continue to hold all of the Second Preferred Shares, Fifth Series then held by it subject to the terms and conditions as to the Dealer Determined Dividend Rate and the Dealer Determined Term which are set forth in the Notification to Holders; and

- (vi) identify the Dealer whose Dealer Offer has been accepted.
- (e) Upon receipt of the Notification to Holders, an existing holder of Second Preferred Shares, Fifth Series may elect to sell Second Preferred Shares, Fifth Series in accordance with the terms specified in such Notification to Holders by notifying the Corporation in writing of such decision and of the number of shares to be sold. Each holder of Second Preferred Shares, Fifth Series who elects to sell all or some of its holdings of Second Preferred Shares, Fifth Series shall, together with such notice, deposit the certificate or certificates representing Second Preferred Shares, Fifth Series which such holder desires to sell (with the transfer panel on such certificate duly completed and signed or, in the alternative, with a duly completed stock transfer power of attorney accompanying such certificate or certificates) at the registered office of the Corporation, or at any place where the Second Preferred Shares, Fifth Series may be transferred or any other place or places in Canada specified by the Corporation to holders of the Second Preferred Shares, Fifth Series in the Notification to Holders. If a holder of Second Preferred Shares, Fifth Series wishes to sell only some of the Second Preferred Shares, Fifth Series represented by any share certificate or certificates the holder may deposit the certificate or certificates, as aforementioned, and the Corporation shall issue and deliver to such holder, at the expense of the Corporation, a new share certificate representing the Second Preferred Shares, Fifth Series which are not being delivered for sale. Any holder of Second Preferred Shares, Fifth Series that fails to respond to the Notification to Holders by the date specified for response therein will be deemed to have elected to continue to hold

all of the Second Preferred Shares, Fifth Series then held by it subject to the terms and conditions as to the Dealer Determined Dividend Rate and the Dealer Determined Term which are set forth in the Notification to Holders. The Corporation shall have all such powers and authority as may be necessary to determine finally the adequacy of all transfer instruments and related matters with respect to the sale of shares by an existing holder to a Dealer hereunder. Any determination by the Corporation to the effect that any instrument of transfer is incomplete or ineffective shall bind the holder intending to sell any of its Second Preferred Shares, Fifth Series pursuant to the provisions of this Part IV and shall also bind the Dealer in question.

- (f) At least one Business Day prior to the end of the Initial Term, or the then current Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be, the Corporation shall notify the Dealer submitting the Accepted Dealer Offer of the number of shares to be purchased by such Dealer in accordance with section IV.2.(g) hereof and of the identity of the vendor or vendors thereof.

- (g) On the day of the expiry of the Initial Term, or the then current Corporation Determined Term or Dealer Determined Term or on the Settlement Date immediately following the end of the Auction Dividend Period, as the case may be, or if such day is not a Business Day then on the immediately preceding Business Day, the Dealer submitting the Accepted Dealer Offer shall purchase the Second Preferred Shares, Fifth Series from the holders specified in section IV.2.(f) hereof, at the purchase price set out in section IV.1.(e) hereof. For the purposes of completing such purchase, the Dealer submitting the Accepted Dealer Offer shall deposit with the Corporation, at its registered office, on or prior to noon (Toronto time) on such date, a certified cheque payable to the Corporation, as agent for the vendor or vendors referred to in section IV.2.(f) hereof, representing the aggregate purchase price for

the Second Preferred Shares, Fifth Series to be purchased pursuant to this section IV.2.(g) together with a direction as to registration particulars with respect to such Second Preferred Shares, Fifth Series to be purchased. Upon receipt of such certified cheque as aforesaid, the Corporation shall deliver to the vendor or vendors at the registered office of the Corporation cheques payable to the vendor or vendors in payment of the purchase price for such Second Preferred Shares, Fifth Series (less any tax required to be deducted and withheld therefrom) against delivery of the certificates therefor duly completed in accordance with section IV.2.(e), and delivery of such cheques by the Corporation shall be deemed to be payment and shall satisfy and discharge all liability for such purchase price to the extent of the amount represented by such cheques (plus any tax required to be and in fact deducted and withheld therefrom and remitted to the proper tax authority), unless such cheques are not paid on due presentation.

3. Termination of Application

Notwithstanding the acceptance of a Dealer Offer as provided for in this Part IV, the Corporation may notify the holders of Second Preferred Shares, Fifth Series that the Corporation does not intend to implement application of the Dealer Determined Dividend Rate and Dealer Determined Term as set forth in the Notification to Holders provided that such notification is given by the Corporation prior to the end of the Initial Term or of the then current Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be. In such circumstances, the provisions of Part V hereof shall be applied in accordance with such Part and, for greater certainty, the Dealer whose Dealer Offer has been accepted shall not be obliged to purchase any Second Preferred Shares, Fifth Series pursuant to such Dealer Offer. Any such notification shall not limit or restrict the right of the Corporation, prior to the end of any subsequent Corporation Determined Term, Dealer Determined Term or Auction Dividend Period, as the case may be, to implement the provisions of this Part IV by forwarding a Notice Requesting Bids to one or more Dealers.

4. **Miscellaneous**

In the event that there is any inconsistency, ambiguity or uncertainty in the interpretation or application of the procedures set forth in this Part IV, the directors of the Corporation (or any person or persons designated by the directors) may, in such manner as they shall determine in their sole discretion, interpret such procedures in order to deal with any such inconsistency, ambiguity or uncertainty and any such determination evidenced by a certificate of the Secretary of the Corporation (which shall be provided to holders of Second Preferred Shares, Fifth Series upon request) shall be conclusive.

PART V
AUCTION PROCEDURES

1. **Definitions**

For the purposes of this Part V the following expressions have the following meanings:

- (a) "Auction Manager" shall mean (i) the Corporation or (ii) another person, or any successor thereto, duly appointed or to be appointed from time to time by the Corporation as Auction Manager in respect of the Second Preferred Shares, Fifth Series pursuant to the Auction Manager Agreement;
- (b) "Auction Manager Agreement" shall mean an agreement made between the Auction Manager, if other than the Corporation, and the Corporation which provides, among other things, that the Auction Manager will follow the procedures set forth in this Part V for the purposes of determining the Current Dividend Rate for the Second Preferred Shares, Fifth Series;
- (c) "Available Shares" shall have the meaning specified in paragraph (i) of section V.4.(a) hereof;

- (d) "Bid" and "Bids" shall have the respective meanings specified in section V.2.(a) hereof;
- (e) "Bidder" and "Bidders" shall have the respective meanings specified in section V.2.(a) hereof;
- (f) "Dealer" shall mean any registered investment dealer or other person permitted by law to perform the functions required of a Dealer in this Part V that has entered into a Dealer Agreement with the Auction Manager that is in effect;
- (g) "Dealer Agreement" shall mean an agreement between the Auction Manager and a Dealer pursuant to which the Dealer agrees to participate in Auctions in compliance with the procedures set forth in this Part V;
- (h) "Existing Holder" shall mean a holder of Second Preferred Shares, Fifth Series (i) who has signed a Purchaser's Letter, (ii) who has delivered or caused to be delivered such Purchaser's Letter to the Auction Manager and to any Dealer to which such Existing Holder submits information pursuant to section V.2.(a) hereof, and (iii) who is registered in the ledger maintained by the Auction Manager in respect of holders of Second Preferred Shares, Fifth Series;
- (i) "held by" with respect to any Second Preferred Shares, Fifth Series registered in the name of the Auction Manager shall include such shares beneficially owned by an Existing Holder but does not include, with respect to such shares, the Auction Manager;
- (j) "Hold Order" and "Hold Orders" shall have the respective meanings specified in section V.2.(a) hereof;
- (k) "Maximum Rate" with respect to any Auction Dividend Period shall mean the Bankers' Acceptance Rate determined on the Auction Date

immediately preceding the beginning of such Auction Dividend Period plus 0.40%;

- (l) "Order" and "Orders" shall have the respective meanings specified in section V.2.(a) hereof;
- (m) "Potential Holder" shall mean any person, including any Existing Holder, (i) who has executed a Purchaser's Letter, (ii) who has delivered or caused to be delivered such Purchaser's Letter to the Auction Manager and to any Dealer to which such Potential Holder submits information pursuant to section V.2.(a) hereof and (iii) who may be interested in acquiring Second Preferred Shares, Fifth Series (or, in the case of an Existing Holder, additional Second Preferred Shares, Fifth Series);
- (n) "Purchaser's Letter" shall mean a letter addressed to the Auction Manager and a Dealer in which a person agrees, among other things, to be bound by the Auction Procedures in the event such person participates in an Auction;
- (o) "Remaining Shares" shall have the meaning specified in paragraph (iv) of section V.5.(a) hereof;
- (p) "Sell Order" and "Sell Orders" shall have the respective meanings specified in section V.2.(a) hereof;
- (q) "Submission Deadline" shall mean 11:00 a.m., Toronto time, on any Auction Date or such later time on any Auction Date, as specified by the Auction Manager from time to time, by which Dealers are required to submit Orders to the Auction Manager;
- (r) "Submitted Bid" and "Submitted Bids" shall have the respective meanings specified in section V.4.(a) hereof;

- (s) "Submitted Hold Order" and "Submitted Hold Orders" shall have the respective meanings specified in section V.4.(a) hereof;
- (t) "Submitted Order" and "Submitted Orders" shall have the respective meanings specified in section V.4.(a) hereof;
- (u) "Submitted Sell Order" and "Submitted Sell Orders" shall have the respective meanings specified in section V.4.(a) hereof;
- (v) "Sufficient Clearing Bids" shall have the meaning specified in section V.4.(a) hereof; and
- (w) "Winning Bid Rate" shall mean the dividend rate per annum determined in accordance with section V.4.(a) hereof.

2. Orders by Existing Holders and Potential Holders

- (a) **Prior to the Submission Deadline on each Auction Date:**
 - (i) each Existing Holder may submit to a Dealer information as to the number of Second Preferred Shares, Fifth Series, if any, held by such Existing Holder which such Existing Holder:
 - (A) desires to continue to hold without regard to the Current Dividend Rate; and/or
 - (B) desires to continue to hold, provided that the Current Dividend Rate shall not be less than the dividend rate per annum specified by such Existing Holder; and/or
 - (C) offers to sell without regard to the Current Dividend Rate; and

- (ii) Potential Holders may submit to a Dealer offers to purchase Second Preferred Shares, Fifth Series, provided that any such offer shall be effective only if the Current Dividend Rate shall not be less than the dividend rate per annum specified by such Potential Holder.

The communication to a Dealer of the information referred to in this section V.2.(a) is an "Order" and, collectively, are "Orders", and each Existing Holder and each Potential Holder placing an Order is a "Bidder" and, collectively, are "Bidders"; an Order containing the information referred to in subparagraph (i)(A) of this section V.2.(a) is a "Hold Order" and, collectively, are "Hold Orders"; an Order containing the information referred to in subparagraph (i)(B) or paragraph (ii) of this section V.2.(a) is a "Bid" and, collectively, are "Bids"; and an Order containing the information referred to in subparagraph (i)(C) of this section V.2.(a) is a "Sell Order" and, collectively, are "Sell Orders".

- (b) (i) A Bid by an Existing Holder shall constitute an irrevocable offer to sell at a price of \$500,000 per Second Preferred Share, Fifth Series:
 - (A) the number of Second Preferred Shares, Fifth Series specified in such Bid if the Winning Bid Rate determined on the applicable Auction Date is less than the rate specified in such Bid;
 - (B) the number of Second Preferred Shares, Fifth Series specified in such Bid or a lesser number to be determined as set forth in paragraph (iv) of section V.5.(a) hereof if the Winning Bid Rate determined on such Auction Date is equal to the rate specified in such Bid;
 - (C) the number of Second Preferred Shares, Fifth Series specified in such Bid if the rate specified in such Bid

is higher than the Maximum Rate and Sufficient Clearing Bids do exist; or

(D) a lesser number of Second Preferred Shares, Fifth Series to be determined as set forth in paragraph (iii) of section V.5.(b) hereof if the rate specified in such Bid is higher than the Maximum Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Holder shall constitute an irrevocable offer to sell at a price of \$500,000 per Second Preferred Share, Fifth Series:

(A) the number of Second Preferred Shares, Fifth Series specified in such Sell Order; or

(B) a lesser number of Second Preferred Shares, Fifth Series to be determined as set forth in paragraph (iii) of section V.5.(b) hereof if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Holder shall constitute an irrevocable offer to purchase at a price of \$500,000 per Second Preferred Share, Fifth Series:

(A) the number of Second Preferred Shares, Fifth Series specified in such Bid if the Winning Bid Rate determined on the applicable Auction Date is higher than the rate specified in such Bid; or

(B) the specified number or a lesser number of Second Preferred Shares, Fifth Series to be determined as set forth in paragraph (v) of section V.5.(a) hereof if the Winning Bid Rate determined on such Auction Date is equal to the rate specified in such Bid; or

(C) the specified number of Second Preferred Shares, Fifth Series if the rate specified in such Bid is equal to or lower than the Maximum Rate and Sufficient Clearing Bids do not exist.

(c) A rate specified by an Existing Holder or Potential Holder in any Bid shall be a fixed annual percentage rate or a specified percentage of the Bankers' Acceptance Rate determined on the relevant Auction Date.

(d) If none of the holders of Second Preferred Shares, Fifth Series is an Existing Holder for the purposes of this Part V on any date which would be an Auction Date hereunder, the Current Dividend Rate for the next succeeding Auction Dividend Period shall be equal to 50% of the Bankers' Acceptance Rate determined on the Auction Date.

3. Submission of Orders by Dealers to the Auction Manager

(a) Each Dealer shall submit to the Auction Manager in writing in accordance with its Dealer Agreement prior to the Submission Deadline on each Auction Date all Orders obtained by such Dealer and specifying with respect to each Order:

- (i) the name of the Bidder placing such Order;
- (ii) the aggregate number of Second Preferred Shares, Fifth Series that are the subject of the Order;
- (iii) to the extent that the Bidder is an Existing Holder, the number of Second Preferred Shares, Fifth Series, if any, subject to any:
 - (A) Hold Order placed by such Existing Holder;
 - (B) Bid placed by such Existing Holder and the rate specified in such Bid; and/or

(C) Sell Order placed by such Existing Holder; and

(iv) to the extent that the Bidder is a Potential Holder, the rate specified in the Bid of such Potential Holder.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Manager shall round such rate up to the next highest one-thousandth of one percent (0.001%).

(c) If for any reason an Order or Orders covering in the aggregate all the Second Preferred Shares, Fifth Series held by an Existing Holder is not submitted to the Auction Manager prior to the Submission Deadline, the Auction Manager shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the number of Second Preferred Shares, Fifth Series held by such Existing Holder and not subject to Orders submitted to the Auction Manager.

(d) If one or more Orders covering in the aggregate more than the number of Second Preferred Shares, Fifth Series held by any Existing Holder are submitted to the Auction Manager, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid, but only up to and including, in the aggregate, the number of Second Preferred Shares, Fifth Series held by such Existing Holder, and, solely for purposes of allocating compensation among the Dealers submitting Hold Orders, if the number of Second Preferred Shares, Fifth Series subject to such Hold Orders exceeds the number of Second Preferred Shares, Fifth Series held by such Existing Holder, the number of Second Preferred Shares, Fifth Series subject to each such Hold Order shall be reduced pro rata to cover the number of Second Preferred Shares, Fifth Series held by such Existing Holder;

- (ii)
 - (A) any Bid shall be considered valid up to and including the excess of the number of Second Preferred Shares, Fifth Series held by such Existing Holder over the number of Second Preferred Shares, Fifth Series subject to any Hold Order referred to in paragraph (i) of this section V.3.(d);
 - (B) subject to paragraph (ii)(A) of this section V.3.(d), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the number of Second Preferred Shares, Fifth Series subject to such Bids is greater than such excess, such Bids shall be considered valid up to the amount of such excess, and, solely for purposes of allocating compensation among the Dealers submitting Bids with the same rate, the number of Second Preferred Shares, Fifth Series subject to each Bid with the same rate shall be reduced pro rata to cover the number of Second Preferred Shares, Fifth Series equal to such excess;
 - (C) subject to subparagraph (ii)(A) of this section V.3.(d), if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid in the ascending order of their respective rates up to the amount of such excess; and
 - (D) in any event, the number, if any, of such Second Preferred Shares, Fifth Series subject to Bids not valid under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Holder; and
- (e) all Sell Orders shall be considered valid but only up to and including in the aggregate the excess of the number of Second Preferred Shares, Fifth Series held by such Existing Holder over the sum of the Second Preferred Shares, Fifth Series subject to Hold Orders

referred to in paragraph (i) of this section V.3.(d) and valid Bids by Existing Holders referred to in paragraph (ii) of this section V.3.(d).

(f) If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate specified therein.

**4. Determination of Sufficient Clearing Bids,
Winning Bid Rate and Current Dividend Rate**

(a) On the Submission Deadline on each Auction Date, the Auction Manager shall assemble all Orders submitted or deemed submitted to it by the Dealers (each such Order as submitted or deemed submitted by a Dealer being individually a "Submitted Hold Order", a "Submitted Bid" or a "Submitted Sell Order", as the case may be, or a "Submitted Order" and, collectively, "Submitted Hold Orders", "Submitted Bids" or "Submitted Sell Orders", as the case may be, or "Submitted Orders") and shall determine:

(i) the excess of (a) the total number of Second Preferred Shares, Fifth Series held by Existing Holders issued and outstanding over (b) the number of Second Preferred Shares, Fifth Series that are the subject of Submitted Hold Orders (such excess being the "Available Shares");

(ii) from the Submitted Orders, whether:

(A) the number of Second Preferred Shares, Fifth Series that are the subject of Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Rate;

exceeds or is equal to the sum of:

(B) (I) the number of Second Preferred Shares, Fifth Series that are the subject of Submitted Bids

by Existing Holders specifying one or more rates higher than the Maximum Rate; and

(II) the number of Second Preferred Shares, Fifth Series that are the subject of Submitted Sell Orders;

and if such excess or equality exists (other than because all of the Second Preferred Shares, Fifth Series held by Existing Holders are the subject of Submitted Hold Orders), then such Submitted Bids in subparagraph (A) hereof shall be "Sufficient Clearing Bids"; and

(iii) if Sufficient Clearing Bids exist, the lowest rate specified in the Submitted Bids which if the Auction Manager accepted:

(A) (I) each Submitted Bid from Existing Holders specifying that lowest rate, and

(II) all other Submitted Bids from Existing Holders specifying lower rates,

thus entitling those Existing Holders to continue to hold the aggregate number of Second Preferred Shares, Fifth Series that are specified in those Submitted Bids; and

(B) (I) each Submitted Bid from Potential Holders specifying that lowest rate, and

(II) all other Submitted Bids from Potential Holders specifying lower rates,

thus entitling those Potential Holders to purchase the aggregate number of Second Preferred Shares, Fifth Series that are specified in those Submitted Bids;

would result in such Existing Holders described in subparagraph (A) hereof continuing to hold an aggregate number of Second Preferred Shares, Fifth Series which, when added to the aggregate number of Second Preferred Shares, Fifth Series to be purchased by such Potential Holders described in subparagraph (B) hereof, would equal not less than the number of Available Shares. This lowest rate is the "Winning Bid Rate".

- (b) Promptly after the Auction Manager has made the determinations pursuant to section V.4.(a) hereof, the Auction Manager shall advise the Corporation of the Bankers' Acceptance Rate and, based on such determinations, of the dividend rate applicable to the Second Preferred Shares, Fifth Series for the next succeeding Auction Dividend Period (the "Current Dividend Rate") as follows:
- (i) if Sufficient Clearing Bids exist, that the Current Dividend Rate for the next succeeding Auction Dividend Period shall be equal to the Winning Bid Rate so determined;
 - (ii) if Sufficient Clearing Bids do not exist (other than because all of the Second Preferred Shares, Fifth Series held by Existing Holders are the subject of Submitted Hold Orders), that the Current Dividend Rate for the next succeeding Auction Dividend Period shall be equal to the Maximum Rate; or
 - (iii) if all of the Second Preferred Shares, Fifth Series held by Existing Holders are the subject of Submitted Hold Orders, that the Current Dividend Rate for the next succeeding Auction Dividend Period shall be equal to 50% of the Bankers' Acceptance Rate determined on the Auction Date.

5. Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Shares

Based on the determinations made pursuant to section V.4.(a) hereof, the Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Manager shall take such other action as set forth below:

- (a) If Sufficient Clearing Bids have been made, subject to the provisions of section V.5.(c) and V.5.(d) hereof, Submitted Bids and Submitted Sell Orders shall be accepted and rejected in the following order of priority and all other Submitted Bids shall be rejected:
 - (i) (A) the Submitted Sell Order of each Existing Holder shall be accepted and (B) the Submitted Bid of each Existing Holder specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Holder to sell the Second Preferred Shares, Fifth Series that are the subject of such Submitted Sell Order and such Submitted Bid;
 - (ii) the Submitted Bid of each Existing Holder specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus entitling each such Existing Holder to continue to hold the Second Preferred Shares, Fifth Series that are the subject of such Submitted Bid;
 - (iii) the Submitted Bid of each Potential Holder specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the number of Second Preferred Shares, Fifth Series specified in such Submitted Bid;
 - (iv) the Submitted Bid of each Existing Holder specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus entitling each such Existing Holder to continue to hold

the Second Preferred Shares, Fifth Series that are the subject of such Submitted Bid, unless the number of Second Preferred Shares, Fifth Series subject to all such Submitted Bids is greater than the total number of Available Shares minus the number of Second Preferred Shares, Fifth Series subject to Submitted Bids described in paragraphs (ii) and (iii) of this section V.5.(a) (the "Remaining Shares"). In this event, the Submitted Bids of each such Existing Holder described in this paragraph (iv) shall be rejected, and each such Existing Holder shall be required to sell Second Preferred Shares, Fifth Series, but only in an amount equal to the difference between (A) the number of Second Preferred Shares, Fifth Series then held by such Existing Holder subject to such Submitted Bid, and (B) the number of Second Preferred Shares, Fifth Series obtained by multiplying (x) the number of Remaining Shares by (y) a fraction, the numerator of which shall be the number of Second Preferred Shares, Fifth Series held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the number of Second Preferred Shares, Fifth Series subject to such Submitted Bids made by all such Existing Holders who specified a rate equal to the Winning Bid Rate; and

- (v) the Submitted Bid of each Potential Holder specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the number of Second Preferred Shares, Fifth Series obtained by multiplying (A) the excess, if any, of the total number of Available Shares over the number of Second Preferred Shares, Fifth Series subject to accepted Submitted Bids described in clauses (ii), (iii) and (iv) of this subsection V.5.(a) by (B) a fraction, the numerator of which shall be the number of Second Preferred Shares, Fifth Series specified in such Submitted Bid and the denominator of which shall be the sum of the number of

Second Preferred Shares, Fifth Series subject to Submitted Bids made by all Potential Holders who specified a rate equal to the Winning Bid Rate.

- (b) If Sufficient Clearing Bids have not been made (other than because all of the Second Preferred Shares, Fifth Series held by Existing Holders are subject to Submitted Hold Orders), subject to the provisions of sections V.5.(c) and V.5.(d) of this Part V, Submitted Bids and Submitted Sell Orders shall be accepted or rejected in the following order of priority and all other Submitted Bids shall be rejected:
- (i) the Submitted Bid of each Existing Holder specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus entitling that Existing Holder to continue to hold the Second Preferred Shares, Fifth Series that are the subject of such Submitted Bid;
 - (ii) the Submitted Bid of each Potential Holder specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus requiring such Potential Holder to purchase the number of Second Preferred Shares, Fifth Series specified in such Submitted Bid; and
 - (iii) the Submitted Bid of each Existing Holder specifying any rate that is higher than the Maximum Rate shall be rejected and the Submitted Sell Order of each Existing Holder shall be accepted, in both cases only in an amount equal to the difference between (A) the number of Second Preferred Shares, Fifth Series then held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and (B) the number of Second Preferred Shares, Fifth Series obtained by multiplying (x) the difference between the total number of Available Shares and the aggregate number of Second Preferred Shares, Fifth Series subject to Submitted

Bids described in paragraphs (i) and (ii) of this section V.5(b) by (y) a fraction, the numerator of which shall be the number of Second Preferred Shares, Fifth Series held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the number of Second Preferred Shares, Fifth Series subject to all such Submitted Bids and Submitted Sell Orders.

- (c) If, as a result of the procedures described in sections V.5.(a) or V.5.(b) hereof, any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a fraction of a Second Preferred Share, Fifth Series on any Auction Date, the Auction Manager shall, in such manner as it shall determine in its sole discretion, round up or down the number of Second Preferred Shares, Fifth Series to be purchased or sold by any Existing Holder or Potential Holder on such Auction Date so that the number of shares purchased or sold by each Existing Holder or Potential Holder shall be whole Second Preferred Shares, Fifth Series.
- (d) If, as a result of the procedures described in section V.5.(a) hereof, any Potential Holder would be entitled or required to purchase a fraction of a Second Preferred Share, Fifth Series on any Auction Date, the Auction Manager shall, in such manner as it shall determine in its sole discretion, allocate shares for purchase among Potential Holders so that only whole Second Preferred Shares, Fifth Series are purchased on such Auction Date by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing Second Preferred Shares, Fifth Series on such Auction Date.
- (e) Based on the results of each Auction, the Auction Manager shall determine to which Potential Holder or Potential Holders purchasing Second Preferred Shares, Fifth Series an Existing Holder or Existing Holders shall sell Second Preferred Shares, Fifth Series being sold

by such Existing Holder or Existing Holders. Such purchases and sales of Second Preferred Shares, Fifth Series shall be completed in accordance with the procedures specified in the Purchaser's Letter on the Settlement Date by payment by each Potential Holder purchasing Second Preferred Shares, Fifth Series of the aggregate purchase price of the Second Preferred Shares, Fifth Series to be purchased from a relevant Existing Holder equal to \$500,000 per Second Preferred Share, Fifth Series against delivery by such Existing Holder selling Second Preferred Shares, Fifth Series to such Potential Holder of a certificate or certificates representing the number of Second Preferred Shares, Fifth Series being sold, duly endorsed for transfer.

6. Miscellaneous

Notwithstanding the provisions of Part V hereof, the Auction Manager shall not follow the Auction Procedures on the Auction Date immediately preceding: (i) the Redemption Date in the event that written notice of redemption of all the outstanding Second Preferred Shares, Fifth Series has been given pursuant to the provisions of section I.6. hereof or (ii) the first day of a Corporation Determined Term or Dealer Determined Term.

In the event that there is any inconsistency, ambiguity or uncertainty in the interpretation or application of the procedures set forth in this Part, the directors of the Corporation (or any person or persons designated by the directors) may, in such manner as they shall determine in their sole discretion, interpret such procedures in order to deal with any such inconsistency, ambiguity or uncertainty and any such determination evidenced by a certificate of the Secretary of the Corporation (which shall be provided to holders of Second Preferred Shares, Fifth Series) shall be conclusive.

7. Corporation as Auction Manager

If the Corporation acts as the Auction Manager for any Auction, the Corporation shall not submit any Bid at such Auction.



**Certificate
of Amendment**

**Canada Business
Corporations Act**

**Certificat
de modification**

**Loi canadienne sur
les sociétés par actions**

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE**

012676-4

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the above-named corporation were amended

Je certifie que les statuts de la société susmentionnée ont été modifiés :

(a) under section 13 of the *Canada Business Corporations Act* in accordance with the attached notice;

a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;

(b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares;

b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment;

c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;

(d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization;

d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes;

(e) under section 192 of the *Canada Business Corporations Act* as set out in the attached articles of arrangement.

e) en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses d'arrangement ci-jointes.

Director - Directeur

May 15, 1995/le 15 mai 1995
Date of Amendment - Date de modification



1 - Name of corporation - Dénomination de la société

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

2 - Corporation No. - N° de la société
012676-4

3 - The articles of the above-named corporation are amended as follows: Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante :

(a) by deleting from Part A thereof the words referring to Junior Preferred Shares and to particular series of shares so that Part A reads as follows:

"The shares which the Corporation is authorized to issue are:

- 1,000,000 First Preferred Shares without nominal or par value (the "First Preferred Shares") issuable in series;
- an unlimited number of Second Preferred Shares without nominal or par value (the "Second Preferred Shares") issuable in series;
- an unlimited number of Common Shares without nominal or par value (the "Common Shares").";

(b) by deleting:

- the whole of Parts F and G thereof, being the provisions attaching to the First and Second Series, respectively, of Second Preferred Shares;
- the whole of Part H thereof, being the provisions attaching to the Junior Preferred Shares as a class;
- all of the provisions made by the Articles of Amendment effective June 25, 1980, October 8, 1981, May 20, 1982 and May 6, 1983, being the provisions attaching to the First, Second, Third and Fourth Series, respectively, of Junior Preferred Shares;
- all of the provisions made by the Articles of Amendment effective July 4, 1986, December 13, 1989 and December 14, 1989, being the provisions attaching to the Third, Fourth and Fifth Series, respectively, of Second Preferred Shares.

Date

April 28, 1995

Signature

Marian Burrows

Title - Titre

Assistant Secretary



**Certificate
of Amendment**

**Canada Business
Corporations Act**

**Certificat
de modification**

**Loi canadienne sur
les sociétés par actions**

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE**

012676-4

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the above-named corporation were amended

Je certifie que les statuts de la société susmentionnée ont été modifiés :

(a) under section 13 of the *Canada Business Corporations Act* in accordance with the attached notice;

a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;

(b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares;

b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment;

c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;

(d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization.

d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes.

Director - Directeur

April 30, 1996/le 30 avril 1996

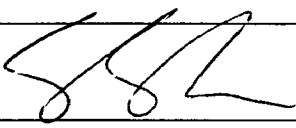
Date of Amendment - Date de modification



1 — Name of corporation — Dénomination de la société LOBLAW COMPANIES LIMITED LES COMPAGNIES LOBLAW LIMITÉE	2 — Corporation No. — N° de la société 012676-4
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3 — The articles of the above-named corporation are amended as follows: Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante :

To subdivide each issued and outstanding common share of the corporation into three common shares of the corporation effective 8:00 p.m., Toronto time, May 10, 1996.

Date April 30, 1996	Signature 	Title — Titre STEWART E. GREEN SENIOR VICE PRESIDENT & SECRETARY FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT Filed - Déposée APR 18 1996
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Industry Canada

Industrie Canada

**Certificate
of Amendment**

**Canada Business
Corporations Act**

**Certificat
de modification**

**Loi canadienne sur
les sociétés par actions**

LOBLAW COMPANIES LIMITED

LES COMPAGNIES LOBLAW LIMITEE

012676-4

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the
above-named corporation were amended:

Je certifie que les statuts de la société
susmentionnée ont été modifiés:

- a) under section 13 of the *Canada Business Corporations Act* in accordance with the attached notice;
- b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares;
- c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment;
- d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization;

- a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;
- b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;
- c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;
- d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes;

Richard G. Shaw
Director - Directeur

June 19, 2008 / le 19 juin 2008

Date of Amendment - Date de modification



Industry Canada Industrie Canada

ELECTRONIC TRANSACTION RAPPORT DE LA TRANSACTION
REPORT ÉLECTRONIQUE

Canada Business Loi canadienne sur les
Corporations Act sociétés par actions

ARTICLES OF AMENDMENT CLAUSES MODIFICATRICES
(SECTIONS 27 OR 177) (ARTICLES 27 OU 177)

Processing Type - Mode de traitement: E-Commerce/Commerce-É

1. Name of Corporation - Dénomination de la société

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

2. Corporation No. - N° de la société

012676-4

3. The articles of the above-named corporation are amended as follows:

Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante:

The articles are amended by adding thereto the following:

I. SECOND PREFERRED SHARES, SERIES A

A series of Second Preferred Shares shall consist of 12,000,000 Second Preferred Shares, shall be designated as Second Preferred Shares, Series A (hereinafter referred to as the "Series A Second Preferred Shares") and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

1.1 Rules of Construction

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

- (a) "Business Day" means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in the province or municipality in which the Corporation's registered office is located.
- (b) "Dividend Payment Date" means the last day of January, April, July and October in each year.
- (c) "Dividend Payment Period" means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date.
- (d) "Quarterly Dividend Rate" means one quarter of an annual rate of 5.95%.
- (e) "Ranking as to Capital" means ranking with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary.
- (f) "Ranking as to Dividends" means ranking with respect to priority in the payment of dividends by the Corporation on its shares.
- (g) "Redemption Price" has the meaning given thereto in section 1.3.3.
- (h) If any dividend is payable or other action is required to be taken on a day which is not a Business Day, such dividend shall be payable or action taken on the next succeeding Business Day.

1.2 Dividends

1.2.1 Full Dividends: Subject to sections 1.2.2 and 1.2.3 or as specifically provided by law, on each Dividend Payment Date, the holders of the Series A Second Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends (and subject to the prior payment of all dividends on the First Preferred Shares of the Corporation, if any), quarterly cumulative preferential cash dividends in an amount per share equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate (being \$0.371875 per share on each Dividend Payment Date or \$1.4875 per share per annum).

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

(a) which is issued, redeemed or purchased during such Dividend Payment Period,

(b) which is converted to common shares at the option of the Corporation as provided in section 1.4.1 during such Dividend Payment Period, or

(c) in the event of a distribution to the holders of the Series A Second Preferred Shares in the circumstances contemplated by Article 1.5 during such Dividend Payment Period

shall be equal to the amount calculated by multiplying

(i) an amount equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate; by

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

Notwithstanding the foregoing, the initial dividend, if declared, will be payable on October 31, 2008 and will amount to \$0.5394 per share, based on an anticipated issue date of June 20, 2008.

1.2.3 Payment Dates: Dividends on the Series A Second Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each Dividend Payment Date to the holders of record at the close of business on the fifteenth day of the month preceding such Dividend Payment Date. If on any Dividend Payment Date dividends payable on such date are not paid in full on all the Series A Second Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors; provided however that the initial dividend, if declared, will be payable on October 31, 2008 and will amount to \$0.5394 per share, based on an anticipated issue date of June 20, 2008. The holders of the Series A Second Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 1.2.

1.2.4 Manner of Payment: Cheques of the Corporation or its dividend disbursing agent drawn upon a Canadian chartered bank and payable at par at any branch in Canada of such bank shall be issued to the holders of the Series A Second Preferred Shares in respect of the dividends payable thereon, rounded to the nearest whole cent (\$0.01) (less any tax required to be deducted or withheld by the Corporation). The mailing in Canada on or before the third Business Day preceding any Dividend Payment Date of such a cheque, payable on such Dividend Payment Date, to a holder of Series A Second Preferred Shares when the necessary postal facilities are free from disruption shall be deemed to be payment of the dividends represented thereby unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented for payment or that otherwise remains unclaimed for a period of 6 years after the date of the cheque shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such dividends by action or any other proceeding against the Corporation. Notwithstanding the foregoing, the amount of any dividends payable to a holder of Series A Second Preferred Shares (less any tax required to be deducted or withheld by the Corporation) may be deposited directly into an account with a deposit-taking institution designated by that holder, provided that the Corporation has received from the holder a written direction to make such deposit at least 10 days prior to the record date for such dividends in such form as the Corporation may prescribe from time to time and provided that such direction has not been revoked by a subsequent written notice received from the holder not less than 10 days prior to the record date for a subsequent dividend payment.

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

1.3 Redemption and Purchase for Cancellation

1.3.1 Right to Redeem or Purchase for Cancellation: Subject to the Canada Business Corporations Act, the provisions of this Article 1.3 and the restriction in favour of the First Preferred Shares, to the extent, if any, then applicable, the Series A Second Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

1.3.2 Redemption Right: The Series A Second Preferred Shares shall not be redeemable by the Corporation prior to July 31, 2013. On July 31, 2013 and thereafter, subject to section 1.3.1, the Corporation may at its option, upon giving notice as hereinafter provided, redeem at any time all, or from time to time any, of the outstanding Series A Second Preferred Shares on payment of the Redemption Price as provided in section 1.3.3. If less than all of the outstanding Series A Second Preferred Shares are to be redeemed, the shares to be redeemed shall be pro rata to the number of Series A Second Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series A Second Preferred Shares may determine and as may be acceptable to any relevant regulatory authority.

1.3.3 Redemption Price: The redemption price per share at which any Series A Second Preferred Shares are redeemable shall be:

- (a) \$25.75 if redeemed on or after July 31, 2013 and prior to July 31, 2014;
- (b) \$25.50 if redeemed on or after July 31, 2014 and prior to July 31, 2015;
- (c) \$25.00 if redeemed on or after July 31, 2015;

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

1.3.4 Redemption Procedure:

(1) Not less than 30 nor more than 60 days before the date specified for redemption, the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series A Second Preferred Shares to be redeemed under this Article 1.3 notice of the intention of the Corporation to redeem such Series A Second Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

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

(3) On the date fixed for redemption, the Series A Second Preferred Shares called for redemption and not converted under Article 1.4 shall be deemed to be redeemed (and from and after that date the holders thereof shall cease to be entitled to dividends declared after such date or to exercise any other rights of holders in respect thereof) unless payment of the Redemption Price is not made upon presentation and surrender of the certificates in accordance with the foregoing provisions (in which event the rights of the holders shall remain unaffected until payment is made of the Redemption Price together with an amount equal to all dividends accrued and unpaid on the redeemed shares from the redemption date to but not including the payment date).

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

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

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

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

1.3.5 Purchase for Cancellation: Subject to section 1.3.1, the Corporation may purchase for cancellation at any time all, or from time to time any, of the outstanding Series A Second Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable provided that if such shares are purchased otherwise than (i) through the facilities of a recognized stock exchange on which the Series A Second Preferred Shares are listed, or (ii) pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series A Second Preferred Shares, they may not be purchased at a price exceeding \$25.00 per share plus an amount equal to all dividends, if any, accrued thereon and unpaid to but not including the date of purchase, plus in all cases reasonable costs of purchase. If pursuant to such an invitation for tenders the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price in any manner provided in the last sentence of section 1.3.2 (after the Corporation has purchased all the shares, if any, tendered at lower prices).

1.4 Conversion Privileges

1.4.1 Right of Conversion to Common Shares at Option of Corporation: The Series A Second Preferred Shares will not be convertible at the option of the Corporation prior to July 31, 2013. On and after July 31, 2013 the Corporation may, subject to the approval of the Toronto Stock Exchange and such other stock exchanges on which the Common Shares are then listed, at any time convert all, or from time to time any part, of the outstanding Series A Second Preferred Shares into fully paid and non-assessable Common Shares of the Corporation. The number of Common Shares into which each such Series A Second Preferred Share may be so converted shall be determined by dividing the then applicable Redemption Price together with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the conversion date by the greater of \$2.00 and 95% of the weighted average trading price per share of such Common Shares on the Toronto Stock Exchange (or, if the Common Shares are not then traded on the Toronto Stock Exchange, on such other principal exchange as the Common Shares are then traded on) for the period of 20 trading days (the "Trading Period") which ends on the fourth day prior to the date fixed for conversion or, if that fourth day is not a trading day, on the immediately preceding trading day (the "Current Market Price"). In the event of:

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

which in the opinion of the board of directors of the Corporation have or shall have had an effect on the trading price of Common Shares on any date during the period commencing with the first day of the Trading Period and ending on the date fixed for conversion, the board of directors, acting reasonably and in good faith, shall, on or prior to the date fixed for conversion, prescribe adjustments to be made to the number of Common Shares to be issued on the date fixed for conversion in order to make the number of Common Shares to be issued on

the date fixed for conversion fully comparable with the number of Common Shares which would otherwise have been issuable had any of the foregoing capital changes not occurred. Fractional Common Shares shall not be issued on any conversion of Series A Second Preferred Shares but in lieu thereof the Corporation shall make cash payments in an amount per fractional Common Share otherwise issuable equal to the product of the fraction of the Common Share otherwise issuable and the greater of \$2.00 and 95% of such Current Market Price, as adjusted, if applicable.

1.4.2 Conversion Procedure: In any case of conversion of Series A Second Preferred Shares pursuant to section 1.4.1, the Corporation shall, not less than 30 days and not more than 60 days before the date fixed for conversion, mail to each person who at the date of mailing is a registered holder of Series A Second Preferred Shares to be converted a notice in writing of the intention of the Corporation to convert such Series A Second Preferred Shares. Such notice shall be mailed in a prepaid envelope addressed to each such shareholder at such shareholder's address as it appears in the securities register maintained by or for the Corporation or in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder, provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such conversion. Such notice shall set out the date fixed for conversion and, if part only of the Series A Second Preferred Shares held by the person to whom it is addressed is to be converted, the number of such Series A Second Preferred Shares to be converted. If less than all of the outstanding Series A Second Preferred Shares are to be converted, the shares to be converted shall be selected by lot or as nearly as may be pro rata (to the nearest 100 shares) to the number of Series A Second Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series A Second Preferred Shares may determine. On the date fixed for conversion, the Series A Second Preferred Shares which are the subject of any such notice shall be converted into whole fully paid and non assessable Common Shares of the Corporation. As promptly as practicable after the date fixed for conversion, the Corporation shall issue and deliver or cause to be delivered to the registered holders as at the date fixed for conversion of Series A Second Preferred Shares so converted a certificate or certificates for the number of Common Shares of the Corporation issued to such holders on presentation and surrender at the office of the transfer agent for the Series A Second Preferred Shares, or any other place designated in such notice, of the certificates for the Series A Second Preferred Shares so converted. If less than all of the Series A Second Preferred Shares represented by any certificate are converted under section 1.4.1, the Corporation shall issue and deliver or cause to be delivered, at the expense of the Corporation, a new certificate representing the unconverted balance. Any payment in respect of a fraction of a Common Share shall be made by cheque payable to the registered holder as at the date fixed for conversion of Series A Second Preferred Shares so converted. The Corporation shall deliver or cause to be delivered such cheque with the certificate or certificates for the Common Shares deliverable in accordance with the foregoing. From and after the date fixed for conversion, the Series A Second Preferred Shares called for conversion shall be deemed to be converted and the holders thereof shall cease to be entitled to dividends on such Series A Second Preferred Shares and shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless the issue and delivery of the Common Shares and any payment to which such holders are entitled shall not be duly made by the Corporation in which case the rights of such holders shall remain unaffected.

1.4.3 Conversion into Common Shares at the Option of the Holder: On and after July 31, 2015, each Series A Second Preferred Share will be convertible at the option of the holder on the last day of each of January, April, July and October in each year (each such date being herein called a "Conversion Date") on prior notice (the "Conversion Notice") given at least 30 days before the applicable Conversion Date into that number of fully paid and non assessable Common Shares of the Corporation determined by dividing \$25.00 together with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the Conversion Date by the greater of \$2.00 and 95% of the Current Market Price during the Trading Period. In the event of:

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

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

1.4.4 Corporation's Right to Redeem or Arrange Sale: Notwithstanding a holder's election to convert Series A Second Preferred Shares into Common Shares in accordance with section 1.4.3, the Corporation may elect in respect of those Series A Second Preferred Shares which are the subject of a Conversion Notice (the "Subject Shares") either (i) to redeem on the Conversion Date any or all of the Subject Shares or (ii) to cause the holder to sell on the Conversion Date any or all of the Subject Shares to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase such Series A Second Preferred Shares is or are found. The number of the Subject Shares to be redeemed or sold to other purchasers shall be determined by the Corporation. Any such redemption or purchase shall be made by the payment of an amount of \$25.00 per Series A Second Preferred Share, together with an amount equal to all dividends, if any, accrued thereon and unpaid up to but not including the Conversion Date, by cheque payable to such holder. The Subject Shares to be so redeemed or purchased shall not be converted into Common Shares on the Conversion Date and the right of any holder to convert such shares into Common Shares as herein provided shall cease and terminate in that event, provided, however, that should the Corporation fail to pay or make available for payment the redemption price or the purchaser or purchasers fail to pay the purchase price, as the case may be, by the close of business on the Conversion Date, the right of conversion shall thereupon revive in respect of such shares to have been redeemed or purchased and the conversion requested by the holder of the Subject Shares shall be implemented with effect on the Conversion Date as if such shares had not been called for redemption or sold to a purchaser or purchasers.

If the Corporation elects to redeem or cause the holder to sell any of the Subject Shares, the Corporation shall, not later than 20 days before the Conversion Date, give notice to all holders who have given a Conversion Notice stating:

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

such that all of the Subject Shares shall be redeemed, purchased and/or converted on the Conversion Date. The proportion of the Subject Shares which are either redeemed, purchased or converted on the Conversion Date shall, to the extent practicable, be the same for each shareholder delivering a Conversion Notice in respect of that Conversion Date.

1.4.5 Conversion Procedure: A holder of Series A Second Preferred Shares may elect to convert into Common Shares all or part of the Series A Second Preferred Shares held by such holder only by delivery to the transfer agent for the Series A Second Preferred Shares on or before a date not less than 30 days prior to the Conversion Date of the certificate or certificates representing Series A Second Preferred Shares to be converted together with a duly completed Conversion Notice in the form set out on the back of the certificate for the Series A Second Preferred Shares to be converted. The Conversion Notice shall be signed by the registered holder of the Series A Second Preferred Shares to be converted, or such holder's duly authorized attorney, and shall specify the number of Series A Second Preferred Shares which the holder desires to have converted. If less than all the Series A Second Preferred Shares represented by a certificate or certificates accompanying any such election are to be converted, the Corporation shall issue and deliver or cause to be delivered, at the expense of the Corporation, a new certificate representing the unconverted balance. As promptly as practicable after the Conversion Date, the Corporation shall issue and deliver or cause to be delivered a certificate or certificates for the number of Common Shares resulting from such conversion in the name of and to the registered holder of the Series A Second Preferred Shares so converted or, subject to payment by the registered holder of any stock transfer or other applicable taxes, in the name of and to such other person or persons as such registered holder may direct in writing satisfactory to the transfer agent in form and execution. Any

payment in respect of a fraction of a Common Share shall be made by cheque payable to the registered holder as at the Conversion Date of the Series A Second Preferred Shares so converted. The Corporation shall deliver or cause to be delivered such cheque with the certificate or certificates for the Common Shares deliverable in accordance with the foregoing.

The registered holder of Series A Second Preferred Shares to be converted as provided in this section 1.4.5 (or any person or persons in whose name or names any such registered holder of Series A Second Preferred Shares shall have directed certificates representing Common Shares to be issued as provided in this section 1.4.5) shall be deemed to have become a holder of Common Shares of record on the Conversion Date. From and after the Conversion Date, the Series A Second Preferred Shares in respect of which such conversion rights shall have been exercised and which are converted into Common Shares as provided in this Section 1.4.5 shall be deemed to be converted and the holders thereof shall cease to be entitled to dividends on such Series A Second Preferred Shares and shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless the issue and delivery of the Common Shares and any payment to which such holders are entitled shall not be duly made by the Corporation in which case the rights of such holders shall remain unaffected.

For the purposes of this section 1.4.5, the Conversion Date applicable to a particular conversion of Series A Second Preferred Shares (or any redemption or arranged sale thereof as herein provided) shall be the first Conversion Date which occurs not less than 30 days after an election has been duly made by the holder of such Series A Second Preferred Shares as provided in this section 1.4.5.

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

1.4.7 Withholding Rights: The Corporation shall be entitled to deduct and withhold from any amount otherwise payable under this Article 1.4 (whether in cash or by the delivery of Common Shares) to a holder of Series A Second Preferred Shares such taxes as the Corporation is required to deduct and withhold under applicable law. To the extent that amounts are so withheld and remitted to the appropriate governmental authority, such withheld amounts shall be treated for all purposes as having been paid to the holder of the Series A Second Preferred Shares in respect of which such deduction and withholding was made. To the extent that the amount required to be deducted or withheld from any amount payable to a holder of Series A Second Preferred Shares exceeds the cash otherwise payable to the holder, the Corporation may either require the holder to remit the difference in cash to the Corporation before the tax is required to be remitted to the taxing authority or sell or otherwise dispose of such portion of the Common Shares it is otherwise required to deliver to the holder as is necessary to provide sufficient funds to the Corporation to enable it to comply with such deduction or withholding requirement.

1.4.8 Redemption Procedure: If the Corporation elects to redeem all or part of the Subject Shares in accordance with section 1.4.4., then subsections 1.3.4(4), (5) and (6) shall apply.

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

1.6 Voting Rights: Except as provided in the provisions of the articles relating to the Second Preferred Shares as a class, in the provisions of Article 1.8 below and as specifically provided by law, the holders of the Series A Second Preferred Shares shall not be entitled as such to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such meeting.

1.7 Modification: The rights, privileges, restrictions and conditions attached to the Series A Second

Preferred Shares may be added to, changed or removed by Articles of Amendment but only with the prior approval of the holders of the Series A Second Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

1.8 Approval of Holders of Series A Second Preferred Shares: The approval or consent of the holders of the Series A Second Preferred Shares with respect to any and all matters relating to the Series A Second Preferred Shares as a series of Second Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that such approval be given by resolution signed by all the holders of Series A Second Preferred Shares then outstanding or passed by not less than 66-2/3% of the votes cast thereon by the holders of Series A Second Preferred Shares who voted at a meeting of the holders of Series A Second Preferred Shares duly called and held for that purpose. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without limitation, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those set out in Article 1.9 and those not inconsistent with Article 1.9 which are from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders. On every poll taken at every such meeting, every holder of Series A Second Preferred Shares shall be entitled to 1 vote in respect of each such share held.

1.9 Notice

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

1.9.2 Postal Disruptions: If there exists any disruption in the mail services necessary for mailing any such notice or communication to holders of Series A Second Preferred Shares at addresses in any province, any such notice or other communication may (but need not) be given to the holders in such province by means of (i) publication once in a bona fide newspaper or business or financial publication of general and regular paid circulation published or distributed in the capital city of such province (or if the Corporation maintains a register of transfers for the Series A Second Preferred Shares in such province, in the city in such province where the register of transfers is maintained), and (ii) delivery to each recognized stock exchange on which the Series A Second Preferred Shares are then listed for trading. However, if no such newspaper or business or financial publication is being published in that city, the Corporation shall not be required to publish in that city provided that there is at least one recognized stock exchange in Canada on which the Series A Second Preferred Shares are then listed for trading. Notice given under this section 1.9.2 shall be deemed to have been given on the day on which (i) the publication is completed in all of the cities in which publication is required and (ii) the required deliveries have been made to the stock exchanges.

Date	Name - Nom	Signature	Capacity of - en qualité
2008-06-19	ROBERT A. BALCOM		AUTHORIZED OFFICER

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Canada



Industry Canada

Industrie Canada

Corporations Canada

9th floor

Jean Edmonds Towers South

365 Laurier Avenue West

Ottawa, Ontario K1A 0C8

June 19, 2008 / le 19 juin 2008

Corporations Canada

9e étage

Tour Jean Edmonds sud

365, avenue Laurier ouest

Ottawa (Ontario) K1A 0C8

Your file - Votre référence

AZEEMA BHEDA

abheda@blgcanada.com

Our file - Notre référence

012676-4

Re - Objet: LOBLAW COMPANIES LIMITED

LES COMPAGNIES LOBLAW LIMITEE

Enclosed herewith is the document issued in the above matter.

Vous trouverez ci-inclus le document émis dans l'affaire précitée.

A notice of issuance of CBCA documents will be published in the *Monthly Transactions*.

Un avis de l'émission de documents en vertu de la LCSA sera publié dans les Transactions mensuelles.

IF A NAME OR CHANGE OF NAME IS INVOLVED, THE FOLLOWING CAUTION SHOULD BE OBSERVED:

S'IL EST QUESTION D'UNE DÉNOMINATION SOCIALE OU D'UN CHANGEMENT DE DÉNOMINATION SOCIALE, L'AVERTISSEMENT SUIVANT DOIT ÊTRE RESPECTÉ :

This name is available for use as a corporate name subject to and conditional upon the applicants assuming full responsibility for any risk of confusion with existing business names and trade marks (including those set out in the relevant NUANS search report(s)). Acceptance of such responsibility will comprise an obligation to change the name to a dissimilar one in the event that representations are made and established that confusion is likely to occur. The use of any name granted is subject to the laws of the jurisdiction where the company carries on business.

Cette dénomination sociale est disponible en autant que les requérants assument toute responsabilité de risque de confusion avec toutes dénominations commerciales et toutes marques de commerce existantes (y compris celles qui sont citées dans le(s) rapport(s) de recherches de NUANS pertinent(s)). Cette acceptation de responsabilité comprend l'obligation de changer la dénomination de la société en une dénomination différente advenant le cas où des représentations sont faites établissant qu'il y a une probabilité de confusion. L'utilisation de tout nom octroyé est sujette à toute loi de la juridiction où la société exploite son entreprise.

We trust this is to your satisfaction.

Nous espérons le tout à votre satisfaction.

Email: corporations.efiling@ic.gc.ca
Internet: <http://corporationscanada.ic.gc.ca>

For the Director General, Corporations Canada

pour le Directeur général, Corporations Canada

Canada



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

Corporate name / Dénomination sociale

012676-4

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices désignant une série d'actions.

Virginie Ethier

Director / Directeur

2015-06-04

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



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

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

-
- 1 Corporate name
Dénomination sociale
LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE
-
- 2 Corporation number
Numéro de la société
012676-4
-
- 3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

See attached schedule / Voir l'annexe ci-jointe

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

Original signed by / Original signé par
Robert Balcom

Robert Balcom
416-922-8500

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

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

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

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

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE**

ARTICLES OF AMENDMENT

SCHEDULE I

The articles are amended by adding thereto the following:

2. SECOND PREFERRED SHARES, SERIES B

A series of Second Preferred Shares shall consist of 9,000,000 Second Preferred Shares, shall be designated as Second Preferred Shares, Series B (hereinafter referred to as the “Series B Second Preferred Shares”) and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Second Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

2.1 Rules of Construction

For the purposes of the provisions attaching to the Series B Second Preferred Shares:

- (a) “Business Day” means a day other than a Saturday, a Sunday or any other day that is a statutory holiday in Toronto, Ontario.
- (b) “Dividend Payment Date” means the last day of March, June, September and December in each year.
- (c) “Dividend Payment Period” means a period beginning on a Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date.
- (d) “Quarterly Dividend Rate” means one quarter of an annual rate of 5.30%.
- (e) “Ranking as to Capital” means ranking with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary.
- (f) “Ranking as to Dividends” means ranking with respect to priority in the payment of dividends by the Corporation on its shares.
- (g) “Redemption Price” has the meaning given thereto in section 2.3.3.
- (h) If any dividend is payable or other action is required to be taken on a day which is not a Business Day, such dividend shall be payable or action taken on the next succeeding Business Day.

2.2 Dividends

2.2.1 Full Dividends: Subject to sections 2.2.2 and 2.2.3 or as specifically provided by law, on each Dividend Payment Date, the holders of the Series B Second Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends (and subject to the prior payment of all dividends on the First Preferred Shares of the Corporation, if any), quarterly cumulative preferential cash dividends in an amount per share equal to the amount obtained by multiplying \$25.00 by the Quarterly Dividend Rate (being \$0.33125 per share on each Dividend Payment Date or \$1.325 per share per annum).

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

- (a) which is issued, redeemed or purchased during such Dividend Payment Period, or
- (b) in the event of a distribution to the holders of the Series B Second Preferred Shares in the circumstances contemplated by Article 2.4 during such Dividend Payment Period

shall be equal to the amount calculated by multiplying

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

Notwithstanding the foregoing, the initial dividend, if declared, will be payable on September 30, 2015 and will amount to \$0.41021 per share.

2.2.3 Payment Dates: Dividends on the Series B Second Preferred Shares shall accrue on a day-to-day basis from and including the date of issue thereof and shall be payable on each Dividend Payment Date to the holders of record at the close of business on the fifteenth day of the month preceding such Dividend Payment Date. If on any Dividend Payment Date dividends payable on such date are not paid in full on all the Series B Second Preferred Shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors; provided however that the initial dividend, if declared, will be payable on September 30, 2015 and will amount to \$0.41021 per share. The holders of the Series B Second Preferred Shares shall not be entitled to any dividends other than or in excess of the dividends provided for in this Article 2.2.

2.2.4 Manner of Payment: Cheques of the Corporation or its dividend disbursing agent drawn upon a Canadian chartered bank or trust company in Canada and payable at par at any branch in Canada of such bank or trust company shall be issued to the holders of the Series B Second

Preferred Shares in respect of the dividends payable thereon, rounded to the nearest whole cent (\$0.01) (less any tax required to be deducted or withheld by the Corporation). The mailing in Canada on or before the third Business Day preceding any Dividend Payment Date of such a cheque, payable on such Dividend Payment Date, to a holder of Series B Second Preferred Shares when the necessary postal facilities are free from disruption shall be deemed to be payment of the dividends represented thereby unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented for payment or that otherwise remains unclaimed for a period of 6 years after the date of the cheque shall be forfeited to the Corporation and thereafter no person shall be entitled to recover such dividends by action or any other proceeding against the Corporation. Notwithstanding the foregoing, the amount of any dividends payable to a holder of Series B Second Preferred Shares (less any tax required to be deducted or withheld by the Corporation) may be deposited directly into an account with a deposit-taking institution designated by that holder, provided that the Corporation has received from the holder a written direction to make such deposit at least 10 days prior to the record date for such dividends in such form as the Corporation may prescribe from time to time and provided that such direction has not been revoked by a subsequent written notice received from the holder not less than 10 days prior to the record date for a subsequent dividend payment.

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

2.3 Redemption and Purchase for Cancellation

2.3.1 Right to Redeem or Purchase for Cancellation: Subject to the *Canada Business Corporations Act*, the provisions of this Article 2.3 and restrictions in favour of the First Preferred Shares, if any, to the extent then applicable, the Series B Second Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

2.3.2 Redemption Right: The Series B Second Preferred Shares shall not be redeemable by the Corporation prior to June 30, 2020. On June 30, 2020 and thereafter, subject to section 2.3.1, the Corporation may at its option, upon giving notice as hereinafter provided, redeem at any time all, or from time to time any, of the outstanding Series B Second Preferred Shares on payment of the Redemption Price as provided in section 2.3.3. If less than all of the outstanding Series B Second Preferred Shares are to be redeemed, the shares to be redeemed shall be pro rata to the number of Series B Second Preferred Shares registered in the name of each holder or in any other manner, all as the board of directors or the transfer agent for the Series B Second Preferred Shares may determine and as may be acceptable to any relevant regulatory authority.

2.3.3 Redemption Price: The redemption price per share at which any Series B Second Preferred Shares are redeemable shall be:

- (a) \$26.00 if redeemed on or after June 30, 2020 and prior to June 30, 2021;
- (b) \$25.75 if redeemed on or after June 30, 2021 and prior to June 30, 2022;
- (c) \$25.50 if redeemed on or after June 30, 2022 and prior to June 30, 2023;
- (d) \$25.25 if redeemed on or after June 30, 2023 and prior to June 30, 2024;
- (e) \$25.00 if redeemed on or after June 30, 2024;

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

2.3.4 Redemption Procedure:

(1) Not less than 30 nor more than 60 days before the date specified for redemption, the Corporation shall give, to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series B Second Preferred Shares to be redeemed under this Article 2.3 notice of the intention of the Corporation to redeem such Series B Second Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

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

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

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

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

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

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

2.3.5 Purchase for Cancellation: Subject to section 2.3.1, the Corporation may purchase for cancellation at any time all, or from time to time any, of the outstanding Series B Second Preferred Shares at the lowest price or prices at which, in the opinion of the Corporation, such shares are obtainable. If pursuant to an invitation for tenders the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased shall be selected from the shares offered at such price in any manner provided in the last sentence of section 2.3.2 (after the Corporation has purchased all the shares, if any, tendered at lower prices).

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

2.5 Voting Rights: Except as provided in the provisions of the articles relating to the Second Preferred Shares as a class, in the provisions of Article 2.8 below and as specifically provided by law, the holders of the Series B Second Preferred Shares shall not be entitled as such to receive notice of or to attend any meetings of the shareholders of the Corporation or to vote at any such

meeting, unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series B Second Preferred Shares in accordance with the terms hereof, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series B Second Preferred Shares will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Corporation on the basis of one vote in respect of each Series B Second Preferred Share held by such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease.

2.6 Restrictions on Dividends and Retirement of Shares: So long as any of the Series B Second Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the outstanding Series B Second Preferred Shares:

- (a) declare, pay or set apart for payment any dividends on the Common Shares of the Corporation or any other shares Ranking as to Dividends junior to the Series B Second Preferred Shares (other than stock dividends payable in shares Ranking as to Dividends junior to the Series B Second Preferred Shares);
- (b) redeem, purchase or otherwise retire any Common Shares of the Corporation or any other shares Ranking as to Capital junior to the Series B Second Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares Ranking as to Capital junior to the Series B Second Preferred Shares);
- (c) redeem, purchase or otherwise retire less than all the Series B Second Preferred Shares;
or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Second Preferred Shares of the Corporation, redeem, purchase or otherwise retire any other Second Preferred Shares Ranking as to Capital on a parity with the Series B Second Preferred Shares,

unless, in each case, all dividends up to and including the Dividend Payment Date for the last completed period for which dividends were payable will have been declared and paid or set apart for payment in respect of each series of Second Preferred Shares, and all other shares Ranking as to Dividends in priority to the Second Preferred Shares then issued and outstanding.

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

2.8 Approval of Holders of Series B Second Preferred Shares: The approval or consent of the holders of the Series B Second Preferred Shares with respect to any and all matters relating to the Series B Second Preferred Shares as a series of Second Preferred Shares may be given in such manner as may then be required by law, subject, however, to a minimum requirement that

such approval be given by resolution signed by all the holders of Series B Second Preferred Shares then outstanding or passed by not less than 66-2/3% of the votes cast thereon by the holders of Series B Second Preferred Shares who voted at a meeting of the holders of Series B Second Preferred Shares duly called and held for that purpose. The formalities to be observed with respect to the giving or waiver of notice of and voting at any such meeting (including, without limitation, the record dates for the giving of notice and the entitlement to vote), the quorum therefor and the conduct thereof shall be those set out in Article 2.9 and those not inconsistent with Article 2.9 which are from time to time prescribed by the by-laws of the Corporation with respect to general meetings of shareholders. On every poll taken at every such meeting, every holder of Series B Second Preferred Shares shall be entitled to 1 vote in respect of each such share held.

2.9 Notice

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

2.9.2 Postal Disruptions: If there exists any disruption in the mail services necessary for mailing any such notice or communication to holders of Series B Second Preferred Shares at addresses in any province, any such notice or other communication may (but need not) be given to the holders in such province by means of (i) publication once in a bona fide newspaper or business or financial publication of general and regular paid circulation published or distributed in the capital city of such province (or if the Corporation maintains a register of transfers for the Series B Second Preferred Shares in such province, in the city in such province where the

register of transfers is maintained), and (ii) delivery to each recognized stock exchange on which the Series B Second Preferred Shares are then listed for trading. However, if no such newspaper or business or financial publication is being published in that city, the Corporation shall not be required to publish in that city provided that there is at least one recognized stock exchange in Canada on which the Series B Second Preferred Shares are then listed for trading. Notice given under this section 2.9.2 shall be deemed to have been given on the day on which (i) the publication is completed in all of the cities in which publication is required and (ii) the required deliveries have been made to the stock exchanges.



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE

Corporate name / Dénomination sociale

012676-4

Corporation number / Numéro de société

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

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

Virginie Ethier

Director / Directeur

2018-05-17

Date of amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)



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

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

- 1 Corporate name
Dénomination sociale
LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE
- 2 Corporation number
Numéro de la société
012676-4
- 3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

The corporation amends the other provisions as follows:
Les autres dispositions sont modifiées comme suit :
See attached schedule / Voir l'annexe ci-jointe

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

Original signed by / Original signé par
Kerry Rathbone
Kerry Rathbone
416-965-5722

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

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

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

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

Schedule / Annexe
Other Provisions / Autres dispositions

The articles are amended to add the following provision:

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



Certificate of Arrangement

Canada Business Corporations Act

Certificat d'arrangement

Loi canadienne sur les sociétés par actions

**LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITEE**

012676-4

Corporate name(s) of CBCA applicants / Dénomination(s)
sociale(s) de la ou des sociétés LCSA requérantes

Corporation number(s) / Numéro(s) de la ou
des sociétés

I HEREBY CERTIFY that the arrangement set out in the attached articles of arrangement has been effected under section 192 of the *Canada Business Corporations Act*.

JE CERTIFIE que l'arrangement mentionné dans les clauses d'arrangement annexées a pris effet en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*.

Cheryl Ringor

Deputy Director / Directeur adjoint

2018-11-01

Date of Arrangement (YYYY-MM-DD)
Date de l'arrangement (AAAA-MM-JJ)



**Canada Business Corporations Act (CBCA)
FORM 14.1
ARTICLES OF ARRANGEMENT
(Section 192)**

1 - Name of the applicant corporation(s)	Corporation number
LOBLAW COMPANIES LIMITED LES COMPAGNIES LOBLAW LIMITEE	012676-4

2 - Name of the corporation(s) the articles of which are amended, if applicable	Corporation number
LOBLAW COMPANIES LIMITED LES COMPAGNIES LOBLAW LIMITEE	012676-4

3 - Name of the corporation(s) created by amalgamation, if applicable	Corporation number
Weston Food Distribution Inc. DISTRIBUTION ALIMENTAIRE WESTON INC.	1060666-9

4 - Name of the dissolved corporation(s), if applicable	Corporation number
N/A	

5 - Name of the other bodies corporate involved, if applicable	Corporation number or jurisdiction
SEE SCHEDULE A ATTACHED	

6 - In accordance with the order approving the arrangement, the plan of arrangement attached hereto, involving the above named body(ies) corporate, is hereby effected.

In accordance with the plan of arrangement,

a. the articles of the corporation(s) indicated in item 2, are amended.
If the amendment includes a name change, indicate the change below:

b. the following bodies corporate and/or corporations are amalgamated (for CBCA corporations include the corporation number):

SEE SCHEDULE B ATTACHED INDICATING CORPORATIONS BEING AMALGAMATED.
SEE SCHEDULE C ATTACHED SETTING OUT THE PARTICULARS OF THE AMALGAMATION.

c. the corporation(s) indicated in item 4 is(are) liquidated and dissolved:

N/A

7 - I hereby certify that I am a director or an authorized officer of one of the applicant corporations.

Signature: _____

Print name: Andrew Bunston

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

**SCHEDULE A
TO THE ARTICLES OF ARRANGEMENT OF
LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE**

5. Name of the other bodies corporate involved, if applicable:

Name	Corporation Number or Jurisdiction
Weston Food Distribution Inc. DISTRIBUTION ALIMENTAIRE WESTON INC.	1107318-4
11040464 Canada Inc.	1104046-4
11048660 Canada Inc.	1104866-0
Rocky View Bakery Ltd.	974478-9
11040405 Canada Inc.	1104040-5
11040359 Canada Inc.	1104035-9
11040537 Canada Inc.	1104053-7
10945544 Canada Inc.	1094554-4
11040545 Canada Inc.	1104054-5
11040472 Canada Inc.	1104047-2
11039962 Canada Inc.	1107316-8
GEORGE WESTON LIMITED GEORGE WESTON LIMITÉE	240696-9

**SCHEDULE B
TO THE ARTICLES OF ARRANGEMENT OF
LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE**

6. In accordance with the order approving the plan of arrangement attached hereto, involving the above-named body(ies) corporate, is hereby effected:

b. the following bodies corporate and/or corporations are amalgamated (for CBCA corporations include the corporation number):

Name	Corporation Number
Weston Food Distribution Inc. DISTRIBUTION ALIMENTAIRE WESTON INC.	1107318-4
11040464 Canada Inc.	1104046-4
11048660 Canada Inc.	1104866-0
Rocky View Bakery Ltd.	974478-9
11040405 Canada Inc.	1104040-5
11040359 Canada Inc.	1104035-9
10945544 Canada Inc.	1094554-4
11039962 Canada Inc.	1107316-8

**SCHEDULE C
TO THE ARTICLES OF ARRANGEMENT OF
LOBLAW COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE**

PARTICULARS OF AMALGAMATION

Corporate Name: Weston Food Distribution Inc.
DISTRIBUTION ALIMENTAIRE WESTON INC.

Province or territory in Canada where the registered office is situated:

Ontario

The classes and any maximum number of shares the corporation is authorized to issue:

The Corporation is authorized to issue an unlimited number of common shares and 1,000,000 preferred shares, the rights, privileges, restrictions and conditions attaching to which being set out in Schedule I attached hereto.

Restrictions, if any, on share transfers:

None

Minimum and maximum number of directors:

Minimum three (3); maximum six (6)

Restrictions, if any, on the business of the corporation may carry on:

None

Other Provisions, if any:

None

SCHEDULE I

The Corporation is authorized to issue an unlimited number of common shares and 1,000,000 preferred shares.

The rights, privileges, restrictions and conditions attaching to the common shares (the "Common Shares") and preferred shares (the "Preferred Shares") in the capital of the Corporation shall be as follows:

COMMON SHARES

1. Dividends

The holders of the Common Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation out of moneys properly applicable to the payment of dividends, in such amount and in such form as the board of directors of the Corporation may from time to time determine, and all dividends which the board of directors of the Corporation may declare on the Common Shares shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding.

2. Dissolution

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall be entitled to receive, after the holders of the Preferred Shares, the remaining property and assets of the Corporation.

3. Voting

The holders of the Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation (except where the holders of a specified class of shares are entitled to vote separately as a class as provided in the Canada Business Corporations Act).

4. Notice of Meeting of Shareholders

The holders of the Common Shares shall be entitled to receive two (2) days' notice of any meeting of the shareholders of the Corporation.

PREFERRED SHARES

1. Dividends

The holders of the Preferred Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation out of moneys properly applicable to the payment of dividends, non-cumulative dividends in such amount and in such form as the board of directors of the Corporation may from time to time determine, and all dividends which the board of directors of the Corporation may declare on the Preferred Shares shall be declared and paid in equal amounts per share on all Preferred Shares at the time outstanding.

2. **Dissolution**

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares shall be entitled to receive in priority to holders of Common Shares an amount per share equal to the redemption amount per share described in paragraph 4 below on the dissolution, liquidation or winding-up of the Corporation.

3. **Voting**

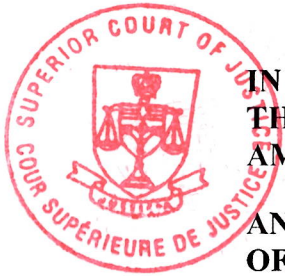
The holders of the Preferred Shares shall not be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation (except where the holders of a specified class of shares are entitled to vote separately as a class as provided in the Canada Business Corporations Act).

4. **Redemption**

The Preferred Shares shall be redeemable and retractable, subject to applicable law, at any time by the holder or the Corporation, for a redemption amount per share equal to the sum of: (x) the aggregate fair market value of the common shares in the capital of George Weston Limited ("GWL") to be issued by GWL on the amalgamation of the Corporation as described in paragraph 153 of Advance Income Tax Ruling 2017-072148 dated October 17, 2018, divided by 1,000,000, and (y) any declared and unpaid dividends on the Preferred Shares.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE *Mr. Justice*) FRIDAY, THE 19th
JUSTICE *Hainey*) DAY OF OCTOBER 2018



**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF
THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS
AMENDED**

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
OF LOBLAW COMPANIES LIMITED**

LOBLAW COMPANIES LIMITED

Applicant

ORDER

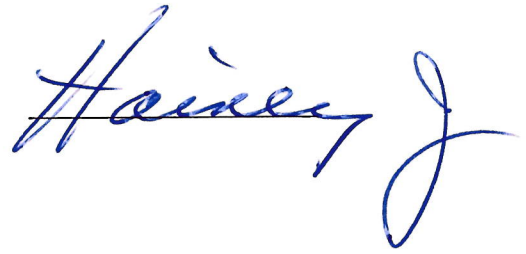
THIS APPLICATION made by the Applicant, Loblaw Companies Limited (“Loblaw”) for approval of a plan of arrangement pursuant to section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “CBCA”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application issued September 5, 2018, the Affidavit of Khush Dadyburjor sworn September 18, 2018, the affidavits of mailing, and the Affidavit of Khush Dadyburjor sworn October 18, 2018, and on hearing the submissions of counsel for Loblaw, and on being advised that the Director appointed under the CBCA does not consider it necessary to appear, and having determined that the Arrangement, as described in the Plan of Arrangement attached as Schedule “A” to this order is an arrangement for the purposes of section 192 of the CBCA and is fair and reasonable in accordance with the requirements of that section,

1. **THIS COURT ORDERS** that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this order, shall be and is hereby approved in respect

of Loblaw and all the CBCA corporations identified in Schedule "A" that are being arranged pursuant to the Arrangement.

2. **THIS COURT ORDERS** that the Applicant shall be entitled to seek leave to vary this order upon such terms upon giving such notice as this court may direct, to seek the advice and directions of this court as to the implementation of this order, and to apply for such further order or orders as may be appropriate.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

OCT 19 2018

PER / PAR:

**PLAN OF ARRANGEMENT
UNDER SECTION 192 OF THE
CANADA BUSINESS CORPORATIONS ACT**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, capitalized terms used but not defined shall have the meanings ascribed to them below:

“**2397454**” means 11048660 Canada Inc., a corporation governed by the laws of Canada.

“**ACB**” means “adjusted cost base” as defined in section 54 of the Tax Act.

“**Affiliate**” means, in respect of any Person, another Person if: (i) one of them is the subsidiary of the other; or (ii) each of them is Controlled by the same Person.

“**Arrangement**” means an arrangement under section 192 of the CBCA in accordance with the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments, variations or supplements to this Plan of Arrangement made in accordance with its terms, the terms of the Arrangement Agreement or made at the direction of the Court with the consent of the parties to the Arrangement Agreement, each acting reasonably.

“**Arrangement Agreement**” means the arrangement agreement dated September 4, 2018 between LCL, GWL and Spinco (including the schedules thereto), as amended or supplemented in accordance with its terms.

“**Arrangement Resolution**” means the special resolution approving the Plan of Arrangement to be considered at the Meeting, to be substantially in the form and content attached as Appendix “A” to the management information circular of LCL prepared and filed in connection with the Meeting.

“**Articles of Arrangement**” means the articles of arrangement of LCL in respect of the Arrangement, to be filed with the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in form and content satisfactory to the parties to the Arrangement Agreement, each acting reasonably.

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

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Choice LP**” means Choice Properties Limited Partnership, a limited partnership established under the laws of the Province of Ontario.

“**Choice REIT**” means Choice Properties Real Estate Investment Trust, an unincorporated trust established under the laws of the Province of Ontario.

“**Class B LP Units**” means the Class B limited partnership units in the capital of Choice LP.

“**Control**” means, when applied to a relationship between two Persons, that a Person (the “**first Person**”) is considered to control another Person (the “**second Person**”) if: (i) the first Person, directly or indirectly, beneficially owns or exercises control or direction over securities, interests or contractual rights of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors of the second Person, or a majority of any other Persons who have the right to manage or supervise the management of the business and affairs of the second Person, unless that first Person holds the voting securities only to secure a debt or similar obligation; (ii) the second Person is a partnership, other than a limited partnership, and the first Person, together with any Person Controlled by the first Person, holds more than 50% of the interests (measured by votes or by value) of the partnership; or (iii) the second Person is a limited partnership and the general partner of the limited partnership is the first Person or any Person Controlled by the first Person, and the term “Controlled” has a corresponding meaning.

“**Court**” means the Ontario Superior Court of Justice (Commercial List).

“**Director**” means the Director appointed pursuant to section 260 of the CBCA.

“**Distribution Record Date**” means the Business Day prior to the Effective Date.

“**Effective Date**” means the date shown on the certificate of arrangement to be issued by the Director under the CBCA after the Articles of Arrangement have been filed.

“**Effective Time**” means 3:01 a.m. Toronto local time on the Effective Date.

“**eligible dividend**” means “eligible dividend” as defined in subsection 89(1) of the Tax Act.

“**Exchange**” means the Toronto Stock Exchange.

“**Final Order**” means the final order of the Court or, if appealed, the final order of, or the order affirmed by, an appellate court, approving the Arrangement pursuant to section 192 of the CBCA, as it may be amended or affirmed prior to the Effective Time by the Court or an appellate court, as the case may be.

“**FMV**” means fair market value, being the highest price available in an open and unrestricted market between informed prudent parties acting at arm’s length and without compulsion to act, expressed in terms of money.

“**FMV Reduction of an LCL Common Share**” means the reduction in the FMV of an LCL Common Share that will arise solely as a result of the LCL Spin-off Butterfly, and which will be calculated by subtracting:

- (a) the weighted average trading price of an LCL Common Share on the Exchange for a five-day trading period commencing on the date the LCL Common Shares

begin trading on the Exchange on an ex-dividend basis with respect to the LCL Spin-off Distribution;

from

- (b) the weighted average trading price of an LCL Common Share on the Exchange for a five-day trading period ending immediately before the date the LCL Common Shares begin trading on the Exchange on an ex-dividend basis with respect to the LCL Spin-off Distribution.

“**GWL**” means George Weston Limited, a corporation governed by the laws of Canada.

“**GWL Amalco**” means the corporation to be formed on the amalgamation of GWL and Spinco Amalco, as described in subsection 3.1(aa) of this Plan of Arrangement.

“**GWL Amalco Common Shares**” has the meaning given in paragraph 3.1(aa)(iv) of this Plan of Arrangement.

“**GWL Amalco Preferred Shares**” has the meaning given in paragraph 3.1(aa)(iv) of this Plan of Arrangement.

“**GWL Common Shares**” means the common shares in the capital of GWL.

“**GWL Preferred Shares**” means, collectively, the non-voting 5.80% Series I, 5.20% Series III, 5.20% Series IV and 4.75% Series V preferred shares in the capital of GWL.

“**GWL Transfer Agent**” means Computershare Investor Services Inc., GWL’s transfer agent.

“**In The Money Amount**” means, in relation to a particular stock option, the amount by which the FMV of the share that is the subject of the particular option exceeds the exercise price of the option.

“**Interim Order**” means the interim order of the Court in respect of the Arrangement, as it may be varied or amended, as contemplated by section 2.3 of the Arrangement Agreement.

“**Liens**” means mortgages, charges, pledges, liens, hypothecs, security interests, restrictions, encumbrances, adverse claims and other claims or rights of third parties of any kind.

“**LCL**” means Loblaw Companies Limited, a corporation governed by the laws of Canada.

“**LCL Capital Reorganization**” has the meaning given in subsection 3.1(b) of this Plan of Arrangement.

“**LCL Common Shares**” means the common shares in the capital of LCL.

“**LCL DSUs**” means the deferred share units credited to the account of a holder by LCL under the LCL DSU Plans.

“**LCL DSU Plans**” means the director deferred share unit plan and the executive deferred share unit plan adopted by LCL and in effect prior to the Effective Time.

“**LCL New Common Shares**” has the meaning given in paragraph 3.1(a)(i) of this Plan of Arrangement.

“**LCL New Stock Option Plan**” means the stock option plan of LCL (the material financial terms and conditions of which will be substantially similar to those of the LCL Stock Option Plan) adopted as of the Effective Time.

“**LCL New Stock Options**” means the rights to acquire LCL Common Shares (the material financial terms and conditions of which will be substantially similar to those of the LCL Stock Options, other than the exercise price) granted under the LCL New Stock Option Plan.

“**LCL PSUs**” means the performance share units credited to the account of a holder by LCL under the LCL PSU Plan.

“**LCL PSU Plan**” means the performance share unit plan adopted by LCL and in effect prior to the Effective Time.

“**LCL Redemption Note**” means a non-interest-bearing promissory note, payable on demand, having a principal amount and FMV equal to the aggregate redemption amount of the LCL Spin-off Butterfly Shares redeemed by LCL.

“**LCL RSUs**” means the restricted share units credited to the account of a holder by LCL under the LCL RSU Plan.

“**LCL RSU Plan**” means the restricted share unit plan adopted by LCL and in effect prior to the Effective Time.

“**LCL Shareholders**” means the holders of LCL Common Shares at the applicable time.

“**LCL Spin-off Butterfly**” means the transactions described in subsections 3.1(a) to 3.1(n) of this Plan of Arrangement.

“**LCL Spin-off Butterfly Shares**” has the meaning given in paragraph 3.1(a)(ii) of this Plan of Arrangement.

“**LCL Spin-off Distribution**” has the meaning given in subsection 3.1(h) of this Plan of Arrangement.

“**LCL Spin-off Distribution Property**” means all of the TC Amalco Common Shares owned by LCL immediately prior to the LCL Spin-off Distribution.

“**LCL Stock Option Plan**” means the stock option plan of LCL in effect prior to the Effective Date.

“LCL Stock Options” means the rights to acquire LCL Common Shares granted under the LCL Stock Option Plan.

“LCL Transfer Agent” means Computershare Investor Services Inc., LCL’s transfer agent.

“Meeting” means the special meeting of LCL Shareholders, and any adjournment or postponement thereof, for the purpose of, among other things, considering and, if deemed advisable, approving the Arrangement Resolution.

“Person” means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof.

“Plan of Arrangement” means this plan of arrangement, as amended, varied or supplemented in accordance with the terms hereof, the terms of the Arrangement Agreement or made at the direction of the Court with the consent of the parties to the Arrangement Agreement, each acting reasonably.

“PUC” means “paid-up capital” as defined in subsection 89(1) of the Tax Act.

“Registered Shareholder” means a LCL Shareholder whose name is set out in the register of LCL for the LCL Common Shares maintained by the LCL Transfer Agent.

“Rocky” means Rocky View Bakery Ltd., a corporation governed by the laws of Canada.

“Rocky Holdco” means 11040537 Canada Inc., a corporation governed by the laws of Canada.

“Rocky Sub” means 11040405 Canada Inc., a corporation governed by the laws of Canada.

“Rocky Sub Holdco” means 11040545 Canada Inc., a corporation governed by the laws of Canada.

“Special Voting Units” means the units in the capital of Choice REIT, designated as special voting units, that are issued in connection with the issuance of the Class B LP Units on a 1:1 basis.

“Spinco” means 10945544 Canada Inc., a corporation governed by the laws of Canada.

“Spinco Amalco” means the corporation to be formed on the amalgamation of WFDI Amalco, WHL/TC, 2397454, Rocky, Rocky Sub, WFIC Sub, Spinco and TC Amalco, as described in subsection 3.1(z) of this Plan of Arrangement.

“Spinco Amalco Common Shares” has the meaning given in paragraph 3.1(z)(v) of this Plan of Arrangement.

“Spinco Amalco Preferred Shares” has the meaning given in paragraph 3.1(z)(v) of this Plan of Arrangement.

“**Spinco Common Shares**” means the common shares in the capital of Spinco having the rights, privileges, restrictions and conditions set out in Exhibit II to this Plan of Arrangement.

“**Spinco Preferred Shares**” means the first series of preferred shares in the capital of Spinco designated as the “Preferred Shares, Series A” and having the rights, privileges, restrictions and conditions set out in Exhibit II to this Plan of Arrangement.

“**Spinco Redemption Note**” means a non-interest-bearing promissory note, payable on demand, having a principal amount and FMV equal to the aggregate redemption amount of the Spinco Preferred Shares redeemed by Spinco.

“**Spinco Share Exchange**” has the meaning given in subsection 3.1(f) of this Plan of Arrangement.

“**Spinco/GWL Conversion Ratio**” means 0.135 of a GWL Common Share or GWL Amalco Common Share, as applicable.

“**Subscriber**” means the third-party who has entered into an agreement with GWL pursuant to which, among other things, the Subscriber confirms that it will subscribe for and receive GWL Amalco Common Shares to be issued pursuant to this Plan of Arrangement, as contemplated in subsection 3.1(cc) of this Plan of Arrangement.

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1.

“**TC Amalco**” means 11039962 Canada Inc., a corporation governed by the laws of Canada, and the holder of Class B LP Units, and the related Special Voting Units, and the Trust Units immediately before the Effective Time.

“**TC Amalco Common Shares**” the common shares in the capital of TC Amalco.

“**Trust Units**” means the units in the capital of Choice REIT, other than the Special Voting Units.

“**WFDI Amalco**” means Weston Food Distribution Inc., a corporation governed by the laws of Canada.

“**WFIC Sub**” means 11040359 Canada Inc., a corporation governed by the laws of Canada.

“**WFIC Sub Holdco**” means 11040472 Canada Inc., a corporation governed by the laws of Canada.

“**WHL**” means Weston Holdings Limited, a corporation governed by the laws of the Province of Ontario.

“**WHL Capital Reorganization**” has the meaning given in subsection 3.1(r) of this Plan of Arrangement.

“**WHL Common Shares**” means the common shares in the capital of WHL.

“**WHL Documents**” means all agreements, resolutions and documents required to give effect to the transactions described in subsections 3.1(r) to 3.1(y) of this Plan of Arrangement.

“**WHL New Common Shares**” means the new common shares in the capital of WHL.

“**WHL Redemption Note**” means a non-interest-bearing promissory note, payable on demand, having a principal amount and FMV equal to the aggregate redemption amount of the WHL Spin-off Butterfly Shares redeemed by WHL.

“**WHL Spin-off Butterfly Shares**” means the preferred shares in the capital of WHL.

“**WHL Spin-off Distribution**” has the meaning given in subsection 3.1(t) of this Plan of Arrangement.

“**WHL Spin-off Distribution Property**” means all of the common shares in the capital of 2397454, and the Spinco Common Shares, owned by WHL immediately before the WHL Spin-off Distribution.

“**WHL/TC**” means 11040464 Canada Inc., a corporation governed by the laws of Canada.

“**WHL/TC Common Shares**” means the common shares in the capital of WHL/TC.

“**WHL/TC Preferred Shares**” means the preferred shares in the capital of WHL/TC.

“**WHL/TC Redemption Note**” means a non-interest-bearing promissory note, payable on demand, having a principal amount and FMV equal to the aggregate redemption amount of the WHL/TC Preferred Shares redeemed by WHL/TC.

In addition, words and phrases used herein and defined in the CBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the CBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.3 Rules of Construction

In this Plan of Arrangement, unless the context otherwise requires: (a) words importing the singular shall include the plural and vice versa, (b) words importing the use of either gender shall include both genders and neuter, (c) “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”, and (d) the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint

venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

1.4 Date for any Action

If the date on which any action is required or permitted to be taken hereunder is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

1.5 Statutory References

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency

Unless otherwise stated, all references herein to amounts of money are expressed in lawful currency of Canada.

1.7 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time in Toronto, Ontario unless otherwise stipulated herein.

1.8 Exhibits

The following Exhibits are attached to this Plan of Arrangement and form part hereof:

Exhibit I New Share Terms of LCL

Exhibit II Share Terms of Spinco

ARTICLE 2 ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur as set forth herein.

2.2 Binding Effect

At and after the Effective Time, this Plan of Arrangement shall be binding on: (a) LCL, GWL, GWL Amalco, Spinco, Spinco Amalco, Choice REIT, Choice LP, the Subscriber, WFDI Amalco, WHL/TC, 2397454, Rocky, Rocky Holdco, Rocky Sub, Rocky Sub Holdco, TC

Amalco, WFIC Sub, WFIC Sub Holdco and WHL, (b) all LCL Shareholders and holders of LCL Stock Options, LCL DSUs, LCL RSUs and LCL PSUs and (c) the LCL Transfer Agent and the GWL Transfer Agent, in each case without any further authorization, act or formality on the part of any person, except as expressly provided herein.

ARTICLE 3 ARRANGEMENT

3.1 Arrangement

Commencing at the Effective Time, except as otherwise noted, each of the steps set out below shall occur in the following order without any further act or formality, with each step occurring two minutes after the completion of the immediately preceding step:

LCL Spin-off Butterfly

- (a) The articles of incorporation of LCL will be amended to create and authorize the issuance (in addition to the shares that LCL is authorized to issue immediately before such amendment) of the following:
 - (i) an unlimited number of new common shares (the “**LCL New Common Shares**”), having the rights, privileges, restrictions and conditions set out in Exhibit I to this Plan of Arrangement; and
 - (ii) an unlimited number of a series of second preferred shares designated as the “**Second Preferred Shares, Series C**” (the “**LCL Spin-off Butterfly Shares**”), having the rights, privileges, restrictions and conditions set out in Exhibit I to this Plan of Arrangement.
- (b) Each LCL Shareholder will exchange each issued and outstanding LCL Common Share that it owns for one LCL New Common Share and one LCL Spin-off Butterfly Share, and the LCL Common Shares so exchanged will be cancelled (the “**LCL Capital Reorganization**”). In connection with the LCL Capital Reorganization:
 - (i) LCL will not make a joint election under the provisions of section 85 of the Tax Act (or the provisions of any corresponding applicable provincial tax legislation) with any LCL Shareholder; and
 - (ii) the aggregate amount to be added by LCL to the stated capital of the LCL New Common Shares and the LCL Spin-off Butterfly Shares will be an amount equal to the aggregate PUC of the LCL Common Shares immediately prior to the LCL Capital Reorganization, and such PUC will be allocated between the LCL New Common Shares and the LCL Spin-off Butterfly Shares based on the proportion that the FMV of the LCL New Common Shares and the LCL Spin-off Butterfly Shares, as the case may be, is of the aggregate FMV of all of the LCL New Common Shares and

the LCL Spin-off Butterfly Shares issued on the LCL Capital Reorganization.

- (c) Concurrently with the LCL Capital Reorganization, the LCL New Common Shares will, outside of this Plan of Arrangement, continue to be listed and posted for trading on the Exchange (subject to standard listing conditions imposed by the Exchange in similar circumstances), and for greater certainty, such continued listing will be effective before the LCL Spin-off Distribution in subsection 3.1(h) of this Plan of Arrangement.
- (d) Concurrently with the LCL Capital Reorganization, and in order to reflect the FMV Reduction of an LCL Common Share, each holder of LCL Stock Options will exchange all of such holder's outstanding LCL Stock Options for a number of LCL New Stock Options (with the aggregate number of LCL New Stock Options being rounded down to the nearest whole number) granting each respective holder the right to acquire a number of LCL Common Shares for an exercise price that when taken together with the number of LCL New Stock Options issued per LCL Stock Option, will result in the aggregate In The Money Amount of a holder's LCL New Stock Options not exceeding the aggregate In The Money Amount of such holder's LCL Stock Options, and the LCL Stock Options so exchanged will be cancelled. None of the LCL New Stock Options will be exercisable until after the completion of the transaction in subsection 3.1(dd) of this Plan of Arrangement.

For the purpose of computing the In The Money Amount of a holder's LCL Stock Option or LCL New Stock Option, the FMV of an LCL Common Share issuable under an LCL Stock Option or an LCL New Stock Option, as the case may be, will be determined based on the weighted average trading price of an LCL Common Share on the Exchange for a five-day trading period, beginning on the date the LCL Common Shares begin trading on the Exchange on an ex-dividend basis with respect to the LCL Spin-off Distribution in respect of the LCL New Stock Options, and ending immediately before the date the LCL Common Shares begin trading on the Exchange on an ex-dividend basis with respect to the LCL Spin-off Distribution in respect of the LCL Stock Options.

- (e) Concurrently with the LCL Capital Reorganization:
 - (i) the number of LCL DSUs recorded in the account of each participant in the LCL DSU Plans;
 - (ii) the number of LCL PSUs recorded in the account of each participant in the LCL PSU Plan; and
 - (iii) the number of LCL RSUs recorded in the account of each participant in the LCL RSU Plan

will be proportionately increased to reflect the FMV Reduction of an LCL Common Share.

- (f) Each holder of LCL Spin-off Butterfly Shares will transfer each LCL Spin-off Butterfly Share that it owns to Spinco in exchange for one Spinco Common Share (the “**Spinco Share Exchange**”). In connection with the Spinco Share Exchange, the aggregate amount to be added by Spinco to the stated capital of the Spinco Common Shares will be an amount equal to the aggregate stated capital of the LCL Spin-off Butterfly Shares so transferred to Spinco.
- (g) Concurrently with the issuance of the Spinco Common Shares on the Spinco Share Exchange, the Spinco Common Shares will, outside of this Plan of Arrangement, be listed and posted for trading on the Exchange (subject to standard listing conditions imposed by the Exchange in similar circumstances), and for greater certainty, such listing will be effective before the LCL Spin-off Distribution in subsection 3.1(h) of this Plan of Arrangement.
- (h) LCL will transfer the LCL Spin-off Distribution Property to Spinco for a purchase price equal to its aggregate FMV (the “**LCL Spin-off Distribution**”), which Spinco will satisfy by issuing 1,000,000 Spinco Preferred Shares to LCL. The aggregate amount to be added by Spinco to the stated capital of the Spinco Preferred Shares will be an amount equal to the agreed amount in the subsection 85(1) election described below.

The net FMV of the LCL Spin-off Distribution Property received by Spinco will be equal to or approximate that proportion of the net FMV of all property owned by LCL immediately before the LCL Spin-off Distribution that:

- (i) the aggregate FMV of the LCL Spin-off Butterfly Shares owned by Spinco immediately before the LCL Spin-off Distribution;

is of

- (ii) the aggregate FMV of all of the issued and outstanding shares in the capital of LCL immediately before the LCL Spin-off Distribution.

LCL and Spinco will jointly elect, in prescribed form and within the time limits referred to in subsection 85(6) of the Tax Act, to have the provisions of subsection 85(1) of the Tax Act apply to the transfer of the LCL Spin-off Distribution Property, and if applicable, LCL and Spinco will jointly elect under the provisions of any corresponding provincial tax legislation. The agreed amount specified in the subsection 85(1) election will be an amount that is not less than the aggregate ACB of the LCL Spin-off Distribution Property to LCL immediately before the transfer, which amount will be less than the FMV of such property at the time of the transfer.

- (i) Spinco will redeem and cancel all of the Spinco Preferred Shares held by LCL and will issue to LCL, as payment therefor, the Spinco Redemption Note. LCL will accept the Spinco Redemption Note as full payment of the aggregate redemption amount of the Spinco Preferred Shares so redeemed, with the risk of this note being dishonoured. The amount of any deemed dividend resulting from

the application of subsection 84(3) of the Tax Act to the redemption of all of the Spinco Preferred Shares is hereby designated by Spinco, to the extent permitted under the Tax Act, as an eligible dividend.

- (j) The first taxation year of Spinco will end.
- (k) LCL will redeem and cancel all of the LCL Spin-off Butterfly Shares held by Spinco and will issue to Spinco, as payment therefor, the LCL Redemption Note. Spinco will accept the LCL Redemption Note as full payment of the aggregate redemption amount of the LCL Spin-off Butterfly Shares so redeemed, with the risk of this note being dishonoured. The amount of any deemed dividend resulting from the application of subsection 84(3) of the Tax Act to the redemption of all of the LCL Spin-off Butterfly Shares is hereby designated by LCL, to the extent permitted under the Tax Act, as an eligible dividend.
- (l) In order to settle the promissory notes issued by Spinco and LCL, the following transactions will occur simultaneously:
 - (i) LCL will satisfy its obligations under the LCL Redemption Note by transferring the Spinco Redemption Note to Spinco and Spinco will accept the Spinco Redemption Note in full satisfaction of LCL's obligations under the LCL Redemption Note; and
 - (ii) Spinco will satisfy its obligations under the Spinco Redemption Note by transferring the LCL Redemption Note to LCL and LCL will accept the LCL Redemption Note in full satisfaction of Spinco's obligations under the Spinco Redemption Note.

The LCL Redemption Note and the Spinco Redemption Note will be cancelled.

- (m) Each holder of LCL New Common Shares will exercise the conversion rights of those shares and each LCL New Common Share will be converted into one LCL Common Share. An amount equal to the stated capital of the LCL New Common Shares will be deducted from the stated capital of those shares and will be added to the stated capital of the LCL Common Shares.
- (n) Concurrently with the share conversion in subsection 3.1(m) of this Plan of Arrangement, the LCL Common Shares will, outside of this Plan of Arrangement, continue to be listed and posted for trading on the Exchange (subject to standard listing conditions imposed by the Exchange in similar circumstances).

Transfer of LCL Common Shares to Holding Companies

- (o) WFIC Sub will transfer all of the LCL Common Shares that it owns to WFIC Sub Holdco for a purchase price equal to their FMV, which WFIC Sub Holdco will satisfy by issuing 10,000 common shares in the capital of WFIC Sub Holdco to WFIC Sub. WFIC Sub and WFIC Sub Holdco will file an election under section 85 of the Tax Act (and the provisions of any corresponding applicable provincial

tax legislation) in respect of this transfer and an amount equal to the agreed amount in the section 85 election will be added to the stated capital of the common shares in the capital of WFIC Sub Holdco.

- (p) Rocky will transfer all of the LCL Common Shares that it owns to Rocky Holdco for a purchase price equal to their FMV, which Rocky Holdco will satisfy by issuing 10,000 common shares in the capital of Rocky Holdco to Rocky. Rocky and Rocky Holdco will file an election under section 85 of the Tax Act (and the provisions of any corresponding applicable provincial tax legislation) in respect of this transfer and an amount equal to the agreed amount in the section 85 election will be added to the stated capital of the common shares in the capital of Rocky Holdco.
- (q) Rocky Sub will transfer all of the LCL Common Shares that it owns to Rocky Sub Holdco for a purchase price equal to their FMV, which Rocky Sub Holdco will satisfy by issuing 10,000 common shares in the capital of Rocky Sub Holdco to Rocky Sub. Rocky Sub and Rocky Sub Holdco will file an election under section 85 of the Tax Act (and the provisions of any corresponding applicable provincial tax legislation) in respect of this transfer and an amount equal to the agreed amount in the section 85 election will be added to the stated capital of the common shares in the capital of Rocky Sub Holdco.

WHL Spin-off Butterfly

- (r) WFDI Amalco will exchange each issued and outstanding WHL Common Share that it owns for one WHL New Common Share and one WHL Spin-off Butterfly Share, and the WHL Common Shares so exchanged will be cancelled (the “**WHL Capital Reorganization**”). In connection with the WHL Capital Reorganization:
 - (i) WFDI Amalco and WHL will not make a joint election under the provisions of subsection 85(1) of the Tax Act (or the provisions of any corresponding applicable provincial tax legislation); and
 - (ii) the aggregate amount to be added by WHL to the stated capital of the WHL New Common Shares and the WHL Spin-off Butterfly Shares will be an amount equal to the aggregate PUC of the WHL Common Shares immediately prior to the WHL Capital Reorganization, and such PUC will be allocated between the WHL New Common Shares and the WHL Spin-off Butterfly Shares based on the proportion that the FMV of the WHL New Common Shares and the WHL Spin-off Butterfly Shares, as the case may be, is of the aggregate FMV of all of the WHL New Common Shares and the WHL Spin-off Butterfly Shares issued on the WHL Capital Reorganization.
- (s) WFDI Amalco will transfer all of the WHL Spin-off Butterfly Shares that it owns to WHL/TC for a purchase price equal to their FMV, which WHL/TC will satisfy by issuing 10,000 WHL/TC Common Shares to WFDI Amalco. The aggregate

amount to be added by WHL/TC to the stated capital of the WHL/TC Common Shares will be an amount equal to the agreed amount in the subsection 85(1) election described below.

WFDI Amalco and WHL/TC will jointly elect, in prescribed form and within the time limits referred to in subsection 85(6) of the Tax Act, to have the provisions of subsection 85(1) of the Tax Act apply to the transfer of the WHL Spin-off Butterfly Shares, and if applicable, WFDI Amalco and WHL/TC will jointly elect under the provisions of any corresponding provincial tax legislation. The agreed amount specified in the subsection 85(1) election will be an amount that is not less than the aggregate ACB of the WHL Spin-off Butterfly Shares to WFDI Amalco immediately before the transfer, which amount will be less than the FMV of such shares at the time of the transfer.

- (t) WHL will transfer the WHL Spin-off Distribution Property to WHL/TC for a purchase price equal to its aggregate FMV (the “**WHL Spin-off Distribution**”), which WHL/TC will satisfy by issuing 1,000,000 WHL/TC Preferred Shares to WHL. The aggregate amount to be added by WHL/TC to the stated capital of the WHL/TC Preferred Shares will be an amount equal to the aggregate agreed amounts in the subsection 85(1) election described below.

The net FMV of the WHL Spin-off Distribution Property received by WHL/TC will be equal to or approximate that proportion of the net FMV of all property owned by WHL immediately before the WHL Spin-off Distribution that:

- (i) the aggregate FMV of the WHL Spin-off Butterfly Shares owned by WHL/TC immediately before the WHL Spin-off Distribution;

is of

- (ii) the aggregate FMV of all of the issued and outstanding shares in the capital of WHL immediately before the WHL Spin-off Distribution.

WHL and WHL/TC will jointly elect, in prescribed form and within the time limits referred to in subsection 85(6) of the Tax Act, to have the provisions of subsection 85(1) of the Tax Act apply to the transfer of the WHL Spin-off Distribution Property, and if applicable, WHL and WHL/TC will jointly elect under the provisions of any corresponding provincial tax legislation. The agreed amount of each eligible property in the subsection 85(1) election will be an amount that is not less than the aggregate ACB of each property to WHL immediately before the transfer, which amount will be less than the FMV of such property at the time of the transfer.

- (u) WHL/TC will redeem all of the WHL/TC Preferred Shares held by WHL and will issue to WHL, as payment therefor, the WHL/TC Redemption Note. WHL will accept the WHL/TC Redemption Note as full payment of the aggregate redemption amount of the WHL/TC Preferred Shares so redeemed, with the risk of this note being dishonoured. The amount of any deemed dividend resulting

from the application of subsection 84(3) of the Tax Act to the redemption of all of the WHL/TC Preferred Shares is hereby designated by WHL/TC, to the extent permitted under the Tax Act, as an eligible dividend.

- (v) The first taxation year of WHL/TC will end.
- (w) WHL will redeem all of the WHL Spin-off Butterfly Shares held by WHL/TC and will issue to WHL/TC, as payment therefor, the WHL Redemption Note. WHL/TC will accept the WHL Redemption Note as full payment of the aggregate redemption amount of the WHL Spin-off Butterfly Shares so redeemed, with the risk of this note being dishonoured. The amount of any deemed dividend resulting from the application of subsection 84(3) of the Tax Act to the redemption of all of the WHL Spin-off Butterfly Shares is hereby designated by WHL, to the extent permitted under the Tax Act, as an eligible dividend.
- (x) In order to settle the promissory notes issued by WHL/TC and WHL, the following transactions will occur simultaneously:
 - (i) WHL will satisfy its obligations under the WHL Redemption Note by transferring the WHL/TC Redemption Note to WHL/TC and WHL/TC will accept the WHL/TC Redemption Note in full satisfaction of WHL's obligations under the WHL Redemption Note; and
 - (ii) WHL/TC will satisfy its obligations under the WHL/TC Redemption Note by transferring the WHL Redemption Note to WHL and WHL will accept the WHL Redemption Note in full satisfaction of WHL/TC's obligations under the WHL/TC Redemption Note.

The WHL Redemption Note and the WHL/TC Redemption Note will be cancelled.

- (y) WFDI Amalco will exercise its conversion rights on the WHL New Common Shares and each WHL New Common Share will be converted into one WHL Common Share. An amount equal to the stated capital of the WHL New Common Shares will be deducted from the stated capital of those shares and will be added to the stated capital of the WHL Common Shares.

Amalgamation of WFDI Amalco, Spinco, TC Amalco and Certain Other Subsidiaries of GWL

- (z) WFDI Amalco, WHL/TC, 2397454, Rocky, Rocky Sub, WFIC Sub, Spinco and TC Amalco (referred to in this subsection as "predecessor corporations") will amalgamate pursuant to the provisions of section 181 of the CBCA to form Spinco Amalco in such a manner that, on and by virtue of the amalgamation:
 - (i) WFDI Amalco, WHL/TC, 2397454, Rocky, Rocky Sub, WFIC Sub, Spinco and TC Amalco will cease to exist as entities separate from Spinco Amalco;

- (ii) Spinco Amalco will possess all the property, rights, privileges and franchises (including all of the Class B LP Units, and the related Special Voting Units, and the Trust Units held by a predecessor corporation, but excluding any amounts receivable from any predecessor corporation) and will be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of the predecessor corporations (other than any amounts payable to any predecessor corporation);
- (iii) each issued and outstanding share in the capital of a predecessor corporation, other than common shares in the capital of WFDI Amalco described in paragraph 3.1(z)(vi) of this Plan of Arrangement and the Spinco Common Shares described in paragraph 3.1(z)(vii) of this Plan of Arrangement, immediately prior to the amalgamation will be cancelled without any repayment of capital in respect thereof;
- (iv) the Articles of Arrangement will be the articles of amalgamation of Spinco Amalco and the certificate of arrangement will be the certificate of amalgamation of Spinco Amalco;
- (v) Spinco Amalco's share capital will be comprised of common shares having the same terms and conditions as the common shares in the capital of WFDI Amalco (the "**Spinco Amalco Common Shares**") and preferred shares having the same terms and conditions as the preferred shares in the capital of WFDI Amalco (the "**Spinco Amalco Preferred Shares**");
- (vi) each issued and outstanding common share in the capital of WFDI Amalco immediately prior to the amalgamation will be converted into one Spinco Amalco Common Share;
- (vii) each issued and outstanding Spinco Common Share (other than a Spinco Common Share held by a predecessor corporation) will be cancelled, and in consideration therefor, GWL will issue to each such holder of Spinco Common Shares a number of GWL Common Shares per Spinco Common Share equal to the Spinco/GWL Conversion Ratio, and such holders will receive cash in lieu of any fractional shares;
- (viii) as consideration for the issuance of the GWL Common Shares as described in paragraph 3.1(z)(vii) of this Plan of Arrangement, Spinco Amalco will issue 1,000,000 Spinco Amalco Preferred Shares to GWL;
- (ix) the stated capital of the Spinco Amalco Common Shares, and the stated capital of the Spinco Amalco Preferred Shares, will be an amount equal to \$0.01;
- (x) the amount to be added by GWL to the stated capital of the GWL Common Shares will be an amount equal to the PUC of the Spinco

Common Shares described in paragraph 3.1(z)(vii) of this Plan of Arrangement immediately before the amalgamation;

- (xi) no securities will be issued except as described in paragraph 3.1(z)(viii) of this Plan of Arrangement, and no assets will be distributed, by Spinco Amalco in connection with the amalgamation;
- (xii) the name of Spinco Amalco will be “Weston Food Distribution Inc.”;
- (xiii) the registered office of Spinco Amalco will be 22 St. Clair Avenue East, Suite 1901, Toronto, Ontario M4T 2S5;
- (xiv) with respect to the directors of Spinco Amalco: (A) the directors will consist of a minimum number of three directors and a maximum number of six directors, (B) until changed by the sole shareholder of Spinco Amalco, or by the directors of Spinco Amalco if authorized to do so, the number of directors of Spinco Amalco will be three (3), and (C) the initial directors of Spinco Amalco will be: Gordon Currie, Richard Dufresne and Andrew Bunston, each of whom is a resident Canadian;
- (xv) there will be no restrictions on the business Spinco Amalco may carry on or on the powers it may exercise; and
- (xvi) the by-laws of Spinco Amalco will be the by-laws of WFDI Amalco, mutatis mutandis.

Amalgamation of GWL and Spinco Amalco

- (aa) GWL and Spinco Amalco (referred to in this subsection as “predecessor corporations”) will amalgamate pursuant to the provisions of section 181 and subsection 184(1) of the CBCA to form GWL Amalco in such a manner that, on and by virtue of the amalgamation:
 - (i) GWL and Spinco Amalco will cease to exist as entities separate from GWL Amalco;
 - (ii) GWL Amalco will possess all the property, rights, privileges and franchises (including all of the Class B LP Units, and the related Special Voting Units, and the Trust Units held by a predecessor corporation, but excluding any amounts receivable from any predecessor corporation) and will be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of the predecessor corporations (other than any amounts payable to any predecessor corporation);
 - (iii) each issued and outstanding share in the capital of Spinco Amalco immediately prior to the amalgamation will be cancelled without any repayment of capital in respect thereof;

- (iv) GWL Amalco's share capital will be comprised of common shares having the same terms and conditions as the GWL Common Shares (the "**GWL Amalco Common Shares**") and preferred shares having the same terms and conditions as the respective class or series of GWL Preferred Shares (the "**GWL Amalco Preferred Shares**");
 - (v) the issued and outstanding GWL Common Shares and GWL Preferred Shares immediately prior to the amalgamation will survive and continue to be GWL Amalco Common Shares and GWL Amalco Preferred Shares, respectively, without amendment;
 - (vi) the stated capital of the GWL Amalco Common Shares and each class or series of GWL Amalco Preferred Shares will be an amount equal to the stated capital of the GWL Common Shares and the corresponding class or series of GWL Preferred Shares, respectively, immediately before the amalgamation;
 - (vii) no securities will be issued and no assets will be distributed by GWL Amalco in connection with the amalgamation;
 - (viii) the name of GWL Amalco will be "George Weston Limited";
 - (ix) the registered office of GWL Amalco will be 22 St. Clair Avenue East, Suite 1901, Toronto, Ontario M4T 2S5;
 - (x) there will be no restrictions on the business GWL Amalco may carry on or on the powers it may exercise;
 - (xi) the by-laws of GWL Amalco will be the by-laws of GWL, mutatis mutandis; and
 - (xii) in accordance with subsection 184(1) of the CBCA, the articles of amalgamation and directors of GWL Amalco will be the same as the articles of incorporation and directors, respectively, of GWL immediately prior to the amalgamation in this subsection 3.1(aa) of this Plan of Arrangement.
- (bb) Concurrently with the continuation of the GWL Amalco Common Shares and GWL Amalco Preferred Shares pursuant to the amalgamation of GWL as described in subsection 3.1(aa) of this Plan of Arrangement:
- (i) the GWL Amalco Common Shares and GWL Amalco Preferred Shares will, outside of this Plan of Arrangement, continue to be listed and posted for trading on the Exchange; and
 - (ii) each outstanding stock option to acquire a GWL Common Share will become a stock option entitling the holder to acquire the same number of GWL Amalco Common Shares, and GWL's stock option plan will

become the stock option plan of GWL Amalco, with all of the other terms and conditions of, and restrictions on, the stock options, including the exercise price, the vesting conditions and the exercise or surrender restrictions, being the same as the stock options to acquire GWL Common Shares.

Issuance of GWL Amalco Common Shares

- (cc) The Subscriber will subscribe for a number of GWL Amalco Common Shares equal to 9.6 million multiplied by the Spinco/GWL Conversion Ratio for a cash subscription price.

Amendment to LCL Articles

- (dd) The articles of incorporation of LCL will be amended to delete the amendments made to the authorized capital of LCL pursuant to subsection 3.1(a) of this Plan of Arrangement, such that the articles of incorporation of LCL as so amended will be the articles of LCL as they read immediately before the Effective Time.

3.2 Transactions Effected Outside the Arrangement

The transactions described in:

- (a) subsections 3.1(r) to 3.1(y) of this Plan of Arrangement shall be effected by the WHL Documents; and
- (b) subsections 3.1(aa) to 3.1(cc) of this Plan of Arrangement shall be effected by the articles of amalgamation and other documents, as applicable;

filed or entered into at or prior to the Effective Time, and all such transactions shall be deemed to be effective in the order described in, and at the effective time contemplated by, this Plan of Arrangement.

**ARTICLE 4
SHARES**

4.1 Registers of Holders

- (a) Upon the exchange of the LCL Common Shares pursuant to subsection 3.1(b) of this Plan of Arrangement, the name of each relevant LCL Shareholder will be deemed to be removed from the register of holders of LCL Common Shares and will be deemed to be added to the registers of holders of LCL New Common Shares and LCL Spin-off Butterfly Shares as the holder of the number of LCL New Common Shares and LCL Spin-off Butterfly Shares, respectively, issued to such LCL Shareholder. Upon the cancellation of the LCL Common Shares pursuant to subsection 3.1(b) of this Plan of Arrangement, appropriate entries will be made in the register of holders of LCL Common Shares.

- (b) Upon the exchange of the LCL Spin-off Butterfly Shares pursuant to subsection 3.1(f) of this Plan of Arrangement: (i) the name of each relevant holder of LCL Spin-off Butterfly Shares will be deemed to be removed from the register of holders of LCL Spin-off Butterfly Shares and will be deemed to be added to the register of holders of Spinco Common Shares as the holder of the number of Spinco Common Shares issued to such holder of LCL Spin-off Butterfly Shares, and (ii) Spinco will be deemed to be added to the register of holders of LCL Spin-off Butterfly Shares as the holder of the number of LCL Spin-off Butterfly Shares received on the exchange by Spinco pursuant to subsection 3.1(f) of this Plan of Arrangement and will be deemed to be the legal and beneficial owner thereof.
- (c) Upon the transfer of the LCL Spin-off Distribution Property to Spinco pursuant to subsection 3.1(h) of this Plan of Arrangement: (i) LCL will be deemed to be removed from the register of holders of TC Amalco Common Shares, (ii) Spinco will be deemed to be recorded as the registered holder of the TC Amalco Common Shares on the register of holders of TC Amalco Common Shares and will be deemed to be the legal and beneficial owner thereof, and (iii) LCL will be deemed to be added to the register of holders of Spinco Preferred Shares as the holder of the number of Spinco Preferred Shares issued to LCL pursuant to subsection 3.1(h) of this Plan of Arrangement.
- (d) Upon the redemption of the Spinco Preferred Shares pursuant to subsection 3.1(i) of this Plan of Arrangement, LCL will be deemed to be removed from the register of holders of Spinco Preferred Shares and appropriate entries will be made in the register of holders of Spinco Preferred Shares.
- (e) Upon the redemption of the LCL Spin-off Butterfly Shares pursuant to subsection 3.1(k) of this Plan of Arrangement, Spinco will be deemed to be removed from the register of holders of LCL Spin-off Butterfly Shares and appropriate entries will be made in the register of holders of LCL Spin-off Butterfly Shares.
- (f) Upon the conversion of the LCL New Common Shares pursuant to subsection 3.1(m) of this Plan of Arrangement, the name of each relevant holder of LCL New Common Shares will be deemed to be removed from the register of holders of LCL New Common Shares and will be deemed to be added to the register of holders of LCL Common Shares as the holder of the number of LCL Common Shares received on the conversion by such LCL Shareholder.
- (g) Upon the transfer of the LCL Common Shares pursuant to subsection 3.1(o) of this Plan of Arrangement: (i) WFIC Sub will be deemed to be removed from the register of holders of LCL Common Shares, (ii) WFIC Sub Holdco will be deemed to be recorded as the registered holder of such LCL Common Shares on the register of holders of LCL Common Shares and will be deemed to be the legal and beneficial owner thereof, and (iii) WFIC Sub will be deemed to be added to the register of holders of common shares in the capital of WFIC Sub Holdco as the holder of the number of common shares in the capital of WFIC Sub Holdco issued to WFIC Sub pursuant to subsection 3.1(o) of this Plan of Arrangement.

- (h) Upon the transfer of the LCL Common Shares pursuant to subsection 3.1(p) of this Plan of Arrangement: (i) Rocky will be deemed to be removed from the register of holders of LCL Common Shares, (ii) Rocky Holdco will be deemed to be recorded as the registered holder of such LCL Common Shares on the register of holders of LCL Common Shares and will be deemed to be the legal and beneficial owner thereof, and (iii) Rocky will be deemed to be added to the register of holders of common shares in the capital of Rocky Holdco as the holder of the number of common shares in the capital of Rocky Holdco issued to Rocky pursuant to subsection 3.1(p) of this Plan of Arrangement.
- (i) Upon the transfer of the LCL Common Shares pursuant to subsection 3.1(q) of this Plan of Arrangement: (i) Rocky Sub will be deemed to be removed from the register of holders of LCL Common Shares, (ii) Rocky Sub Holdco will be deemed to be recorded as the registered holder of such LCL Common Shares on the register of holders of LCL Common Shares and will be deemed to be the legal and beneficial owner thereof, and (iii) Rocky Sub will be deemed to be added to the register of holders of common shares in the capital of Rocky Sub Holdco as the holder of the number of common shares in the capital of Rocky Sub Holdco issued to Rocky Sub pursuant to subsection 3.1(q) of this Plan of Arrangement.
- (j) Upon the exchange of the WHL Common Shares pursuant to subsection 3.1(r) of this Plan of Arrangement, WFDI Amalco will be deemed to be removed from the register of holders of WHL Common Shares and will be deemed to be added to the registers of holders of WHL New Common Shares and WHL Spin-off Butterfly Shares as the holder of the number of WHL New Common Shares and WHL Spin-off Butterfly Shares, respectively, issued to WFDI Amalco pursuant to subsection 3.1(r) of this Plan of Arrangement. Upon the cancellation of the WHL Common Shares pursuant to subsection 3.1(r) of this Plan of Arrangement, appropriate entries will be made in the register of holders of WHL Common Shares.
- (k) Upon the transfer of the WHL Spin-off Butterfly Shares pursuant to subsection 3.1(s) of this Plan of Arrangement: (i) WFDI Amalco will be deemed to be removed from the register of holders of WHL Spin-off Butterfly Shares, (ii) WHL/TC will be deemed to be recorded as the registered holder of such WHL Spin-off Butterfly Shares on the register of holders of WHL Spin-off Butterfly Shares and will be deemed to be the legal and beneficial owner thereof, and (iii) WFDI Amalco will be deemed to be added to the register of holders of WHL/TC Common Shares as the holder of the number of WHL/TC Common Shares issued to WFDI Amalco pursuant to subsection 3.1(s) of this Plan of Arrangement.
- (l) Upon the transfer of the WHL Spin-off Distribution Property pursuant to subsection 3.1(t) of this Plan of Arrangement: (i) WHL will be deemed to be removed from the registers of holders of common shares in the capital of 2397454 and Spinco Common Shares, (ii) WHL/TC will be deemed to be recorded as the registered holder of such common shares in the capital of 2397454 and Spinco Common Shares on the registers of holders of common shares in the capital of

2397454 and Spinco Common Shares, respectively, and will be deemed to be the legal and beneficial owner thereof, and (iii) WHL will be deemed to be added to the register of holders of WHL/TC Preferred Shares as the holder of the number of WHL/TC Preferred Shares issued to WHL pursuant to subsection 3.1(t) of this Plan of Arrangement.

- (m) Upon the redemption of the WHL/TC Preferred Shares pursuant to subsection 3.1(u) of this Plan of Arrangement, WHL will be deemed to be removed from the register of holders of WHL/TC Preferred Shares and appropriate entries will be made in the register of holders of WHL/TC Preferred Shares.
- (n) Upon the redemption of the WHL Spin-off Butterfly Shares pursuant to subsection 3.1(w) of this Plan of Arrangement, WHL/TC will be deemed to be removed from the register of holders of WHL Spin-off Butterfly Shares and appropriate entries will be made in the register of holders of WHL Spin-off Butterfly Shares.
- (o) Upon the conversion of the WHL New Common Shares pursuant to subsection 3.1(y) of this Plan of Arrangement, WFDI Amalco will be deemed to be removed from the register of holders of WHL New Common Shares and will be deemed to be added to the register of holders of WHL Common Shares as the holder of the number of WHL Common Shares received on the conversion by WFDI Amalco.
- (p) Upon the amalgamation of WFDI Amalco, WHL/TC, 2397454, Rocky, Rocky Sub, WFIC Sub, Spinco and TC Amalco pursuant to subsection 3.1(z) of this Plan of Arrangement: (i) appropriate entries will be made in the register of holders of each class of shares in the capital of each of WHL/TC, 2397454, Rocky, Rocky Sub, WFIC Sub, Spinco and TC Amalco to reflect the cancellation of such shares pursuant to paragraphs 3.1(z)(iii) and 3.1(z)(vii) of this Plan of Arrangement, (ii) the register of holders of common shares in the capital of WFDI Amalco will be deemed to be the register of holders of Spinco Amalco Common Shares, (iii) the register of holders of preferred shares in the capital of WFDI Amalco will be deemed to be the register of holders of Spinco Amalco Preferred Shares, (iv) the name of each holder of Spinco Common Shares described in paragraph 3.1(z)(vii) of this Plan of Arrangement will be deemed to be removed from the register of holders of Spinco Common Shares and will be deemed to be added to the register of holders of GWL Common Shares as the holder of the number of GWL Common Shares issued to such holder of Spinco Common Shares pursuant to paragraph 3.1(z)(iii) of this Plan of Arrangement, and (v) GWL will be deemed to be added to the register of holders of Spinco Amalco Preferred Shares as the holder of the number of Spinco Amalco Preferred Shares issued to GWL pursuant to paragraph 3.1(z)(viii) of this Plan of Arrangement and will be deemed to be the legal and beneficial owner thereof.
- (q) Upon the amalgamation of GWL and Spinco Amalco pursuant to subsection 3.1(aa) of this Plan of Arrangement: (i) appropriate entries will be made in the register of holders of each class of shares in the capital of Spinco Amalco to

reflect the cancellation of such shares, (ii) the register of holders of GWL Common Shares will be deemed to be the register of holders of GWL Amalco Common Shares and (iii) the register of holders of GWL Preferred Shares will be deemed to be the register of holders of GWL Amalco Preferred Shares.

- (r) Upon the subscription for GWL Amalco Common Shares pursuant to subsection 3.1(cc) of this Plan of Arrangement, the Subscriber will be deemed to be added to the register of holders of GWL Amalco Common Shares as the holder of the number of GWL Amalco Common Shares issued to the Subscriber pursuant to subsection 3.1(cc) of this Plan of Arrangement.

4.2 Deemed Fully Paid and Non-Assessable Shares

All LCL Common Shares, LCL New Common Shares, LCL Spin-off Butterfly Shares, Spinco Common Shares, Spinco Preferred Shares, common shares in the capital of WFIC Sub Holdco, common shares in the capital of Rocky Holdco, common shares in the capital of Rocky Sub Holdco, WHL New Common Shares, WHL Spin-off Butterfly Shares, WHL/TC Common Shares, WHL/TC Preferred Shares, WHL Common Shares, Spinco Amalco Common Shares, Spinco Amalco Preferred Shares, GWL Common Shares, GWL Amalco Common Shares and GWL Amalco Preferred Shares issued pursuant hereto will be deemed to be or have been validly issued and outstanding as fully paid and non-assessable shares for all purposes of the CBCA.

ARTICLE 5 DELIVERY OF CONSIDERATION

5.1 Delivery of Certificates

From and after the Effective Time, share certificates formerly representing GWL Common Shares will represent GWL Amalco Common Shares and share certificates formerly representing GWL Preferred Shares will represent GWL Amalco Preferred Shares. No new certificates will be issued in respect of the LCL Common Shares, GWL Common Shares or GWL Preferred Shares. As soon as practicable following the Effective Time, the GWL Transfer Agent will deliver to each Registered Shareholder of LCL Common Shares (other than GWL and its Affiliates) at the close of business on the Distribution Record Date and the Subscriber, share certificates representing the GWL Amalco Common Shares to which such LCL Shareholder and the Subscriber is entitled pursuant to the Arrangement. Such certificates will be sent by first class mail to: (i) in the case of the LCL Shareholders (other than GWL and its Affiliates), the most recent address of the LCL Shareholder on the lists of Registered Shareholders maintained by the LCL Transfer Agent in respect of the LCL Common Shares, and (ii) in the case of the Subscriber, the address requested in writing by the Subscriber.

5.2 Withholding Rights

Each of LCL, Spinco and GWL (and their transfer agents on their behalf) shall be entitled to deduct and withhold from amounts payable under this Plan of Arrangement such amounts as each of LCL, Spinco and GWL (and their transfer agents on their behalf) is required to deduct and withhold with respect to such payment under the Tax Act or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so

withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

5.3 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens, except for claims of the transferring or exchanging securityholder to be paid the consideration payable to such securityholder pursuant to the terms of this Plan of Arrangement.

5.4 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall apply to any and all LCL Common Shares, LCL Stock Options, LCL DSUs, LCL PSUs and LCL RSUs issued prior to the Effective Time, (b) the rights and obligations of the Registered Shareholders, holders of LCL Stock Options, holders of LCL DSUs, holders of LCL PSUs, holders of LCL RSUs, LCL, GWL, Spinco and any transfer agent or other depository of LCL, GWL and Spinco, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any LCL Common Shares, LCL Stock Options, LCL DSUs, LCL PSUs or LCL RSUs shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 6 AMENDMENTS

6.1 Amendments to Plan of Arrangement

- (a) LCL, GWL and Spinco reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be: (i) set out in writing; (ii) agreed to in writing by LCL, GWL and Spinco; (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to LCL Shareholders or former LCL Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by LCL at any time prior to the Meeting provided that LCL, GWL and Spinco shall each have consented thereto in writing, with or without any other prior notice or communication (other than as may be required under the Interim Order), and, if so proposed and accepted by the persons voting at the Meeting, shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if: (i) it is consented to in writing by each of LCL, GWL and Spinco; (ii) it is filed with the

Court; and (iii) if required by the Court, it is approved by LCL Shareholders voting in the manner directed by the Court.

- (d) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.
- (e) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time by LCL or GWL Amalco, as the case may be, with the consent of the other, such other acting reasonably, provided that it concerns a matter which, in the reasonable opinion of LCL and GWL Amalco, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any LCL Shareholder or holder of GWL Amalco Common Shares.

ARTICLE 7 FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to further document or evidence any of the transactions or events set out herein.

EXHIBIT I – NEW SHARE TERMS OF LCL

Share terms attaching to the LCL New Common Shares and the LCL Spin-off Butterfly Shares at the time of the amendments contemplated in subparagraph 3.1(a) of the Plan of Arrangement.

1. LCL COMMON SHARES

The articles of incorporation of the Corporation are hereby amended by replacing the description of the Common Shares in its entirety with the following:

1.1 Authorized Capital

The Common Shares which the Corporation is authorized to issue are:

- an unlimited number of LCL Common Shares having the rights, privileges, restrictions and conditions described below, and
- an unlimited number of LCL New Common Shares having the rights, privileges, restrictions and conditions described below.

1.2 Votes and Dividends

The holders of Common Shares are entitled:

- (a) to vote at all meetings of shareholders, except meetings at which only holders of another specified class of shares are entitled to vote. The holders of LCL New Common Shares are entitled to two (2) votes for each LCL New Common Share held on all votes taken at such meetings. The holders of LCL Common Shares are entitled to 1 vote for each LCL Common Share held on all votes taken at such meetings; and
- (b) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive any dividend declared by the Corporation and to receive the remaining property of the Corporation upon dissolution.

1.3 Conversion of LCL New Common Shares

The LCL New Common Shares shall be convertible into LCL Common Shares on a one-for-one basis at any time and from time to time.

2. LCL SPIN-OFF BUTTERFLY SHARES

The articles of incorporation of the Corporation are hereby amended by adding thereto the following:

A series of Second Preferred Shares shall consist of an unlimited number of Second Preferred Shares, shall be designated as Second Preferred Shares, Series C (hereinafter referred to as the “**LCL Spin-off Butterfly Shares**”) and, in addition to and subject to the rights, restrictions,

conditions and limitations attaching to the Second Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

1. Dividends: The holders of LCL Spin-off Butterfly Shares shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the board of directors of the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, non-cumulative dividends.
2. Redemption: The Corporation may, to the extent permitted by applicable law, redeem at any time the whole, or from time to time any part, of the LCL Spin-off Butterfly Shares then outstanding on payment of a redemption price per LCL Spin-off Butterfly Share equal to the sum of the following two amounts: (i) an amount equal to: (x) the amount equal to the aggregate FMV of all of the issued and outstanding shares in the capital of the Corporation, determined immediately before the LCL Capital Reorganization as part of the LCL Spin-off Butterfly, multiplied by the LCL Spin-off Proportion; divided by (y) the number of LCL Spin-off Butterfly Shares issued on the LCL Capital Reorganization as part of the LCL Spin-off Butterfly; and (ii) an amount equal to all declared and unpaid dividends on a LCL Spin-off Butterfly Share, the whole constituting and being herein referred to in these provisions as the “**LCL Spin-off Redemption Amount**”. Payment of the LCL Spin-off Redemption Amount may be made through the issuance of a promissory note.
3. Retraction: Any holder of LCL Spin-off Butterfly Shares shall be entitled to require the Corporation to redeem, subject to the requirements of applicable law, at any time all of the LCL Spin-off Butterfly Shares registered in the name of such holder on the books of the Corporation at the LCL Spin-off Redemption Amount by tendering to the Corporation at the registered office of the Corporation a certificate or certificates representing all of the LCL Spin-off Butterfly Shares held by such holder together with a notice in writing specifying (i) that the holder desires to have the LCL Spin-off Butterfly Shares represented by such certificate or certificates redeemed by the Corporation and (ii) the business day on which the holder desires to have the Corporation redeem such LCL Spin-off Butterfly Shares.
4. Dissolution: In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of LCL Spin-off Butterfly Shares shall be entitled to receive from the assets of the Corporation an amount equal to the LCL Spin-off Redemption Amount per LCL Spin-off Butterfly Share before any amount shall be paid or any assets of the Corporation distributed upon any liquidation, dissolution or winding-up of the Corporation to the holders of the LCL Common Shares or the LCL New Common Shares. After payment to the holders of LCL Spin-off Butterfly Shares of the amount so payable to them such holders shall not be entitled to share in any further distribution of the assets of the Corporation.
5. Definitions: Capitalized terms used herein without definition have the meanings given to them in the Plan of Arrangement.

“**LCL Spin-off Proportion**” means the fraction A/B, where:

“A” is the net FMV of the LCL Spin-off Distribution Property to be transferred by the Corporation to Spinco on the LCL Spin-off Distribution; and

“B” is the net FMV of all of the property owned by the Corporation;

determined, in each case, immediately before the LCL Spin-off Distribution.

EXHIBIT II –SHARE TERMS OF SPINCO

ARTICLE 1 INTERPRETATION

Section 1.01 References to “Act”: Unless there is something in the context inconsistent herewith, in these provisions “Act” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, including the regulations promulgated thereunder.

Section 1.02 Headings, Gender and Number: These provisions shall be read without regard to article, section or subsection headings, which are included for ease of reference only and shall not affect the construction or interpretation hereof, and with all changes in gender and number required by the context.

Section 1.03 Currency: All monetary amounts referred to herein are in lawful money of Canada.

ARTICLE 2 COMMON SHARES

The Common Shares shall have attached thereto the following respective rights, privileges, restrictions and conditions:

Section 2.01 Votes: The holders of Common Shares are entitled to receive notice of, and to attend, all meetings of shareholders of the Corporation, except meetings at which only holders of another specified class or series of shares are entitled to vote. The holders of Common Shares are entitled to 1 vote for each Common Share held on all votes taken at such meetings.

Section 2.02 Dividends: Subject to the prior rights, privileges, restrictions and conditions attaching to the Preferred Shares or any series thereof, and the shares of any other class ranking senior to the Common Shares, the holders of Common Shares shall be entitled to receive and to participate equally as to dividends, share for share, as and when declared by the directors of the Corporation and all such dividends shall be declared and paid at the same time in an equal amount on all Common Shares at the time outstanding.

Section 2.03 Dissolution: In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation for the purpose of winding up its affairs, holders of Common Shares shall, after payment to the holders of Preferred Shares and shares of any other class ranking senior to the Common Shares of the amount payable to them, be entitled to receive the remaining property and assets of the Corporation without preference or distinction share-for-share.

Section 2.04 Limitation: Subject to the provisions of the Act, the holders of Common Shares shall not be entitled to vote together or separately on, or to dissent in respect of, any proposal to amend the articles of the Corporation to:

- (a) increase or decrease any maximum number of authorized Common Shares, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the Common Shares;
- (b) effect an exchange, reclassification or cancellation of all or part of the Common Shares; or
- (c) create a new class or series of shares equal or superior to the Common Shares.

ARTICLE 3 PREFERRED SHARES

Section 3.01 Directors' Right to Issue in One or More Series: The Preferred Shares may at any time and from time-to-time be issued in one or more series. Prior to the issue of Preferred Shares of any series, the directors of the Corporation shall, subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares as a class, the articles of the Corporation and the provisions of the Act, by resolution amend the articles of the Corporation to fix the number of Preferred Shares in such series and determine the designation of, and the rights, privileges, restrictions and conditions attached to, the Preferred Shares of such series including, without limitation:

- (a) the rate, amount or method of calculation of any dividends and whether any dividends are subject to adjustment;
- (b) whether any dividends are cumulative, partly cumulative or non-cumulative;
- (c) the dates, manner and currency of payments of any dividends and the date from which any dividends accrue or become payable;
- (d) if redeemable or purchasable (whether at the option of the Corporation or the holder or otherwise), the redemption or purchase prices and currency or currencies thereof and the terms and conditions of redemption or purchase, with or without any provision for sinking or similar funds;
- (e) the voting rights, if any;
- (f) any conversion, exchange or reclassification rights; and
- (g) any other terms not inconsistent with these provisions;

the whole subject to receipt by the Director appointed under the Act of articles of amendment designating and fixing the number of Preferred Shares in such series and setting forth the rights, privileges, restrictions and conditions attached thereto and the issue by the Director of a certificate of amendment with respect thereto.

Section 3.02 Ranking of Preferred Shares of Each Series: The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of the assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or

involuntary, or any other distribution of the assets of the Corporation for the purpose of winding-up its affairs, rank (a) on parity with the Preferred Shares of every other series and (b) senior to, and shall be entitled to a preference over, the Common Shares and the shares of any other class ranking junior to the Preferred Shares. The Preferred Shares of any series shall also be entitled to such other preferences, not inconsistent with these provisions, over the Common Shares and the shares of any other class ranking junior to the Preferred Shares as may be fixed in accordance with section 3.01 hereof.

Section 3.03 Voting Rights: Except as hereinafter specifically provided, as required by the Act or in accordance with any voting rights which may be attached to any series of Preferred Shares, the holders of Preferred Shares shall not be entitled as such to receive notice of, or to attend, any meeting of shareholders of the Corporation and shall not be entitled to vote at any such meeting.

Section 3.04 Amendment with Approval of Holders of Preferred Shares: The rights, privileges, restrictions and conditions attached to the Preferred Shares as a class may be added to, removed or changed only with the approval of the holders of Preferred Shares given in accordance with the requirements of the Act and the minimum requirement provided in section 3.05 hereof.

Section 3.05 Approval of Holders of Preferred Shares: The approval of the holders of Preferred Shares as a class to any matters referred to in these provisions may be given as specified below:

- (a) Approval and Quorum: Any approval required to be given by the holders of Preferred Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution signed by all of the holders of the then outstanding Preferred Shares or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by holders of Preferred Shares who voted in respect of that resolution at a meeting of the holders of Preferred Shares called and held for such purpose in accordance with the by-laws of the Corporation at which holders of not less than one-tenth of the then outstanding Preferred Shares are present in person or represented by proxy; provided that, if at any such meeting a quorum is not present within one-half hour after the time appointed for such meeting, the meeting shall be adjourned to the same day in the next week at the same time and to such place as the chairman of the meeting may determine and, subject to the provisions of the Act, it shall not be necessary to give notice of such adjourned meeting. At such adjourned meeting the holders of Preferred Shares present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast by holders of Preferred Shares at such meeting shall constitute the approval of the holders of Preferred Shares.
- (b) Votes: On every poll taken at any meeting in respect of which only the holders of Preferred Shares of more than one series are entitled to vote, each holder of Preferred Shares shall be entitled to one vote in respect of each \$1.00 of stated capital added to the appropriate stated capital account of the Corporation in respect of the issue of each such share.

Subject to the foregoing, the formalities to be observed with respect to proxies, the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time-to-time prescribed in the Act and the by-laws of the Corporation with respect to meetings of shareholders.

Section 3.06 Shares Issued in Series with Identical Rights: Where Preferred Shares are issued in more than one series with identical rights, privileges, restrictions, conditions and designations attached thereto, all such series of Preferred Shares shall rank pari passu and participate equally and proportionately without discrimination or preference as if all such series of Preferred Shares had been issued simultaneously and all such series of Preferred Shares may be designated as one series.

Section 3.07 Limitation: Subject to the provisions of the Act, the holders of Preferred Shares or any series thereof shall not, unless the rights, privileges, restrictions and conditions attached to the Preferred Shares as a class or to any particular series thereof provide to the contrary, be entitled to vote separately as a class or series on, or to dissent in respect of, any proposal to amend the articles of the Corporation to:

- (a) increase or decrease any maximum number of authorized Preferred Shares or any series thereof, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the Preferred Shares or any series thereof;
- (b) effect an exchange, reclassification or cancellation of all or part of the Preferred Shares or any series thereof; or
- (c) create a new class or series of shares equal or superior to the Preferred Shares or any series thereof.

ARTICLE 4 PREFERRED SHARES, SERIES A RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

The first series of Preferred Shares shall consist of an unlimited number of Preferred Shares which shall be designated as Preferred Shares, Series A (hereinafter referred to as the “**Spinco Preferred Shares**”) and, in addition to and subject to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, privileges, restrictions and conditions:

Section 4.01 Dividends: The holders of Spinco Preferred Shares shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the board of directors of the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, non-cumulative dividends.

Section 4.02 Redemption: The Corporation may, to the extent permitted by applicable law, redeem at any time the whole, or from time to time any part, of the Spinco Preferred Shares then outstanding on payment of a redemption price per Spinco Preferred Share equal to the sum of the fair market value of the consideration paid to the Corporation for the issuance of the Spinco Preferred Share and any declared and unpaid dividends on the Spinco Preferred Share, the whole

constituting and being herein referred to in these provisions as the “**Spinco Redemption Amount**”. Payment of the Spinco Redemption Amount may be made through the issuance of a promissory note.

Section 4.03 Retraction: Any holder of Spinco Preferred Shares shall be entitled to require the Corporation to redeem, subject to the requirements of applicable law, at any time all of the Spinco Preferred Shares registered in the name of such holder on the books of the Corporation at the Spinco Redemption Amount by tendering to the Corporation at the registered office of the Corporation a certificate or certificates representing all of the Spinco Preferred Shares held by such holder together with a notice in writing specifying (i) that the holder desires to have the Spinco Preferred Shares represented by such certificate or certificates redeemed by the Corporation and (ii) the business day on which the holder desires to have the Corporation redeem such Spinco Preferred Shares.

Section 4.04 Dissolution: In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Spinco Preferred Shares shall be entitled to receive from the assets of the Corporation an amount equal to the Spinco Redemption Amount per Spinco Preferred Share before any amount shall be paid or any assets of the Corporation distributed upon any liquidation, dissolution or winding-up of the Corporation to the holders of the Common Shares. After payment to the holders of Spinco Preferred Shares of the amount so payable to them such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS
CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED
AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF LOBLAW COMPANIES
LIMITED
LOBLAW COMPANIES LIMITED**

Court File No. CV-18-604515-00CL

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

ORDER

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