

# CO-OPERATORS GENERAL INSURANCE COMPANY

## BY-LAW NO. 2

### BE IT ENACTED AS A BY-LAW OF THE COMPANY AS FOLLOWS:

#### 1. Authorized Capital

The Company is authorized to issue:

- (a) that number of Class A Preference, issuable in series, having an aggregate stated capital of \$100 million and of which 1,440,000 Series A shares and unlimited Series B shares are authorized;
- (b) an unlimited number of Class B Preference Shares;
- (c) an unlimited number of Class C Preference Shares, issuable in series of which 100,000 Series A shares are authorized;
- (d) an unlimited number of Class D Preference Shares, issuable in series of which an unlimited number of Series A shares, an unlimited number of Series B shares and an unlimited number of Series C shares are authorized;
- (e) an unlimited number of Class E Preference Shares, issuable in series;
- (f) an unlimited number of Class F Preference Shares, issuable in series;
- (g) an unlimited number of Class G Preference Shares, issuable in series;
- (h) an unlimited number of Class H Preference Shares, issuable in series;
- (i) an unlimited number of Class I Preference Shares, issuable in series;
- (j) an unlimited number of Class J Preference Shares, issuable in series; and
- (k) an unlimited number of Common Shares.

#### 2. Ratifications and Confirmations

The directors and shareholders of the Company, by their approval of this By-law, hereby ratify and confirm the creation of all outstanding Class C Preference Shares, Series A, Class D Preference Shares, Series A, Class D Preference Shares, Series B and Class D Preference Shares, Series C all of which shall be deemed to have been created by by-law at the time of their authorization by the board of directors of the Company.

### **3. Class A Preference Shares**

The rights, privileges, restrictions and conditions attached to the Class A Preference Shares as a class, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares:

3.01 Directors right to issue in one or more series - The Class A Preference Shares shall be non-cumulative, and may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the *Insurance Companies Act*, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class A Preference Shares of such series may be issued;
- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;
- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

3.02 Priority re: Dividends/Distribution - Subject to the provisions of the *Insurance Companies Act* and to the rights attaching to the Class B Preference Shares and the Class E Preference Shares, which shares rank equally with the Class A Preference Shares in respect of dividends and distributions contemplated in this section 3.02 and as provided in section 13.06, the Class A Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of

liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class A preference shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class A Preference Shares. The holders of Class A Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares of such series.

3.03 Series to Rank Equally - No series of Class A Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class A Preference Shares that are then outstanding and the Class A Preference Shares of each series shall rank on a parity and participate rateably with the Class A Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and
- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

3.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights attaching to the Class B Preference Shares and the Class E Preference Shares, which shares rank equally with the Class A Preference Shares upon liquidation, dissolution and winding-up or other distribution contemplated in this section 3.04, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class A Preference Shares, each holder of a Class A Preference Share shall be entitled to receive:

- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class A Preference Shares of such series;
- (b) any dividends declared on the Class A Preference Shares but not paid;
- (c) such premium, if any, as has been provided for with respect to the Class A Preference Shares of such series; and

- (d) after payment to the holders of the Class A Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 3.05 No Pre-emptive rights - The holders of the Class A Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class A Preference Shares.
- 3.06 Non-voting except in Certain Circumstances - The holders of Class A Preference Shares shall not be entitled (except as required by the *Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.
- 3.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 3.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 3.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

- 3.08 Amendment - The foregoing provisions attaching to the Class A Preference Shares and the provisions of this section 3.08 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions and the approval of the holders of the Class A Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class A Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class A Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class A Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class A Preference Shares are present or are represented by proxy and carried by

the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class A Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class A Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class A Preference Shares. On every ballot taken at a meeting of the holders of Class A Preference Shares, every holder of Class A Preference Shares shall be entitled to one (1) vote in respect of each Class A Preference Share held.

#### **4. Class A Preference Shares, Series A**

The rights, privileges, restrictions and conditions attached to the Class A Preference Shares, Series A (the "Series A Shares") as a series, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Series A Shares as a series:

4.01 Dividends - For the purposes of this Section 4, the "Redemption Amount" for each Series A Share shall mean the sum of Thirty-Seven Dollars and Fifty Cents (\$37.50) together with all non-cumulative dividends declared thereon and unpaid. The holders of the Series A Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the Common Shares and on shares of any other class ranking junior to the Series A Shares, fixed preferential non-cumulative cash dividends at the rate of five per cent (5%) per annum of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereon and unpaid), which dividends may but need not be declared and paid quarterly, half-yearly or annually. If in any fiscal year, after providing for the payment of dividends at the rate of five per cent (5%) per annum of the redemption amount thereof (excluding any non-cumulative dividends declared thereon and unpaid) on each of the Series A Shares and the Series B Shares, dividends at the rate of five per cent (5%) per annum of the redemption amount thereof (excluding any non-cumulative dividends declared thereon and unpaid) on the Class B Preference Shares and dividends specified on the Class E Preference Shares, there shall remain any monies of the Company properly applicable to the payment of dividends and there are no dividends for any prior period on any series of the Class A Preference Shares, the Class B Preference Shares or any series of Class E

Preference Shares that remain unpaid on the dates on which the same are contemplated payable according to the terms thereof (whether or not declared), unless such dividends have been declared and paid in accordance with section 13.06, such monies or any part thereof may, in the discretion of the Board of directors, be applied to additional non-cumulative dividends on the Series A Shares at a rate as declared by the directors from time to time, provided that additional non-cumulative dividends shall be declared and paid or set apart for payment at an equal rate on all the Series A Shares, the Series B Shares and the Class B Preference Shares at the time outstanding on the basis of the respective redemption amounts thereof, without preference or priority of one share over another. Dividends on the Series A Shares shall be payable on such date or dates as the Board of directors shall determine. Cheques of the Company payable in lawful money of Canada at par at any branch in Canada of the Company's bankers for the time being may be issued in respect of the dividends on the Series A Shares (less any tax required to be withheld or deducted by the Company). The mailing of such cheques to the holders of Series A Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividends represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six (6) years from the date on which it was declared to be payable shall be forfeited to the Company.

- 4.02 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, may redeem at any time the whole or, from time to time, any part of the then outstanding Series A Shares on payment of the Redemption Amount for each Series A Share to be redeemed (of which an amount equal to the amount paid up on the Series A Shares to be redeemed shall be deducted from the capital account maintained for the Series A Shares and the balance shall be deducted from the retained earnings of the Company or, at the discretion of the board of directors, the balance shall be deducted in part from the retained earnings of the Company and in part from contributed surplus). Any shares so redeemed shall not reduce the authorized capital of the Company. If a part only of the then outstanding Series A Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

4.03 Notice of Redemption - In any case of redemption of Series A Shares under the provisions of section 4.02 hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Series A Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Series A Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Series A Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Series A Shares called for redemption. Such Series A Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Series A Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof 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 Company shall have the right at any time after the sending of notice of its intention to redeem any Series A Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Series A Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series A Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance

- of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Series A Shares may receive their proportionate part of the total Redemption Amount only from the Company.
- 4.04 Liquidation - In the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Series A Shares shall be entitled to receive the aggregate Redemption Amount of such Series A Shares, before any amounts shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Series A Shares. After payment to the holders of the Series A Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 4.05 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Series A Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Series A Shares. Shares so purchased shall not reduce the authorized capital of the Company.
- 4.06 Conversion - Each Series A Share shall, at the option of the holder, be convertible into one fully paid and non-assessable Class F Preference Share, Series A (the "Class F Shares") in the manner hereinafter provided. A holder of Series A Shares may convert, all but not less than all, of the Series A Shares held by such holder by tendering to the Company, at any time not later than 60 days following approval of this By-law by the Superintendent of Financial Institutions, the certificate or certificates for all of the Series A Shares so held together with a notice of conversion duly completed. Such notice of conversion shall be irrevocable once it has been delivered to the Company and shall set out an acknowledgement that the Class F Shares into which the Series A Shares are to be converted are to be registered in the name of the registered holder of the Series A Shares to be converted. The Company shall, on presentation and delivery of the certificate or certificates representing the Series A Shares so tendered for conversion, deliver or cause to be delivered certificates representing the number of whole Class F Shares into which such Series A Shares are to be converted, registered in the name of the holder of the Series A Shares to be converted on the date of conversion. The Series A Shares so converted shall be converted and the holder thereof shall become a holder of Class F Shares of record, effective on the date of conversion.



4.07 Amendment - The foregoing provisions attaching to the Series A Shares and the provisions of this section 4.07 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Series A Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Series A Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Series A Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Series A Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Series A Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Series A Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Series A Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Series A Shares. On every ballot taken at a meeting of the holders of Series A Shares, every holder of Series A Shares shall be entitled to one (1) vote in respect of each Series A Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **5. Class A Preference Shares, Series B**

The rights, privileges, restrictions and conditions attached to the Class A Preference Shares, Series B (the "Series B Shares") as a series, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Series B Shares as a series:

5.01 Dividends - For the purposes of this section 5, the "Redemption Amount" for each Series B Share shall mean the sum of \$100.00 together with all non-cumulative dividends declared thereon and unpaid. The holders of the Series B Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the common shares and on shares

of any other class ranking junior to the Series B Shares, fixed preferential non-cumulative cash dividends at the rate of five per cent (5%) per annum of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereon and unpaid), which dividends may but need not be declared and paid quarterly, half-yearly or annually. If in any fiscal year, after providing for the payment of dividends at the rate of five per cent (5%) per annum of the redemption amount thereof (excluding any non-cumulative dividends declared thereon and unpaid) on each of the Series A Shares and the Series B Shares, dividends at the rate of five per cent (5%) per annum of the redemption amount thereof (excluding any non-cumulative dividends declared thereon and unpaid) on the Class B Preference Shares and dividends specified on the Class E Preference Shares, there shall remain any monies of the Company properly applicable to the payment of dividends and there are no dividends for any prior period on any series of the Class A Preference Shares, the Class B Preference Shares or any series of Class E Preference Shares that remain unpaid on the dates on which the same are contemplated payable according to the terms thereof (whether or not declared), unless such dividends have been declared and paid in accordance with section 13.06, such monies or any part thereof may, in the discretion of the board of directors, be applied to additional non-cumulative dividends on the Series B Shares at a rate as declared by the directors from time to time; provided that additional non-cumulative dividends shall be declared and paid or set apart for payment at an equal rate on all the Series A Shares, Series B Shares and the Class B Preference Shares at the time outstanding on the basis of the respective redemption amounts thereof, without preference or priority of one share over another. Dividends on the Series B Shares shall be payable on such date or dates as the board of directors shall determine. Cheques of the Company payable in lawful money of Canada at par at any branch in Canada of the Company's bankers for the time being may be issued in respect of the dividends on the Series B Shares (less any tax required to be withheld or deducted by the Company). The mailing of such cheques to the holders of Series B Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividend represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six(6) years from the date on which it was declared to be payable shall be forfeited to the Company.

- 5.02 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, may redeem at any time the whole or, from time to time, any part of the then outstanding

Series B Shares on payment of the Redemption Amount for each Series B Share to be redeemed (of which an amount equal to the amount paid up on the Series B Shares to be redeemed shall be deducted from the capital account maintained for the Series B Shares and the balance shall be deducted from the retained earnings of the Company or, at the discretion of the board of directors, the balance shall be deducted in part from the retained earnings of the Company and in part from contributed surplus). Any shares so redeemed shall not reduce the authorized capital of the Company. If a part only of the then outstanding Series B Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

- 5.03 Notice of Redemption - In any case of redemption of Series B Shares under the provisions of section 5.02 hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Series B Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Series B Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Series B Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Series B Shares called for redemption. Such Series B Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Series B Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof 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 Company shall have the right at any time after the sending of notice of its intention to redeem any Series B Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Series B Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series B shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Series B Shares may receive their proportionate part of the total Redemption Amount only from the Company.

- 5.04 Liquidation - In the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Series B Shares shall be entitled to receive the aggregate Redemption Amount of such Series B Shares, before any amounts shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Series B Shares. After payment to the holders of the Series B Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 5.05 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Series B Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Series B Shares. Shares so purchased shall not reduce the authorized capital of the Company.
- 5.06 Amendment - The foregoing provisions attaching to the Series B Shares and the provisions of this section 5.06 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the

same is required by the *Insurance Companies Act* and the approval of the holders of the Series B Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Series B Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Series B Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Series B Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Series B Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Series B Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Series B Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Series B Shares. On every ballot taken at a meeting of the holders of Series B Shares, every holder of Series B Shares shall be entitled to one (1) vote in respect of each Series B Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **6. Class B Preference Shares**

All rights, privileges, restrictions, conditions and limitations of any kind attaching to the Class B Preference Shares are deleted and the following substituted therefor:

- 6.01 Dividends - For the purposes of this section 6, the "Redemption Amount" for each Class B Preference Share shall mean the sum of Fifty Dollars (\$50.00) together with all non-cumulative dividends declared thereon and unpaid. Subject to the provisions of the *Insurance Companies Act* and to the rights attaching to the Class A Preference Shares and the Class E Preference Shares, which shares rank equally with the Class B Preference Shares in respect of dividends and distributions contemplated in this section 6.01 and as provided in section 13.06, the holders of the Class B Preference Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the Common Shares and on

shares of any other class ranking junior to the Class B Preference Shares, fixed preferential non-cumulative cash dividends at the rate of five per cent (5%) per annum of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereof and unpaid), which dividends may but need not be declared and paid quarterly, half-yearly or annually. If in any fiscal year, after providing for the payment of dividends at the rate of five per cent (5%) per annum of the redemption amount thereof (excluding any non-cumulative dividends declared thereon and unpaid) on each of the Series A Shares and the Series B Shares, dividends at the rate of five per cent (5%) per annum of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereon and unpaid) on the Class B Preference Shares and dividends specified on the Class E Preference Shares, there shall remain any monies of the Company properly applicable to the payment of dividends and there are no dividends for any prior period on any series of the Class A Preference Shares, the Class B Preference Shares or any series of Class E Preference Shares that remain unpaid on the dates on which the same are contemplated payable according to the terms thereof (whether or not declared), unless such dividends have been declared and paid in accordance with section 13.06, such monies or any part thereof may, in the discretion of the board of directors, be applied to additional non-cumulative dividends on the Class B Preference Shares at a rate as declared by the directors from time to time, provided that additional non-cumulative dividends shall be declared and paid or set apart for payment at an equal rate on all the Series A Shares, the Series B Shares and the Class B Preference Shares at the time outstanding on the basis of the respective redemption amounts thereof, without preference or priority of one share over another. Cheques of the Company payable in lawful money of Canada at par at any branch in Canada of the Company's bankers for the time being may be issued in respect of the dividends on the Class B Preference Shares (less any tax required to be withheld or deducted by the Company). The mailing of such cheques to the holders of Class B Preference Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividend represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six (6) years from the date on which it was declared to be payable shall be forfeited to the Company.

- 6.02 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, may redeem at any time the whole or, from time to time, any part of the then outstanding Class B Preference Shares on payment of the Redemption Amount for each Class B Preference Share to be redeemed (of which an amount equal to

the amount paid up on the Class B Preference Shares to be redeemed shall be deducted from the capital account maintained for the Class B Preference Shares and the balance shall be deducted from the retained earnings of the Company or, at the discretion of the board of directors, the balance shall be deducted in part from the retained earnings of the Company and in part from contributed surplus); provided that the Company shall not redeem any Class B Preference Shares prior to the earlier of (i) in the event that a right has arisen pursuant to section 6.06 hereof for the exchange of such Class B Preference Shares for equity shares of the Parent (as hereinafter defined), the next business day following the last date on which a holder of Class B Preference Shares may exercise such right and (ii) December 31, 1998. If a part only of the then outstanding Class B Preference Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

6.03 Notice of Redemption - In any case of redemption of Class B Preference Shares under the provisions of section 6.02 hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Class B Preference Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Class B Preference Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Class B Preference Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Class B Preference Shares called for redemption. Such Class B Preference Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Class B Preference Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof shall not be made upon presentation or certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain

unaffected. The Company shall have the right at any time after the sending of notice of its intention to redeem any Class B Preference Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Class B Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class B Preference Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Class B Preference Shares may receive their proportionate part of the total Redemption Amount only from the Company.

- 6.04 Liquidation - Subject to the rights attaching to the Class A Preference Shares and Class E Preference Shares, which shares rank equally with the Class B Preference Shares upon liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Class B Preference Shares shall be entitled to receive the aggregate Redemption Amount of such Class B Preference Shares, before any amounts shall be paid or any property or assets of the Company distributed to the holders of any Common shares or shares of any other class ranking junior to the Class B Preference Shares. After payment to the holders of the Class B Preference Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 6.05 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Class B Preference Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Class B Preference Shares.



- 6.06 Exchange - If at any time prior to December 31, 1998, a corporation holding the majority of Common Shares of the Company (herein referred to as the "Parent") intends to make an offering from treasury to the public by prospectus in one or more provinces of Canada of equity shares of the Parent (herein referred to as the "Initial Public Offering"), the Company shall, within five (5) days after the filing of the final prospectus in the Province of Ontario in respect of the Initial Public Offering, give notice to all the holders of Class B Preference Shares specifying the expected date of completion of the Initial Public Offering. If prior to such an offering from treasury the holder of the majority of equity shares of the Parent intends to make an offering from its holdings to the public by prospectus in one or more provinces of Canada of equity shares of the Parent, then such an offering shall be considered an Initial Public Offering. Forthwith upon the completion of the Initial Public Offering, the Company shall give a further notice to all of the holders of Class B Preference Shares that such holders may, subject to compliance with applicable law, exchange their Class B Preference Shares for equity shares of the Parent in the manner hereinafter set out. The number of equity shares of the Parent to which a holder who desires to exchange such Class B Preference Shares shall be entitled shall be equal, as nearly as possible disregarding fractions, to the product of (i) the number of Class B Preference Shares which such holder desires to exchange, multiplied by (ii) Fifty Dollars (\$50.00), and divided by (iii) the issue price (net of commission), expressed in Canadian Dollars, at which each equity share of the Parent was issued pursuant to the Initial Public Offering. In order to exercise such right of exchange such holder shall, within sixty (60) days of the completion of the Initial Public Offering, deliver to the transfer agent of the Parent, acting as agent for the Parent, at its office in Toronto, Canada, or at such other office or offices as may be designated in the aforesaid notice, and surrender the certificates respecting the Class B Preference Shares which he desires to exchange, together with a written notice exercising such right of exchange, which notice shall state the name or names in which he wishes the certificates for equity shares of the Parent to be issued and the address to which he wishes the certificates for equity shares of the Parent to be sent and shall also pay any governmental or other tax imposed in respect of such transaction. Thereupon there shall be issued to such holder by the Parent, as fully paid and non-assessable, the number of equity shares of the Parent to which he shall be entitled upon such exchange. Notwithstanding any such exchange the holder shall retain the right to receive any non-cumulative dividends declared and unpaid on the said Class B Preference Shares.
- 6.07 Conversion - Each Class B Preference Share shall, at the option of the holder, be convertible into one fully paid and non-assessable Class G Preference Share, Series A (the "Class G Shares") in the manner hereinafter provided. A holder of Class B Preference Shares may convert, all but not less than all, of the Class B Preference Shares held by such holder by tendering to the Company, at any time not later than 60 days

following approval of this By-law by the Superintendent of Financial Institutions, the certificate or certificates for all of the Class B Preference Shares so held together with a notice of conversion duly completed. Such notice of conversion shall be irrevocable once it has been delivered to the Company and shall set out an acknowledgement that the Class G Shares into which the Class B Preference Shares are to be converted are to be registered in the name of the registered holder of the Class B Preference Shares to be converted. The Company shall, on presentation and delivery of the certificate or certificates representing the Class B Preference Shares so tendered for conversion, deliver or cause to be delivered certificates representing the number of whole Class G Shares into which such Class B Preference Shares are to be converted, registered in the name of the holder of the Class B Preference Shares to be converted on the date of conversion. The Class B Preference Shares so converted shall be converted and the holder thereof shall become a holder of Class G Shares of record, effective on the date of conversion.

- 6.08 Non-voting except in Certain Circumstances - The holders of Class B Preference Shares shall not be entitled (except as required by the *Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.
- 6.09 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 6.09 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 6.09, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

- 6.10 Amendment - The foregoing provisions attaching to the Class B Preference Shares and the provisions of this section 6.10 may be repealed, altered, modified, amended, or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class B Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class B Preference Shares duly called and held as hereinafter provided. Any consent or approval of the

holders of Class B Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class B Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class B Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class B Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class B Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class B Preference Shares. On every ballot taken at a meeting of the holders of Class B Preference Shares, every holder of Class B Preference Shares shall be entitled to one (1) vote in respect of each Class B Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **7. Class C Preference Shares**

The rights, privileges, restrictions and conditions attached to the Class C Preference Shares as a class, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Class C Preference Shares:

7.01 Directors right to issue in one or more series - The Class C Preference Shares shall be non-cumulative, and may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the *Insurance Companies Act*, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class C Preference Shares of such series may be issued;
- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;

- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

7.02 Priority re: Dividends/Distribution - Subject to the provisions of the *Insurance Companies Act*, the rights attaching to the Class A Preference Shares, the Class B Preference Shares and the Class E Preference Shares, which shares rank prior to the Class C Preference Shares in respect of dividends and distributions contemplated in this section 7.02, and the rights attaching to the Class D Preference Shares, Class F Preference Shares and Class G Preference Shares, which shares rank equally with the Class C Preference Shares in respect of dividends and distributions contemplated in this section 7.02, the Class C Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class C Preference Shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class C Preference Shares. The holders of Class C Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class C Preference Shares of such series.

7.03 Series to Rank Equally - No series of Class C Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class C Preference Shares that are then outstanding and the Class C Preference Shares of each series shall rank on a parity and participate rateably with the Class C Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and
- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

- 7.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights attaching to the Class A Preference Shares, the Class B Preference Shares and the Class E Preference Shares, which shares rank prior to the Class C Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, and subject to the rights attaching to the Class D Preference Shares, Class F Preference Shares and Class G Preference Shares, which shares rank equally with the Class C Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class C Preference Shares, each holder of a Class C Preference Share shall be entitled to receive:
- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class C Preference Shares of such series;
  - (b) any dividends declared on the Class C Preference Shares but not paid;
  - (c) such premium, if any, as has been provided for with respect to the Class C Preference Shares of such series; and
  - (d) after payment to the holders of the Class C Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 7.05 No Pre-emptive rights - The holders of the Class C Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class C Preference Shares.
- 7.06 Non-voting except in Certain Circumstances - The holders of Class C Preference Shares shall not be entitled (except as required by the *Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.
- 7.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the

Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 7.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 7.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

7.08 Amendment - The foregoing provisions attaching to the Class C Preference Shares and the provisions of this section 7.08 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class C Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class C Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class C Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class C Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class C Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class C Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class C Preference Shares. On every ballot taken at a meeting of the holders of Class C Preference Shares, every holder of Class C Preference Shares shall be entitled to one (1) vote in respect of each Class Preference Share held.

## 8. **Class C Preference Shares, Series A**

The rights, privileges, restrictions and conditions attached to the Class C Preference Shares, Series A (the "Class C, Series A Shares") as a series, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Class C, Series A Shares as a series:

- 8.01 Dividends - For the purposes of this Section 8, the "Redemption Amount" for each Class C, Series A Share shall mean the sum of One Hundred (\$100.00) Dollars together with all non-cumulative dividends declared thereon and unpaid. The holders of the Class C, Series A Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the Common Shares and on shares of any other class ranking junior to the Class C, Series A Shares, fixed preferential non-cumulative cash dividends at the rate of six per cent (6%) per annum of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereon and unpaid), which dividends may but need not be declared and paid half-yearly. Such dividend if declared by the board of directors, shall be payable to holders of record on the first day of January and July in each year, and be paid on or before March 15, and September 15 in each year. If in any fiscal year, after providing for the payment of dividends on all shares ranking in priority to the Class C Preference Shares, there shall remain any monies of the Company properly applicable to the payment of dividends, such monies or any part thereof may, in the discretion of the board of directors, be applied to additional non-cumulative dividends on the Class C, Series A Shares at a rate as declared by the directors not exceeding five per percent (5%) of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereon and unpaid), such dividend, if declared by the board of directors, to be paid on or before March 15 in each year. Cheques of the Company payable in lawful money of Canada at par at any branch in Canada of the Company's bankers for the time being may be issued in respect of the dividends on the Class C, Series A Shares (less any tax required to be withheld or deducted by the Company). The mailing of such cheques to the holders of Class C, Series A Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividends represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six (6) years from the date on which it was declared to be payable shall be forfeited to the Company.
- 8.02 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance*

*Companies Act* and subject to other applicable laws, may redeem at any time the whole or, from time to time after October 1, 2003, any part of the then outstanding Class C, Series A Shares on payment of the Redemption Amount for each Class C, Series A Share to be redeemed (of which an amount equal to the amount paid up on the Class C, Series A Shares to be redeemed shall be deducted from the capital account maintained for the Class C, Series A Shares and the balance shall be deducted from the retained earnings of the Company or, at the discretion of the board of directors, the balance shall be deducted in part from the retained earnings of the Company and in part from contributed surplus). Any shares so redeemed shall not reduce the authorized capital of the Company. If a part only of the then outstanding Class C, Series A Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

- 8.03 Notice of Redemption - In any case of redemption of Class C, Series A Shares under the provisions of section 8.02 hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Class C, Series A Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Class C, Series A Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Class C, Series A Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Class C, Series A Shares called for redemption. Such Class C, Series A Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Class A, Series A Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof 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 Company shall have the right at any time after the sending of notice of its intention to redeem any Class C, Series A Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Class C, Series A Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class C, Series A Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Class C, Series A Shares may receive their proportionate part of the total Redemption Amount only from the Company.

- 8.04 Liquidation - In the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Class C, Series A Shares shall be entitled to receive the aggregate Redemption amount of such Class C, Series A Shares, before any amounts shall be paid or any property or assets of the Company is distributed to the holders of any Common Shares or shares of any other class ranking junior to the Class C, Series A Shares. After payment to the holders of the Class C, Series A Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 8.05 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Class C, Series A Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Class C, Series A Shares. Shares so purchased shall not reduce the authorized capital of the Company.

8.06 Amendment - The foregoing provisions attaching to the Class C, Series A Shares and the provisions of this section 8.06 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class C, Series A Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class C, Series A Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class C, Series A Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class C, Series A Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class C, Series A Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class C, Series A Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class C, Series A Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class C, Series A Shares. On every ballot taken at a meeting of the holders of Class C, Series A Shares, every holder of Class C, Series A Shares shall be entitled to one (1) vote in respect of each Class C, Series A Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **9. Class D Preference Shares**

The rights, privileges, restrictions and conditions attached to the Class D Preference Shares as a class, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Class D Preference Shares

9.01 Directors right to issue in one or more series - The Class D Preference Shares shall be non-cumulative, and may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the *Insurance Companies Act*, fix the number

of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class D Preference Shares of such series may be issued;
- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;
- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

9.02 Priority re: Dividends/Distribution - Subject to the provisions of the *Insurance Companies Act*, the rights attaching to the Class A Preference Shares, the Class B Preference Shares and the Class E Preference Shares, which shares rank prior to the Class D Preference Shares in respect of dividends and distributions contemplated in this section 9.02, and the rights attaching to the Class C Preference Shares, Class F Preference Shares and Class G Preference Shares, which shares rank equally with the Class D Preference Shares in respect of dividends and distributions contemplated in this section 9.02, the Class D Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class D Preference Shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class D Preference Shares. The holders of Class D Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class D Preference Shares of such series.

9.03 Series to Rank Equally - No series of Class D Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class D Preference Shares that are then outstanding and the Class D Preference Shares of each series shall rank on a parity and

participate rateably with the Class D Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and
- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

9.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights attaching to the Class A Preference Shares, the Class B Preference Shares and the Class E Preference Shares, which shares rank prior to the Class D Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, and subject to the rights attaching to the Class C Preference Shares, Class F Preference Shares and Class G Preference Shares, which shares rank equally with the Class D Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class D Preference Shares, each holder of a Class D Preference Share shall be entitled to receive:

- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class D Preference Shares of such series;
- (b) any dividends declared on the Class D Preference Shares but not paid;
- (c) such premium, if any, as has been provided for with respect to the Class D Preference Shares of such series; and
- (d) after payment to the holders of the Class D Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

9.05 No Pre-emptive rights - The holders of the Class D Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class D Preference Shares.

- 9.06 Non-voting except in Certain Circumstances - The holders of Class D Preference Shares shall not be entitled (except as required by the *Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.
- 9.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 9.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 9.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

- 9.08 Amendment - The foregoing provisions attaching to the Class D Preference Shares and the provisions of this section 9.08 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class D Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class D Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class D Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class D Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class D Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class D Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class D Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not

less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class D Preference Shares. On every ballot taken at a meeting of the holders of Class D Preference Shares, every holder of Class D Preference Shares shall be entitled to one (1) vote in respect of each Class D Preference Share held.

## **10. Class D Preference Shares, Series A**

The rights, privileges, restrictions and conditions attached to the Class D Preference Shares, Series A (the "Class D, Series A Shares") as a series, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Class D, Series A Shares as a series:

10.01 Dividends - For the purposes of this Section 10, the "Redemption Amount" for each Class D, Series A Share shall mean the sum of One Hundred (\$100.00) Dollars together with all non-cumulative dividends declared thereon and unpaid. The holders of the Class D, Series A Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the Common Shares and on shares of any other class ranking junior to the Class D, Series A Shares, fixed preferential non-cumulative cash dividends at a rate and at times determined by the board of directors in its discretion. The mailing of such cheques to the holders of Class D, Series A Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividends represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six (6) years from the date on which it was declared to be payable shall be forfeited to the Company.

10.02 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, may redeem at any time the whole or, from time to time, any part of the then outstanding Class D, Series A Shares on payment of the Redemption Amount for each Class D, Series A Share to be redeemed. If a part only of the then outstanding Class D, Series A Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

10.03 Notice of Redemption - In any case of redemption of Class D, Series A Shares under the provisions of section 8.02 hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Class D, Series A Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Class D, Series A Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Class D, Series A Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Class D, Series A Shares called for redemption. Such Class D, Series A Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Class D, Series A Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof 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 Company shall have the right at any time after the sending of notice of its intention to redeem any Class D, Series A Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Class D, Series A Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class D, Series A Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them

- respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Class D, Series A Shares may receive their proportionate part of the total Redemption Amount only from the Company.
- 10.04 Liquidation - In the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Class D, Series A Shares shall be entitled to receive the aggregate Redemption Amount of such Class D, Series A Shares, before any amounts shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Class D, Series A Shares. After payment to the holders of the Class D, Series A Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 10.05 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Class D, Series A Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Class D, Series A Shares.
- 10.06 Amendment - The foregoing provisions attaching to the Class D, Series A Shares and the provisions of this section 10.06 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class D, Series A Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class D, Series A Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class D, Series A Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class D, Series A Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class D, Series A Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class D, Series A Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as



may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class D, Series A Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class D, Series A Shares. On every ballot taken at a meeting of the holders of Class D, Series A Shares, every holder of Class D, Series A Shares shall be entitled to one (1) vote in respect of each Class D, Series A Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **11. Class D Preference Shares, Series B**

The rights, privileges, restrictions and conditions attached to the Class D Preference Shares, Series B (the "Class D, Series B Shares") as a series, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Class D, Series B Shares as a series:

11.01 Dividends - For the purposes of this Section 11, the "Redemption Amount" for each Class D, Series B Share shall mean the sum of One Hundred (\$100.00) Dollars together with all non-cumulative dividends declared thereon and unpaid. The holders of the Class D, Series B Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the Common Shares and on shares of any other class ranking junior to the Class D, Series B Shares, fixed preferential non-cumulative cash dividends at a rate and at times determined by the board in its discretion. The mailing of such cheques to the holders of Class D, Series B Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividends represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six (6) years from the date on which it was declared to be payable shall be forfeited to the Company.

11.02 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, may redeem at any

time the whole or, from time to time, any part of the then outstanding Class D, Series B Shares on payment of the Redemption Amount for each Class D, Series B Share to be redeemed. If a part only of the then outstanding Class D, Series B Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

- 11.03 Notice of Redemption - In any case of redemption of Class D, Series B Shares under the provisions of section 11.02 hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Class D, Series B Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Class D, Series B Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Class D, Series B Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Class D, Series B Shares called for redemption. Such Class D, Series B Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Class D, Series B Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof 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 Company shall have the right at any time after the sending of notice of its intention to redeem any Class D, Series B Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Class D, Series B Shares called for redemption upon

presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class D, Series B Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Class D, Series B Shares may receive their proportionate part of the total Redemption Amount only from the Company.

- 11.04 Liquidation - In the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Class D, Series B Shares shall be entitled to receive the aggregate Redemption amount of such Class D, Series B Shares, before any amounts shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Class D, Series B Shares. After payment to the holders of the Class D, Series B Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 11.05 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Class D, Series B Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Class D, Series B Shares.
- 11.06 Amendment - The foregoing provisions attaching to the Class D, Series B Shares and the provisions of this section 11.06 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class D, Series B Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class D, Series B Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class D, Series B Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class D, Series B Shares

duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class D, Series B Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class D, Series B Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class D, Series B Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class D, Series B Shares. On every ballot taken at a meeting of the holders of Class D, Series B Shares, every holder of Class D, Series B Shares shall be entitled to one (1) vote in respect of each Class D, Series B Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **12. Class D Preference Shares, Series C**

The rights, privileges, restrictions and conditions attached to the Class D Preference Shares, Series C (the "Class D, Series C Shares") as a series, if any, are hereby deleted and the following shall be the rights, privileges, restrictions and conditions attaching to the Class D, Series C Shares as a series:

12.01 Dividends - For the purposes of this Section 12, the "Redemption Amount" for each Class D, Series C Share shall mean the sum of One Hundred (\$100.00) Dollars together with all non-cumulative dividends declared thereon and unpaid. The holders of the Class D, Series C Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the Common Shares and on shares of any other class ranking junior to the Class D, Series C Shares, fixed preferential non-cumulative cash dividends at a rate and at times determined by the board in its discretion. The mailing of such cheques to the holders of Class D, Series C Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividends represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a

cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six (6) years from the date on which it was declared to be payable shall be forfeited to the Company.

12.02 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, may redeem at any time the whole or, from time to time, any part of the then outstanding Class D, Series C Shares on payment of the Redemption Amount for each Class D, Series C Share to be redeemed. If a part only of the then outstanding Class D, Series C Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

12.03 Notice of Redemption - In any case of redemption of Class D, Series C Shares under the provisions of section 12.02 hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Class D, Series C Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Class D, Series C Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Class D, Series C Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Class D, Series C Shares called for redemption. Such Class D, Series C Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Class D, Series C Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof 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 Company shall have the right at any time after the sending of notice of its intention to redeem any Class D, Series C Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Class D, Series C Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class D, Series C Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Class D, Series C Shares may receive their proportionate part of the total Redemption Amount only from the Company.

- 12.04 Liquidation - In the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Class D, Series C Shares shall be entitled to receive the aggregate Redemption amount of such Class D, Series C Shares, before any amounts shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Class D, Series C Shares. After payment to the holders of the Class D, Series C Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 12.05 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Class D, Series C Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Class D, Series C Shares.
- 12.06 Amendment - The foregoing provisions attaching to the Class D, Series C Shares and the provisions of this section 12.06 may be repealed, altered,

modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class D, Series C Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class D, Series C Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class D, Series C Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class D, Series C Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class D, Series C Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class D, Series C Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class D, Series C Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class D, Series C Shares. On every ballot taken at a meeting of the holders of Class D, Series C Shares, every holder of Class D, Series C Shares shall be entitled to one (1) vote in respect of each Class D, Series C Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

### **13. Class E Preference Shares**

The rights, privileges, restrictions and conditions of any kind attached to the Class E Preference Shares as a class shall be as follows:

- 13.01 Directors right to issue in one or more series - The Class E Preference Shares shall be non-cumulative, and may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the *Insurance Companies Act*, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class E Preference Shares of such series may be issued;
- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;
- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

13.02 Priority re: Dividends/Distribution - Subject to the provisions of the *Insurance Companies Act* and to the rights attaching to the Class A Preference Shares and the Class B Preference Shares, which shares rank equally with the Class E Preference Shares in respect of dividends and distributions contemplated in this section 13.02 (save and except that the holders of the Class A Preference Shares, Series A and Series B and the holders of the Class B Preference Shares shall be entitled to additional dividends, if declared by the board of directors), the Class E Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class E Preference Shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class E Preference Shares. The holders of Class E Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class E Preference Shares of such series.

13.03 Series to Rank Equally - No series of Class E Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class E Preference Shares that are then outstanding and the Class E Preference Shares of each series shall rank on a parity and participate rateably with the Class E Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and



- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

13.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights attaching to the Class A Preference Shares and the Class B Preference Shares, which shares rank equally with the Class E Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class E Preference Shares, each holder of a Class E Preference Share shall be entitled to receive:

- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class E Preference Shares of such series;
- (b) any dividends declared on the Class E Preference Shares but not paid;
- (c) such premium, if any, as has been provided for with respect to the Class E Preference Shares of such series; and
- (d) after payment to the holders of the Class E Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

13.05 No Pre-emptive rights - The holders of the Class E Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class E Preference Shares.

13.06 Non-voting except in Certain Circumstances - The holders of the Class E Preference Shares shall not be entitled as such (except as required by the Insurance Companies Act and except as hereinafter specifically provided in this section 13.06 and for the limited purposes specified herein) to receive notice of, to attend any meeting of the shareholders of the Company or to vote at any such meeting. In the event, and only in the event, that: (i) the Company has failed to pay in the aggregate eight (8) quarterly dividends on any of the series of the Class E Preference Shares on the dates on which the same are contemplated payable according to

the terms thereof; or (ii) the Company has failed to pay in the aggregate eight (8) quarterly dividends on the Series A Preference Shares and the Series B Preference Shares on the dates on which the same are contemplated payable according to the terms thereof if there are no issued and outstanding shares of one of such Series (provided that such aggregation shall not apply to any such quarterly dividends contemplated to be declared or paid on the same date); and if such eight (8) quarterly dividends on such shares shall remain unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends, the holders of the Class E Preference Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Company at which directors are to be elected and shall be entitled to one (1) vote in respect of each Class E Preference Share of any series held, voting separately as a class, to elect two representatives to the board of directors of the Company but, except as required by the Insurance Companies Act, shall not be entitled to vote on any other matter or resolution, including without limitation the election of any other directors of the Company.

Notwithstanding anything contained in the by-laws of the Company:

- (a) the board of directors of the Company may declare and thereupon the Company may pay to the holders of any series of the Class E Preference Shares a dividend equal to one or more (or any part thereof) of the then longest unpaid aforementioned eight (8) or more quarterly dividends provided that an equal number of the then longest unpaid such quarterly dividends or the longest unpaid dividends for an equivalent period of time, as applicable, on each series of Class A Preference Shares, the Class B Preference Shares and each other series of the Class E Preference Shares is also declared and paid (which dividends the board of directors of the Company may declare and the Company may pay) and, upon payment, the applicable dividend or dividends shall be deemed to have been paid on each series of the Class A Preference Shares, the Class B Preference Shares and on each series of the Class E Preference Shares; and
- (b) upon any termination of the voting rights to elect two (2) representatives to the board of directors of the Company accruing to the holders of the Class E Preference Shares by virtue of the provisions of this section 13.06 and subject to the requirements under the Insurance Companies Act for the Company to have a minimum number of directors, the holders of Common Shares shall be entitled by resolution at a special meeting or by written resolution signed by all the holders of Common Shares to remove one or both of such representatives.

13.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 13.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 13.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

13.08 Amendment - The foregoing provisions attaching to the Class E Preference Shares and the provisions of this section 13.08 may be repealed, altered, modified, amended, or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class E Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class E Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class E Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class E Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class E Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class E Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class E Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class E Preference Shares. On every ballot taken at a meeting of the holders of Class E Preference Shares, every holder of Class B Preference Shares shall be entitled to one

(1) vote in respect of each Class E Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

#### **14. Class E Preference Shares, Series A**

The rights, privileges, restrictions and conditions attached to the Class E Preference Shares, Series A (the "Series A Preference Shares") shall be as follows:

14.01 Number and Issue Price - An unlimited number of Series A Preference Shares are hereby authorized to be issued at a price per share equal to \$25.00.

14.02 Dividends - For the purposes hereof:

- (a) "Determining Banks" means any two (2) Schedule 1 Canadian chartered banks, or respective successors thereof, as may be designated from time to time by the Company;
- (b) "Dividend Payment Date" means the last day of March, June, September and December in each year;
- (c) "Prime Rate" for any particular day means the average (rounded downward to the nearest one ten-thousandth of one per cent (0.0001%)) of the annual prime commercial lending rates of interest for such date established and announced from time to time by each of the Determining Banks as a reference rate of interest per annum then in effect for determining interest rates in Canadian dollars for commercial loans made in Canada; if either of the Determining Banks ceases to be a Canadian chartered bank or if for any reason either of the Determining Banks does not have such a prime commercial lending rate of interest per annum in effect on any particular day, then the Prime Rate for that day will be the prime commercial lending rate of interest per annum announced by the other; if both Determining Banks cease being Canadian chartered banks or if neither of the Determining Banks has such a prime commercial lending rate of interest per annum in effect on any particular day, then the Prime Rate for that day shall be deemed to be the average yield per annum on 91-day Government of Canada Treasury Bills, as reported by the Bank of Canada, for that weekly tender which immediately precedes that day, plus 1.25%; and if neither of the Determining Banks has such a prime commercial lending rate of interest per annum in effect on any particular day and the Bank of Canada does not report such average yield per annum on 91-day Government Treasury Bills, then the Prime Rate

shall be equal to the Prime Rate for the immediately preceding day. The Prime Rate shall be determined by an officer of the Company from quotations supplied by the Determining Banks or otherwise publicly available information. Such determination shall, in the absence of manifest error, be final and binding upon the Company and the holders of Class E Preference Shares;

- (d) "Fixed Quarterly Dividend Rate" means the product of 0.25 and 0.0575;
- (e) "Floating Quarterly Dividend Rate" means one quarter of the greater of (i) 90% of the amount expressed as a percentage (rounded downward to the nearest one ten thousandth of one per cent (0.0001%)) obtained by aggregating the Prime Rate in effect on each day during the period of three (3) calendar months which ends on the last day of the calendar month immediately preceding the Dividend Payment Date in respect of which the determination is being made and dividing such aggregate by the number of days in such period; and (ii) 5.50%.

The holders of the Series A Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors, out of the monies of the Company properly applicable to the payment of dividends, non-cumulative preferential cash dividends in the amounts determined from time to time as hereafter provided.

The initial dividend payable on each outstanding Series A Preference Share shall be payable on September 30, 1997 and shall be the amount equal to the product of (i) \$25.00, (ii) 0.0575; and (iii) the number of days from the date of issuance of such Series A Preference Shares to but excluding September 30, 1997, all divided by 365.

Thereafter until June 30, 2002, the dividend payable on each Dividend Payment Date on each Series A Preference Share shall be the amount equal to the product of (i) \$25.00 and (ii) the Fixed Quarterly Dividend Rate.

After June 30, 2002, the dividend payable on each Dividend Payment Date on each Series A Preference Share shall be adjusted quarterly and shall be the amount equal to the product of (i) \$25.00 and (ii) the Floating Quarterly Dividend Rate.

The Company shall make available at its head office, for inspection by the holders of the Series A Preference Shares, the particulars of the calculation of each Floating Quarterly Dividend Rate.

If the amount of any dividend payable to a holder of Series A Preference Shares shall include, in addition to an amount in dollars and cents, a fraction of one cent (\$0.01), the Company shall in respect of such fraction of one cent (\$0.01) round downward to the nearest one cent (\$0.01) and shall be relieved from the obligation to pay such fraction of one cent (\$0.01).

A dividend which is represented by a cheque which has not been duly presented for payment within six years after it was issued or that otherwise remains unclaimed for a period of six years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Company.

Dividends (less any tax required to be withheld by the Company) on the Series A Preference Shares, shall be paid in lawful money of Canada by cheque payable at par at any branch of the Company's bankers in Canada or by any other reasonable means the Company considers desirable. The mailing of such cheque from the Company's head office, or the principal office of the Company in the City of Guelph, Canada or the payment by such other reasonable means as the Company deems desirable, on or before the date on which such dividend is to be paid to a holder of Series A Preference Shares shall be deemed to be payment of the dividends represented thereby and payable on such date unless the cheque is not paid upon presentation or payment by such other means is not received.

If within 30 days after the financial year of the Company the board of directors in its discretion has not declared the dividends, or any part thereof, payable on the Series A Preference Shares, for each quarter ended in such financial year, then the rights of the holders of the Series A Preference Shares to receive such dividends, or any part thereof, which are not declared shall be forever extinguished.

The holders of Series A Preference Shares shall not be entitled to any dividends other than or in excess of the non-cumulative preferential cash dividends herein provided for.

14.03 Purchase for Cancellation - Subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and to the applicable covenants below under "Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares", the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series A Preference Shares outstanding from time to time in the market (including purchases through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all holders of record of the Series A Preference Shares outstanding. Any such purchase or invitation for tenders shall be made at the lowest price or prices at which, in the opinion of the directors or officers of the Company duly authorized for the purpose, such shares are obtainable but not exceeding \$25.00 per share together with an amount equal to all declared and unpaid preferential dividends thereon, if any, and, together in each case with costs of purchase. If upon any invitation for tenders under the provisions of this section more Series A Preference Shares are tendered at a price or prices acceptable to the Company than the Company is willing to purchase, the Company will accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at progressively higher prices and, if more shares are tendered at any such price than the Company is prepared to purchase, the shares tendered at such price will be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series A Preference Shares so tendered by each of the holders of Series A Preference Shares who submitted tenders at that price.

14.04 Redemption - The Series A Preference Shares will not be redeemable prior to June 30, 2002. Subject to the provisions of any shares ranking in priority to the Class E Preference Shares and subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act*, the Series A Preference Shares that have been issued will be redeemable at the option of the Company, on not more than 60 nor less than 30 calendar days notice by the Company (i) on and after June 30, 2002, other than on the dates specified in clause (ii) of this section, in whole at any time or in part from time to time, at a price equal to \$25.50 per share plus all declared and unpaid preferential dividends thereon up to but excluding the date fixed for redemption and (ii) on June 30, 2002 and on each and every fifth anniversary of such date thereafter, in whole but not in part, at a price equal to \$25.00 per share plus all declared and unpaid preferential dividends thereon up to but excluding the date fixed for redemption, (such amounts per share being herein called the "Redemption Price").

If part only of the then outstanding Series A Preference Shares is at any time to be redeemed pursuant to the redemption provisions hereof, the Series A Preference Shares to be redeemed shall be selected by lot, pro

rata, or in such other manner as the directors of the Company may determine.

- 14.05. Purchase for Cancellation and Redemption Procedures - Where an invitation for tenders is to be issued for Series A Preference Shares upon a purchase for cancellation or where Series A Preference Shares are to be redeemed, the Company shall, at the times prescribed by the relevant provisions, deliver or mail to each person, who at the relevant record date is a holder of record of Series A Preference Shares (unless, in the case of a redemption, none of the shares held by such holder are to be redeemed), a notice in writing of the invitation for tenders or of the intention of the Company to redeem some or all of the Series A Preference Shares, as the case may be. The procedure for giving notice shall be to deliver to, or to mail the same by ordinary unregistered mail in a prepaid letter addressed to, each such shareholder at his or her address as it appears on the books of the Company or, in the event of the address of any such shareholder not so appearing, to the last known address of such shareholder, provided, however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of the invitation for tender or redemption. Such notice, if it relates to a redemption, shall set out the date on which redemption is to take place and if part only of the Series A Preference Shares held by the holder to whom such notice is addressed are to be redeemed, the number thereof so to be redeemed.

On or after the date upon which tenders made pursuant to a decision of the Company to purchase shares for cancellation are exercisable, or upon which a redemption is effective, the Company shall pay or cause to be paid to or to the order of the registered holders of Series A Preference Shares duly tendered and whose tenders are accepted or to be redeemed the accepted tender price or the Redemption Price, as the case may be. Such payment shall be made by cheque payable at par at any branch of the Company's bankers in Canada. In the case of a redemption, the Redemption Price shall be paid only on presentation and surrender at the head office of the Company or any other place designated in the notice of redemption, of the certificates representing the Series A Preference Shares so called for redemption. If part only of the Series A Preference Shares represented by any certificate shall be purchased pursuant to an invitation for tenders or shall be redeemed, a new certificate for the balance of the Series A Preference Shares owned by such shareholder shall be issued at the expense of the Company. From and after the date upon which tenders for the purchase of shares for cancellation are accepted, or the date specified for redemption of Series A Preference Shares duly called for redemption, the Series A Preference Shares duly tendered and accepted or 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 of such shares unless payment of the



tender price or of the Redemption Price, as the case may be, shall not be duly made in accordance with the applicable provisions, in which case the rights of the holders shall remain unaffected.

The Company shall have the right, at any time after the delivery or mailing of notice of its intention to redeem any Series A Preference Shares as aforesaid, to deposit the Redemption Price of the Series A Preference Shares to be 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 bank or any trust company in Canada named in such notice to be paid on or after the date specified for redemption without interest to or to the order of the respective holders of such Series A Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series A Preference Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or 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 certificate(s) held by them respectively. Any interest allowed on any such deposit shall belong to the Company or, if such deposit be made with the Company, no interest shall be payable thereon.

- 14.06. Conversion Right - Provided the Company has not delivered a notice of redemption pursuant to sections 14.04 and 14.05 hereof, each Series A Preference Share shall, on June 30, 2002 and on each and every fifth anniversary of such date thereafter (a "Conversion Date") be convertible into one fully paid and non-assessable Series B Preference Share.

Not less than 45 nor more than 60 calendar days prior to a Conversion Date, the Company shall give to the registered holders of the Series A Preference Shares that have been issued notice of the conversion right containing instructions to such holders as to the method by which such conversion right may be exercised, as set out in the following paragraph.

Series A Preference Shares may be converted by the holder of such shares tendering to the Company, not more than 30 nor less than 14 calendar days prior to a Conversion Date, the certificate or certificates for the Series A Preference Shares to be converted with the notice of conversion on the reverse side thereof (the "Conversion Notice") duly completed. Such Conversion Notice shall be irrevocable once it has been delivered to the Company and shall set out:

- (a) unless all the Series A Preference Shares held by the holder by whom such notice is given are to be converted, the number of Series A Preference Shares so held which are to be converted; and
- (b) an acknowledgement that the Series B Preference Shares into which the Series A Preference Shares are to be converted are to be registered in the name of the registered holder of the Series A Preference Shares to be converted unless such holder specifies in the Conversion Notice that the Company is to register such Series B Preference Shares in some other name or names and stating such name or names (with addresses) accompanied by payment to the transfer agent of the Company (the "Transfer Agent") of any transfer tax that may be payable by reason thereof and a written declaration of any matters as may be required by law in order to determine the entitlement of the person to be recorded as the registered holder of such Series B Preference Shares to hold such Series B Preference Shares.

The Company shall, on presentation and delivery to the Transfer Agent of the certificate or certificates representing the Series A Preference Shares so tendered for conversion, deliver or cause to be delivered certificates representing the number of whole Series B Preference Shares into which such Series A Preference Shares are to be converted, registered in the name of the holder of the Series A Preference Shares to be converted, or as such holder shall have directed, as the case may be, on the Conversion Date. The Series A Preference Shares so converted shall be converted and the holder thereof shall become a holder of Series B Preference Shares of record, effective on the Conversion Date.

If less than all the Series A Preference Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued without cost to the holder.

Holders of the Series A Preference Shares shall not be entitled to convert their shares into Series B Preference Shares if, following the close of business on the 14th day preceding a Conversion Date, the Company determines that there would remain outstanding on a Conversion Date less than 400,000 Series B Preference Shares, after having taken into account all Series A Preference Shares tendered for conversion into Series B Preference Shares and all Series B Preference Shares tendered for conversion into Series A Preference Shares. The Company shall give notice in writing thereof to all the holders of the Series A Preference Shares at least seven (7) days prior to the applicable Conversion Date and will issue, prior to such Conversion Date, to the holders of Series A Preference Shares who have tendered Series A Preference Shares for conversion, new certificates evidencing the Series A Preference Shares tendered for conversion (or return tendered certificates). If, following the

close of business on the 14th day preceding a Conversion Date, the Company determines that there would remain outstanding on a Conversion Date less than 400,000 Series A Preference Shares after having taken into account all Series A Preference Shares tendered for conversion into Series B Preference Shares and all Series B Preference Shares tendered for conversion into Series A Preference Shares, then, all, but not part, of the remaining outstanding Series A Preference Shares shall automatically be converted into Series B Preference Shares on the basis of one Series B Preference Share for each Series A Preference Share at the close of business on the applicable Conversion Date and the Company shall give notice in writing thereof to the holders of such remaining Series A Preference Shares at least seven (7) days prior to the Conversion Date.

The Company shall, on presentation and delivery to the Transfer Agent of the certificate or certificates representing the Series A Preference Shares so converted, deliver or cause to be delivered certificates representing the number of whole Series B Preference Shares into which such Series A Preference Shares have been converted, registered in the name of the holder of the Series A Preference Shares to be converted, or as such holder shall have directed, as the case may be. The Series A Preference Shares so converted shall be converted, and the holder thereof shall become a holder of Series B Preference Shares of record, effective on the Conversion Date. Whether or not the holder of Series A Preference Shares presents and delivers to the Transfer Agent the certificate or certificates representing the Series A Preference Shares automatically converted under this section, the holder thereof shall be deemed to have become a holder of Series B Preference Shares of record, effective on the Conversion Date.

If the Company gives notice to the holders of the Series A Preference Shares on or prior to a Conversion Date of a redemption of all of the Series A Preference Shares, the Company shall not be required to give notice as provided above to the holders of the Series A Preference Shares of the conversion right of holders of Series A Preference Shares, and the right of any holder of Series A Preference Shares to convert such Series A Preference Shares shall cease and terminate in that event.

14.07 Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares - So long as any of the Series A Preference Shares are outstanding, the Company shall not, without the prior approval of the holders of the Series A Preference Shares given as herein specified:

- (a) declare or pay or set apart for payment any dividends on the shares of any class ranking junior to the Series A Preference Shares (other than stock dividends in shares of any class ranking junior to the Series A Preference Shares), or

- (b) redeem, purchase, reduce or otherwise retire (i) any shares ranking junior to the Series A Preference Shares except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking junior to the Series A Preference Shares or (ii) any other shares ranking on a parity with Series A Preference Shares except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Class E Preference Shares, or
- (c) create or issue any shares ranking as to the repayment of capital or payment of dividends prior to the Series A Preference Shares,

unless all dividends which have been declared in respect of the Series A Preference Shares then issued and outstanding shall have been paid or money shall have been set aside for payment thereof.

- 14.08 Priority on Liquidation - In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Series A Preference Shares shall be entitled to receive in lawful money of Canada an amount equal to \$25.00 per share together with all declared and unpaid preferential dividends thereon to but excluding the date of payment before any amount shall be paid or any assets of the Company shall be distributed to the holders of any shares ranking junior to the Series A Preference Shares. Upon payment to the holders of the Series A Preference Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Company.
- 14.09 Amendment of Series Provisions - The provisions contained herein with respect to the Series A Preference Shares may be amended, deleted, varied, modified or amplified by resolution enacted by the directors of the Company and authorized and confirmed by the holders of Series A Preference Shares in accordance with the authorized procedures hereinafter set out and any other approval required by law.
- 14.10 Authorization by Series A Preference Shares - Any authorization required to be given by the holders of the Series A Preference Shares hereunder shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of the holders of the Series A Preference Shares duly called for that purpose and held upon at least twenty-one (21) calendar days notice at which the holders of at least a majority of the outstanding Series A Preference Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds (2/3) of the Series A Preference Shares voted at such meeting. If at any such meeting the holders of a majority of the

outstanding Series A Preference Shares are not present or represented by proxy within one-half (1/2) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being no less than twenty-one (21) calendar days later and to such time and place as may be appointed by the chairman of such meeting and not less than fifteen (15) calendar 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 Series A Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the authorization of the holders of the Series A Preference Shares referred to above. The formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time lawfully prescribed by the by-laws of the Company with respect to meetings of shareholders.

- 14.11 Interpretation - In the event that any date on which any dividend on the Series A Preference Shares is payable by the Company, or on or by which other action is required to be taken by the Company 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. For the purposes of these series provisions, "Business Day" means a day which Schedule I Canadian chartered banks are open for business in Toronto, Ontario and which is not a Saturday or a Sunday.

In the event of the non-receipt of a cheque by the holder of Series A Preference Shares entitled to such cheque or the loss or destruction thereof, the Company upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to the Company, shall issue to such holder a replacement cheque for the amount thereof.

- 14.12 Mail Service Interruption - If the directors of the Company determine that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder or is required to send any cheque or any share certificate to the holder of any Series A Preference Shares, whether in connection with the redemption of such share or otherwise, the Company may, notwithstanding the provisions hereof:

- (a) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of the cities of Toronto, Moncton, Montreal, Regina, Calgary and Vancouver and once in a daily French language newspaper of general circulation published in Montreal and such notice shall be

deemed to have been validly given on the day next following its publication in all of such cities; and

- (b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such holder by the Transfer Agent for the Series A Preference Shares at its principal office in the City of 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 (a) above, provided that as soon as the directors of the Company, determine 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 mail as herein provided. In the event that the Company is required to mail such share certificate, such mailing shall be made by prepaid ordinary unregistered mail to the last known address of each person who at the date of mailing is a registered holder and who is entitled to receive such certificate.

14.13 Election under the *Income Tax Act* - The Company shall elect, in the manner and within the time provided for 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 Preference Shares will be required to pay tax on dividends received, or deemed to have been received, on the Series A Preference Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect.

## **15. Class E Preference Shares, Series B**

The rights, privileges, restrictions and conditions attached to the Class E Preference Shares, Series B (the "Series B Preference Shares") shall be as follows:

15.01 Number and Issue Price - An unlimited number of Series B Preference Shares are hereby authorized to be issued at a price per share equal to \$25.00 to be satisfied upon the conversion of one Series A Preference Share.

15.02 Dividends - For the purposes hereof:

- (a) "Conversion Date" means June 30, 2002 and on each and every fifth anniversary of such date thereafter;
- (b) "Dividend Payment Date" means the last day of March, June, September and December in each year;

(c) “Government of Canada Yield” means, on any date, the average of the yields determined by two major registered Canadian investment dealers selected by the board of directors of the Company, as being the yield to maturity on such date compounded semi-annually and calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada Bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity of five (5) years.

(d) “Fixed Quarterly Dividend Rate” means 0.25 multiplied by the Selected Percentage Rate multiplied by the Government of Canada Yield determined on the twenty-first (21st) calendar day preceding each Conversion Date.

(e) “Selected Percentage Rate” means the rate (rounded downward to the nearest one ten-thousandth of one per cent (0.0001%)) selected by the Company for each five-year dividend period, which rate shall be no less than 95%.

The holders of the Series B Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors, out of the monies of the Company properly applicable to the payment of dividends, non-cumulative preferential cash dividends in the amounts determined from time to time as hereafter provided.

At least 45 and not more than 60 calendar days prior to each Conversion Date, the Company shall determine the Selected Percentage Rate for the subsequent five-year period. The Company shall provide notice of such Selected Percentage Rate to the holders of Series B Preference Shares by mailing same by ordinary unregistered mail in a prepaid envelope addressed to each person who at the date of mailing is a holder of record of Series B Preference Shares at the address as it appears on the books of the Company or, in the event of any such address not so appearing, then the last known address of any such shareholder.

The dividend on the Series B Preference Shares shall be the amount equal to the product of (i) \$25.00 and (ii) the Fixed Quarterly Dividend Rate.

If the amount of any dividend payable to a holder of Series B Preference Shares shall include, in addition to an amount in dollars and cents, a fraction of one cent (\$0.01) the Company shall in respect of such fraction of one cent (\$0.01) round downward to the nearest one cent (\$0.01) and shall be relieved from the obligation to pay such fraction of one cent (\$0.01).

A dividend which is represented by a cheque which has not been duly presented for payment within six years after it was issued or that otherwise remains unclaimed for a period of six years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Company.

Dividends (less any tax required to be withheld by the Company) on the Series B Preference Shares, shall be paid in lawful money of Canada by cheque payable at par at any branch of the Company's bankers in Canada or by any other reasonable means the Company considers desirable. The mailing of such cheque from the Company's head office, or the principal office of the Company in the City of Toronto, Canada or the payment by such other reasonable means as the Company deems desirable, on or before the date on which such dividend is to be paid to a holder of Series B Preference Shares shall be deemed to be payment of the dividends represented thereby and payable on such date unless the cheque is not paid upon presentation or payment by such other means is not received.

If within 30 days after the financial year of the Company the board of directors in its discretion has not declared the dividends, or any part thereof, payable on the Series B Preference Shares, for each quarter ended in such financial year, then the rights of the holders of the Series B Preference Shares to receive such dividends, or any part thereof, which are not declared shall be forever extinguished.

The holders of Series B Preference Shares shall not be entitled to any dividends other than or in excess of the non-cumulative preferential cash dividends herein provided for.

15.03 Purchase for Cancellation - Subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and to the applicable covenants below under "Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares", the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series B Preference Shares outstanding from time to time in the market (including purchases through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all holders of record of the Series B Preference Shares outstanding. Any such purchase or invitation for tenders shall be made at the lowest price or prices at which, in the opinion of the directors or officers of the Company duly authorized for the purpose, such shares are obtainable but not exceeding \$25.00 per share together with an amount equal to all declared and unpaid preferential dividends thereon, if any, and, together in each case with costs of purchase. If upon any invitation for tenders under the provisions of this section more Series B Preference Shares are tendered at a price or prices acceptable to the Company than the Company is



willing to purchase, the Company will accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at progressively higher prices and, if more shares are tendered at any such price than the Company is prepared to purchase, the shares tendered at such price will be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series B Preference Shares so tendered by each of the holders of Series B Preference Shares who submitted tenders at that price.

- 15.04 Redemption - Subject to the provisions of any shares ranking in priority to the Class E Preference Shares and subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act*, the Series B Preference Shares that have been issued following conversion of Series A Preference Shares will be redeemable, at the option of the Company, after June 30, 2002 on each and every fifth anniversary of such date thereafter, on not more than 60 nor less than 30 calendar days notice by the Company prior to any such anniversary date, in whole but not in part, at a price equal to \$25.00 per share plus all declared and unpaid preferential dividends thereon up to but excluding the date fixed for redemption (the "Redemption Price").
- 15.05 Purchase for Cancellation and Redemption Procedures - Where an invitation for tenders is to be issued for Series B Preference Shares upon a purchase for cancellation or where Series B Preference Shares are to be redeemed, the Company shall, at the times prescribed by the relevant provisions, deliver or mail to each person, who at the relevant record date is a holder of record of Series B Preference Shares (unless, in the case of a redemption, none of the shares held by such holder are to be redeemed), a notice in writing of the invitation for tenders or of the intention of the Company to redeem some or all of the Series B Preference Shares, as the case may be. The procedure for giving notice shall be to deliver to, or to mail the same by ordinary unregistered mail in a prepaid letter addressed to, each such shareholder at his or her address as it appears on the books of the Company or, in the event of the address of any such shareholder not so appearing, to the last known address of such shareholder, provided, however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of the invitation for tender or redemption. Such notice, if it relates to a redemption, shall set out the date on which redemption is to take place and if part only of the Series B Preference Shares held by the holder to whom such notice is addressed are to be redeemed, the number thereof so to be redeemed.

On or after the date upon which tenders made pursuant to a decision of the Company to purchase shares for cancellation are exercisable, or upon which a redemption is effective, the Company shall pay or cause to be paid to or to the order of the registered holders of Series B Preference

Shares duly tendered and whose tenders are accepted or to be redeemed the accepted tender price or the Redemption Price, as the case may be. Such payment shall be made by cheque payable at par at any branch of the Company's bankers in Canada. In the case of a redemption, the Redemption Price shall be paid only on presentation and surrender at the head office of the Company or any other place designated in the notice of redemption, of the certificates representing the Series B Preference Shares so called for redemption. If part only of the Series B Preference Shares represented by any certificate shall be purchased pursuant to an invitation for tenders or shall be redeemed, a new certificate for the balance of the Series B Preference Shares owned by such shareholder shall be issued at the expense of the Company. From and after the date upon which tenders for the purchase of shares for cancellation are accepted, or the date specified for redemption of Series B Preference Shares duly called for redemption, the Series B Preference Shares duly tendered and accepted or 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 of such shares unless payment of the tender price or of the Redemption Price, as the case may be, shall not be duly made in accordance with the applicable provisions, in which case the rights of the holders shall remain unaffected.

The Company shall have the right, at any time after the delivery or mailing of notice of its intention to redeem any Series B Preference Shares as aforesaid, to deposit the Redemption Price of the Series B Preference Shares to be 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 bank or any trust company in Canada named in such notice to be paid on or after the date specified for redemption without interest to or to the order of the respective holders of such Series B Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series B Preference Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or 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 certificate(s) held by them respectively. Any interest allowed on any such deposit shall belong to the Company or, if such deposit be made with the Company, no interest shall be payable thereon.

15.06 Conversion Right - Provided the Company has not delivered a notice of redemption pursuant to sections 15.04 and 15.05 hereof, each Series B Preference Share shall, on each and every fifth anniversary of June 30,

2002 (a “Series B Conversion Date”) be convertible into one fully paid and non-assessable Series A Preference Share.

Not less than 45 nor more than 60 calendar days prior to a Series B Conversion Date, the Company shall give to the registered holders of the Series B Preference Shares that have been issued notice of the conversion right containing instructions to such holders as to the method by which such conversion right may be exercised, as set out in the following paragraph.

Series B Preference Shares may be converted by the holder of such shares tendering to the Company, not more than 30 nor less than 14 calendar days prior to a Series B Conversion Date, the certificate or certificates for the Series B Preference Shares to be converted with the notice of conversion on the reverse side thereof (the “Conversion Notice”) duly completed. Such Conversion Notice shall be irrevocable once it has been delivered to the Company and shall set out:

- (a) unless all the Series B Preference Shares held by the holder by whom such notice is given are to be converted, the number of Series B Preference Shares so held which are to be converted; and
- (b) an acknowledgement that the Series A Preference Shares into which the Series B Preference Shares are to be converted are to be in the name of the registered holder of the Series B Preference Shares to be converted unless such holder specifies in the Conversion Notice that the Company is to register such Series A Preference Shares in some other name or names and stating such name or names (with addresses) accompanied by payment to the transfer agent of the Company (“Transfer Agent”) of any transfer tax that may be payable by reason thereof and a written declaration of any matters as may be required by law in order to determine the entitlement of the person to be recorded as the registered holder of such Series A Preference Shares to hold such Series A Preference Shares.

The Company shall, on presentation and delivery to the Transfer Agent of the certificate or certificates representing the Series B Preference Shares so tendered for conversion, deliver or cause to be delivered certificates representing the number of whole Series A Preference Shares into which such Series B Preference Shares are to be converted, registered in the name of the holder of the Series B Preference Shares to be converted, or as such holder shall have directed, as the case may be, on the Series B Conversion Date. The Series B Preference Shares so converted shall be converted and the holder thereof shall become a holder of Series A Preference Shares of record, effective on the Series B Conversion Date.

If less than all the Series B Preference Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued without cost to the holder.

Holders of the Series B Preference Shares shall not be entitled to convert their shares into Series A Preference Shares if, following the close of business on the 14th day preceding a Series B Conversion Date, the Company determines that there would remain outstanding on a Series B Conversion Date less than 400,000 Series A Preference Shares, after having taken into account all Series B Preference Shares tendered for conversion into Series A Preference Shares and all Series A Preference Shares tendered for conversion into Series B Preference Shares. The Company shall give notice in writing thereof to all the holders of the Series B Preference Shares at least seven (7) days prior to the applicable Series B Conversion Date and will issue, prior to such Series B Conversion Date, to the holders of Series B Preference Shares who have tendered Series B Preference Shares for conversion, new certificates evidencing the Series B Preference Shares tendered for conversion (or return tendered certificates). If, following the close of business on the 14th day preceding a Series B Conversion Date, the Company determines that there would remain outstanding on a Series B Conversion Date less than 400,000 Series B Preference Shares after having taken into account all Series B Preference Shares tendered for conversion into Series A Preference Shares and all Series A Preference Shares tendered for conversion into Series B Preference Shares, then, all, but not part, of the remaining outstanding Series B Preference Shares shall automatically be converted into Series A Preference Shares on the basis of one Series A Preference Share for each Series B Preference Share at the close of business on the applicable Series B Conversion Date and the Company shall give notice in writing thereof to the holders of such remaining Series B Preference Shares at least seven (7) days prior to the Series B Conversion Date.

The Company shall, on presentation and delivery to the Transfer Agent of the certificate or certificates representing the Series B Preference Shares so converted, deliver or cause to be delivered certificates representing the number of whole Series A Preference Shares into which such Series B Preference Shares have been converted, registered in the name of the holder of the Series B Preference Shares to be converted, or as such holder shall have directed, as the case may be. The Series B Preference Shares so converted shall be converted, and the holder thereof shall become a holder of Series A Preference Shares of record, effective on the Series B Conversion Date. Whether or not the holder of Series B Preference Shares presents and delivers to the Transfer Agent the certificate or certificates representing the Series B Preference Shares automatically converted under this section, the holder thereof shall be deemed to have become a holder of Series A Preference Shares of record, effective on the Series B Conversion Date.

If the Company gives notice to the holders of the Series B Preference Shares on or prior to a Series B Conversion Date of a redemption of all of the Series B Preference Shares, the Company shall not be required to give notice as provided above to the holders of the Series B Preference Shares of a Selected Percentage Rate for the Series B Preference Shares or of the conversion right of holders of Series B Preference Shares, and the right of any holder of Series B Preference Shares to convert such Series B Preference Shares shall cease and terminate in that event.

15.07 Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares - So long as any of the Series B Preference Shares are outstanding, the Company shall not, without the prior approval of the holders of the Series B Preference Shares given as herein specified:

- (a) declare or pay or set apart for payment any dividends on the shares of any class ranking junior to the Series B Preference Shares (other than stock dividends in shares of any class ranking junior to the Series B Preference Shares), or
- (b) redeem, purchase, reduce or otherwise retire (i) any shares ranking junior to the Series B Preference Shares except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking junior to the Series B Preference Shares or (ii) any other shares ranking on a parity with Series B Preference Shares except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Class E Preference Shares, or
- (c) create or issue any shares ranking as to the repayment of capital or payment of dividends prior to the Series B Preference Shares,

unless all dividends which have been declared in respect of the Series B Preference Shares then issued and outstanding shall have been paid or money shall have been set aside for payment thereof.

15.08 Priority on Liquidation - In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Series B Preference Shares shall be entitled to receive in lawful money of Canada an amount equal to \$25.00 per share together with all declared and unpaid preferential dividends thereon to but excluding the date of payment before any amount shall be paid or any assets of the Company shall be distributed to the holders of any shares ranking junior to the Series B Preference Shares. Upon payment to the holders of the Series B Preference Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Company.

15.09 Amendment of Series Provisions - The provisions contained herein with respect to the Series B Preference Shares may be amended, deleted, varied, modified or amplified by resolution enacted by the directors of the Company and authorized and confirmed by the holders of Series B Preference Shares in accordance with the authorized procedures hereinafter set out and any other approval required by law.

15.10 Authorization by Series B Preference Shares - Any authorization required to be given by the holders of the Series B Preference Shares hereunder shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of the holders of the Series B Preference Shares duly called for that purpose and held upon at least twenty-one (21) calendar days notice at which the holders of at least a majority of the outstanding Series B Preference Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds (2/3) of the Series B Preference Shares voted at such meeting. If at any such meeting the holders of a majority of the outstanding Series B Preference Shares are not present or represented by proxy within one-half (1/2) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being no less than twenty-one (21) calendar days later and to such time and place as may be appointed by the chairman of such meeting and not less than fifteen (15) calendar 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 Series B Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the authorization of the holders of the Series B Preference Shares referred to above. The formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time lawfully prescribed by the by-laws of the Company with respect to meetings of shareholders.

15.11 Interpretation - In the event that any date on which any dividend on the Series B Preference Shares is payable by the Company, or on or by which other action is required to be taken by the Company 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. For the purposes of these series provisions, "Business Day" means a day which Schedule I Canadian chartered banks are open for business in Toronto, Ontario and which is not a Saturday or a Sunday.

In the event of the non-receipt of a cheque by the holder of Series B Preference Shares entitled to such cheque or the loss or destruction thereof, the Company upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to the Company, shall issue to such holder a replacement cheque for the amount thereof.

15.12 Mail Service Interruption - If the directors of the Company determine that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder or is required

to send any cheque or any share certificate to the holder of any Series B Preference Shares, whether in connection with the redemption of such share or otherwise, the Company may, notwithstanding the provisions hereof:

- (a) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of the cities of Toronto, Moncton, Montreal, Regina, Calgary and Vancouver and once in a daily French language newspaper of general circulation published in Montreal and such notice shall be deemed to have been validly given on the day next following its publication in all of such cities; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such holder by the Transfer Agent for the Series B Preference Shares at its principal office in the City of 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 (a) above, provided that as soon as the directors of the Company, determine 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 mail as herein provided. In the event that the Company is required to mail such share certificate, such mailing shall be made by prepaid ordinary unregistered mail to the last known address of each person who at the date of mailing is a registered holder and who is entitled to receive such certificate.

15.13 Election under the *Income Tax Act* - The Company shall elect, in the manner and within the time provided for 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 Preference Shares will be required to pay tax on dividends received, or deemed to have been received, on the Series B Preference Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect.

## **16 Class E Preference Shares, Series C**

The rights, privileges, restrictions and conditions attached to the Class E Preference Shares, Series C (the "Series C Preference Shares") shall be as follows (all references to "\$" or "dollars" shall be to the lawful currency of Canada):



16.01 Number and Issue Price - An unlimited number of Series C Preference Shares are hereby authorized to be issued at a price per share equal to \$25.00.

16.02 Dividends - For the purposes hereof:

- (a) "Dividend Payment Date" means the last day of March, June, September and December in each year;
- (b) "Fixed Quarterly Dividend Rate" means 0.0125 (representing the product of 0.25 and 0.05).

The holders of the Series C Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors, out of the monies of the Company properly applicable to the payment of dividends, non-cumulative preferential cash dividends in the amounts determined from time to time as hereafter provided.

The initial dividend payable on each outstanding Series C Preference Share shall be payable on September 30, 2007 and shall be the amount equal to the product of (i) \$25.00, (ii) 0.05; and (iii) the number of days from the date of issuance of such Series C Preference Shares to but excluding September 30, 2007, all divided by 365.

Thereafter, the dividend payable on each Dividend Payment Date on each Series C Preference Share shall be the amount equal to the product of (i) \$25.00 and (ii) the Fixed Quarterly Dividend Rate.

If the amount of any dividend payable to a holder of Series C Preference Shares shall include, in addition to an amount in dollars and cents, a fraction of one cent (\$0.01), the Company shall in respect of such fraction of one cent (\$0.01) round downward to the nearest one cent (\$0.01) and shall be relieved from the obligation to pay such fraction of one cent (\$0.01).

A dividend which is represented by a cheque which has not been duly presented for payment within six years after it was issued or that otherwise remains unclaimed for a period of six years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Company.

Dividends (less any tax required to be withheld by the Company) on the Series C Preference Shares, shall be paid in lawful money of Canada by cheque payable at par at any branch of the Company's bankers in Canada or by any other reasonable means the Company considers desirable. The mailing of such cheque from the Company's head office, or the principal office of the Company in the City of Guelph, Canada or the payment by such other reasonable means as the Company deems desirable, on or before the date on which such dividend is to be paid to a holder of Series C Preference Shares shall be deemed to be payment of the dividends represented thereby and payable on such date unless the cheque is not paid upon presentation or payment by such other means is not received.

If within 30 days after the financial year of the Company the board of directors in its discretion has not declared the dividends, or any part thereof, payable on the Series C Preference Shares, for each quarter ended in such financial year, then the rights of the holders of the Series C Preference Shares to receive such dividends, or any part thereof, which are not declared shall be forever extinguished.

The holders of Series C Preference Shares shall not be entitled to any dividends other than or in excess of the non-cumulative preferential cash dividends herein provided for.

16.03 Purchase for Cancellation - Subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the Insurance Companies Act and to the applicable covenants below under "Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares", the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series C Preference Shares outstanding from time to time in the market (including purchases through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all holders of record of the Series C Preference Shares outstanding. Any such purchase or invitation for tenders shall be made at the lowest price or prices at which, in the opinion of the directors or officers of the Company duly authorized for the purpose, such shares are obtainable but not exceeding \$25.00 per share together with an amount equal to all declared and unpaid preferential dividends thereon, if any, and, together in each case with costs of purchase. If upon any invitation for tenders under the provisions of this section more Series C Preference Shares are tendered at a price or prices acceptable to the Company than the Company is willing to purchase, the Company will accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at progressively higher prices and, if more shares are tendered at any such price than the Company is prepared to purchase, the shares tendered at such price will be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series C Preference Shares so tendered by each of the holders of Series C Preference Shares who submitted tenders at that price.

16.04 Redemption - The Series C Preference Shares will not be redeemable prior to June 30, 2012. Subject to the provisions of any shares ranking in priority to the Class E Preference Shares and subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the Insurance Companies Act, the Series C Preference Shares that have been issued will be redeemable at the option of the Company, on not more than 60 nor less than 30 calendar days notice by the Company in whole at any time or in part from time to time at the price and during the periods set out in clauses (i), (ii), (iii), (iv) and (v) of this section:

- (i) during the twelve months commencing on June 30, 2012 and ending on June 29, 2013, at a price equal to \$26.00 per share,
- (ii) during the twelve months commencing on June 30, 2013 and ending on June 29, 2013, at a price equal to \$25.75 per share,
- (iii) during the twelve months commencing on June 30, 2013 and ending on June 29, 2014, at a price equal to \$25.50 per share,
- (iv) during the twelve months commencing on June 30, 2014 and ending on June 29, 2015, at a price equal to \$25.25 per share, and
- (v) at any time on or after June 30, 2016, at a price equal to \$25.00 per share,

plus, in each case, all declared and unpaid preferential dividends thereon up to but excluding the date fixed for redemption, (such amounts per share being herein called the "Redemption Price").

If part only of the then outstanding Series C Preference Shares is at any time to be redeemed pursuant to the redemption provisions hereof, the Series C Preference Shares to be redeemed shall be selected by lot, pro rata, or in such other manner as the directors of the Company may determine.

16.05 Purchase for Cancellation and Redemption Procedures - Where an invitation for tenders is to be issued for Series C Preference Shares upon a purchase for cancellation or where Series C Preference Shares are to be redeemed, the Company shall, at the times prescribed by the relevant provisions, deliver or mail to each person, who at the relevant record date is a holder of record of Series C Preference Shares (unless, in the case of a redemption, none of the shares held by such holder are to be redeemed), a notice in writing of the invitation for tenders or of the intention of the Company to redeem some or all of the Series C Preference Shares, as the case may be. The procedure for giving notice shall be to deliver to, or to mail the same by ordinary unregistered mail in a prepaid letter addressed to, each such shareholder at his or her address as it appears on the books of the Company or, in the event of the address of any such shareholder not so appearing, to the last known address of such shareholder, provided, however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of the invitation for tender or redemption. Such notice, if it relates to a redemption, shall set out the date on which redemption is to take place and if part only of the Series C Preference Shares held by the holder to whom such notice is addressed are to be redeemed, the number thereof so to be redeemed.

On or after the date upon which tenders made pursuant to a decision of the Company to purchase shares for cancellation are exercisable, or upon which a redemption is effective, the Company shall pay or cause to be paid to or to the order of the registered holders of Series C Preference Shares duly tendered and whose tenders are accepted or to be redeemed the accepted tender price or the Redemption Price, as the case may be. Such payment shall be made by cheque payable at par at any branch of the Company's bankers in Canada. In the case of a redemption, the Redemption Price shall be paid only on presentation and surrender at the head office of the Company or any other place designated in the notice of redemption, of the certificates representing the Series C Preference Shares so called for redemption. If part only of the Series C Preference Shares represented by any certificate shall be purchased pursuant to an invitation for tenders or shall be redeemed, a new certificate for the balance of the Series C Preference Shares owned by such shareholder shall be issued at the expense of the Company. From and after the date upon which tenders for the purchase of shares for cancellation are accepted, or the date specified for redemption of Series C Preference Shares duly called for redemption, the Series C Preference Shares duly tendered and accepted or 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 of such shares unless payment of the tender price or of the Redemption Price, as the case may be, shall not be duly made in accordance with the applicable provisions, in which case the rights of the holders shall remain unaffected.

The Company shall have the right, at any time after the delivery or mailing of notice of its intention to redeem any Series C Preference Shares as aforesaid, to deposit the Redemption Price of the Series C Preference Shares to be 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 bank or any trust company in Canada named in such notice to be paid on or after the date specified for redemption without interest to or to the order of the respective holders of such Series C Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series C Preference Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or 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 certificate(s) held by them respectively. Any interest allowed on any such deposit shall belong to the Company or, if such deposit be made with the Company, no interest shall be payable thereon.

16.06 Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares - So long as any of the Series C Preference Shares

are outstanding, the Company shall not, without the prior approval of the holders of the Series C Preference Shares given as herein specified:

- (a) declare or pay or set apart for payment any dividends on the shares of any class ranking junior to the Series C Preference Shares (other than stock dividends in shares of any class ranking junior to the Series C Preference Shares), or
- (b) redeem, purchase, reduce or otherwise retire (i) any shares ranking junior to the Series C Preference Shares except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking junior to the Series C Preference Shares or (ii) any other shares ranking on a parity with Series C Preference Shares except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Class E Preference Shares, or
- (c) create or issue any shares ranking as to the repayment of capital or payment of dividends prior to the Series C Preference Shares,

unless all dividends which have been declared in respect of the Series C Preference Shares then issued and outstanding shall have been paid or money shall have been set aside for payment thereof.

16.07 Priority on Liquidation - In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Series C Preference Shares shall be entitled to receive in lawful money of Canada an amount equal to \$25.00 per share together with all declared and unpaid preferential dividends thereon to but excluding the date of payment before any amount shall be paid or any assets of the Company shall be distributed to the holders of any shares ranking junior to the Series C Preference Shares. Upon payment to the holders of the Series C Preference Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Company.

16.08 Amendment of Series Provisions - The provisions contained herein with respect to the Series C Preference Shares may be amended, deleted, varied, modified or amplified by resolution enacted by the directors of the Company and authorized and confirmed by the holders of Series C Preference Shares in accordance with the authorized procedures hereinafter set out and any other approval required by law.

16.09 Authorization by Series C Preference Shares - Any authorization required to be given by the holders of the Series C Preference Shares hereunder shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of the holders of the Series C Preference Shares duly called for that purpose and held upon at least twenty-one (21) calendar days notice at which the holders of at least a

majority of the outstanding Series C Preference Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds (2/3) of the Series C Preference Shares voted at such meeting. If at any such meeting the holders of a majority of the outstanding Series C Preference Shares are not present or represented by proxy within one-half (1/2) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being no less than twenty-one (21) calendar days later and to such time and place as may be appointed by the chairman of such meeting and not less than fifteen (15) calendar 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 Series C Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two thirds (2/3) of the votes cast at such meeting shall constitute the authorization of the holders of the Series C Preference Shares referred to above. The formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time lawfully prescribed by the by-laws of the Company with respect to meetings of shareholders.

- 16.10 Interpretation - In the event that any date on which any dividend on the Series C Preference Shares is payable by the Company, or on or by which other action is required to be taken by the Company 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. For the purposes of these series provisions, "Business Day" means a day which Schedule I Canadian chartered banks are open for business in Toronto, Ontario and which is not a Saturday or a Sunday.

In the event of the non-receipt of a cheque by the holder of Series C Preference Shares entitled to such cheque or the loss or destruction thereof, the Company upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to the Company, shall issue to such holder a replacement cheque for the amount thereof.

- 16.11 Mail Service Interruption - If the directors of the Company determine that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder or is required to send any cheque or any share certificate to the holder of any Series C Preference Shares, whether in connection with the redemption of such share or otherwise, the Company may, notwithstanding the provisions hereof:

(a) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of the cities of Toronto, Moncton, Montreal, Regina, Calgary and Vancouver and once in a daily French language newspaper of general circulation published in

Montreal and such notice shall be deemed to have been validly given on the day next following its publication in all of such cities; and

(b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such holder by the Transfer Agent for the Series C Preference Shares at its principal office in the City of 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 (a) above, provided that as soon as the directors of the Company, determine 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 mail as herein provided. In the event that the Company is required to mail such share certificate, such mailing shall be made by prepaid ordinary unregistered mail to the last known address of each person who at the date of mailing is a registered holder and who is entitled to receive such certificate.

16.12 Election under the Income Tax Act - The Company shall elect, in the manner and within the time provided for 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 C Preference Shares will be required to pay tax on dividends received, or deemed to have been received, on the Series C Preference Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect

16.13 Conversion Right

(a) The Company may, at any time by resolution of the Board of Directors, constitute a separate series of Class E Preference Shares (the "New Preference Shares") having rights, privileges, restrictions and conditions attaching to them (other than any option or right to convert into Common Shares) which would qualify such New Preference Shares as capital of the Company under then current guidelines of the Superintendent of Financial Institutions relating to Minimum Continuing Capital and Surplus Requirements.. In such event, the Company, subject to the provisions of the Insurance Companies Act, including any necessary prior consent of the Superintendent of Financial Institutions, may give registered holders of the Series C Preference Shares notice that they have the right (the "Conversion Right"), pursuant to the Series C Preference Shares, at their option, to convert, on the date specified in the notice (the "Conversion Date"), their Series C Preference Shares into fully-paid and non-assessable New Preference Shares on a share-for-share basis.

(b) The Company will give to registered holders of Series C Preference Shares, as of record date fixed for this purpose by the Board of

Directors, notice in writing of the option to convert their Series C Preference Shares into New Preference Shares and send a copy of such notice to each stock exchange on which the Series C Preference Shares are then listed and posted for trading. The notice must be given at least 30 days but not more than 60 days before the Conversion Date. The notice must specify the manner in which and the terms under which the Conversion Right may be exercised and contain a summary of the attributes of the New Preference Shares into which the Series C Preference Shares may be converted.

- (c) The Company will ensure that, if issued, New Preference Shares will not be or be deemed to be “short-term preferred shares” within the meaning of the Income Tax Act (Canada).

#### 16.14 Registration of Series C Preference Shares and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

- (a) Subject to Sections 16.14(b) and 16.14(c) and notwithstanding any other provision of the share provisions relating to the Series C Preferred Shares (the “Series C Preference Share Provisions”), the Series C Preference Shares will be represented in the form of a single fully-registered global certificate in the aggregate number of Series C Preference Shares issued by the Company and outstanding from time to time (the “Global Certificate”) held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of “CDS & Co.” (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Series C Preference Shares will be made only through the Book-Entry System to another nominee of the Depository for the Series C Preference Shares or to a successor Depository for the Series C Preference Shares approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversion of Series C Preference Shares will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 16.14(c), the beneficial owners of Series C Preference Shares will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Series C Preference Shares, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Series C Preference Shares who wish to purchase, sell or otherwise transfer ownership of or other interests in Series C Preference Shares or to exercise



Conversion Rights with respect to Series C Preference Shares may do so only through a Participant.

- (b) For purposes of the Series C Preference Shares Provisions, so long as the Depository, or its nominee is the registered holder of the Series C Preference Shares:
  - (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Series C Preference Shares for the purpose of receiving notices or payments on or in respect of the Series C Preference Shares, including payments of dividends and the redemption price;
  - (ii) the Company, pursuant to the exercise by the Company of its right to redeem Series C Preference Shares, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Series C Preference Shares, the redemption price, and certificates for the New Preference Shares issued pursuant to Section 16.13, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Series C Preference Shares; and
  - (iii) the rights of Persons, other than Participants, having an interest in Series C Preference Shares will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.
- (c) If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Series C Preference Shares from the Book-Entry System, Sections 16.14(a), 16.14(b) and 16.14(d) will cease to apply to the Series C Preference Shares. In that event, the Company will execute and deliver certificates for the Series C Preference Shares in definitive registered form equal to the aggregate number of Series C Preference Shares represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Series C Preference Shares in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Series C Preference Shares as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

- (d) Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Series C Preference Shares must look solely to Participants, for their share of payments of Dividends and other amounts and the issuance and delivery of New Preference Shares in respect of Series C Preference Shares. No Person, including any Participant, will have any claim against the Company in respect of payments due on Series C Preference Shares or the issuance and delivery of New Preferred Shares and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as registered holder of Series C Preference Shares, in respect of each amount so paid or New Preference Share so issued and delivered.
- (e) The provisions of Section 16.13 and the exercise of the Conversion Right are subject to the provisions of this Section 16.14, and in the event of any inconsistency between those provisions and the provisions of Section 16.14, provisions of Section 16.14 will prevail to the extent of the inconsistency.

16.15. Non-Residents - On the conversion of Series C Preference Shares, the Company reserves the right not to issue New Preference Shares to any Person whose address is in, or whom the Company or Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where such issuance would require compliance by the Company with the securities, insurance or analogous laws of such jurisdiction. In addition, the Company may require from any such Person, as a condition to the issuance to it of New Preference Shares, a written declaration as to its residence and share ownership status and any other matter requested by the Company in order to determine the entitlement of such Person to New Preference Shares, including under the Insurance Companies Act.

16.16. Wire or Electronic Transfer of Funds - Notwithstanding any other right, privilege, restriction or condition attaching to the Series C Preference Shares, the Company may, at its option, make any payment due to a holder of Series C Preference Shares by way of a wire or electronic transfer of funds to each holder of Series C Preference Shares. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Series C Preference Shares at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Series C Preference Shares provide the particulars of an account of such

holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Series C Preference Shares prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Series C Preference Shares has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

In the Series C Preference Share Provisions the following terms shall have the meaning set out below:

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

“Depository” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 16.14.

“Participant” means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Series C Preference Shares.

“Person” includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

“Transfer Agent” means the duly appointed registrar and transfer agent for the Series C Preference Shares.

## **17 Class E Preference Shares, Series D**

The rights, privileges, restrictions and conditions attached to the Class E Preference Shares, Series D (the “Series D Preference Shares”) shall be as follows (all references to “\$” or “dollars” shall be to the lawful currency of Canada):

17.01 Number and Issue Price - An unlimited number of Series D Preference Shares are hereby authorized to be issued at a price per share equal to \$25.00.

17.02 Dividends - For the purposes hereof:

- (a) "Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 5.21%;
- (b) "Bloomberg Screen GCAN5YR Page" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields);
- (c) "Dividend Payment Date" means the last day of March, June, September and December in each year;
- (d) "Fixed Quarterly Dividend Rate" means 0.018125 (representing the product of 0.25 and 0.0725);
- (e) "Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period;
- (f) "Floating Quarterly Dividend Rate" has the meaning ascribed thereto in the Series E Preference Share Provisions;
- (g) "Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the arithmetic average of the yields quoted to the Company by two registered Canadian investment dealers selected by the Company as being the annual yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years;
- (h) "Initial Fixed Rate Period" means the period from and including May 22, 2009 to, but excluding, June 30, 2014;
- (i) "Quarterly Floating Rate Period" has the meaning ascribed thereto in the Series E Preference Share Provisions; and

- (j) “Subsequent Fixed Rate Period” means for the initial Subsequent Fixed Rate Period, the period from and including June 30, 2014 to, but excluding, June 30, 2019 and for each succeeding Subsequent Fixed Rate Period, the period commencing on and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, June 30 in the fifth year thereafter.

The holders of the Series D Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors of the Company (the “board of directors”), subject to the provisions of the Insurance Companies Act, out of the monies of the Company properly applicable to the payment of dividends, non-cumulative preferential cash dividends in the amounts determined from time to time as hereinafter provided.

The initial dividend payable on each outstanding Series D Preference Share shall be payable on September 30, 2009 and shall be the amount equal to the product of (i) \$25.00, (ii) 0.0725; and (iii) the number of days from and including the date of issuance of such Series D Preference Shares to but excluding September 30, 2009, all divided by 365.

Thereafter until, but excluding, June 30, 2014, the dividend payable on each Dividend Payment Date on each Series D Preference Share shall be the amount equal to the product of (i) \$25.00 and (ii) the Fixed Quarterly Dividend Rate.

During each Subsequent Fixed Rate Period, the dividend payable on each Dividend Payment Date on each Series D Preference Share shall be the amount equal to the product of (i) 0.25 and (ii) \$25.00 multiplied by the Annual Fixed Dividend Rate.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Company on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series D Preference Shares. The Company will, on the relevant Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the holders of the then outstanding Series D Preference Shares.

The Company shall make available at its head office, for inspection by the holders of the Series D Preference Shares, the particulars of the calculation of each Annual Fixed Dividend Rate.

If the amount of any dividend payable to a holder of Series D Preference Shares shall include, in addition to an amount in dollars and cents, a fraction of one cent (\$0.01), the Company shall in respect of such fraction of one cent (\$0.01) round downward to the nearest one cent (\$0.01) and

shall be relieved from the obligation to pay such fraction of one cent (\$0.01).

A dividend which is represented by a cheque which has not been duly presented for payment within six years after it was issued or that otherwise remains unclaimed for a period of six years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Company.

Dividends (less any tax required consistent with applicable law to be withheld by the Company) on the Series D Preference Shares, shall (except in case of redemption in which case payment of dividends will be made upon surrender of the certificates representing the Series D Preference Shares to be redeemed or except as otherwise provided with the consent of a holder of Series D Preference Shares) be paid in lawful money of Canada by cheque payable at par at any branch of the Company's bankers in Canada or by any other reasonable means the Company considers desirable. The mailing of such cheque from the Company's head office, or the principal office of the Company in the City of Guelph, Canada by prepaid post, addressed to each holder of Series D Preference Shares at the address of such holder as it appears on the books of the Company or, in the case of a joint holder, to the address of that one whose name stands in the books of the Company as one of such joint holders, or the payment by such other reasonable means as the Company deems desirable, on or before the date on which such dividend is to be paid to a holder of Series D Preference Shares shall be deemed to be payment of the dividends represented thereby (plus the amount of any tax deducted consistent with applicable law) and payable on such date unless the cheque is not paid upon presentation or payment by such other means is not received. Each dividend on the Series D Preference Shares shall be paid to the holders appearing on the registers at the close of business on such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the board of directors.

If the board of directors in its discretion has not declared a dividend, or any part thereof, payable on the Series D Preference Shares on or before the Dividend Payment Date for a particular calendar quarter, then the entitlement of the holders of the Series D Preference Shares to receive such dividend, or any part thereof, for such quarter shall be forever extinguished.

The holders of Series D Preference Shares shall not be entitled to any dividends other than or in excess of the non-cumulative preferential cash dividends herein provided for.

17.03 Purchase for Cancellation - Subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the Insurance Companies Act and to the applicable covenants below under Section 17.08 "Restrictions on the Payment of Dividends and on

the Issue and Retirement of Shares”, the Company may at any time or from time to time purchase (if obtainable) for cancellation all or any part of the Series D Preference Shares outstanding from time to time in the market (including purchases through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all holders of record of the Series D Preference Shares outstanding. Any such purchase or invitation for tenders shall be made at the lowest price or prices at which, in the opinion of the directors or officers of the Company duly authorized for the purpose, such shares are obtainable but not exceeding \$25.00 per share together with an amount equal to all declared and unpaid dividends thereon, if any, and, together in each case with costs of purchase. If upon any invitation for tenders under the provisions of this section more Series D Preference Shares are tendered at a price or prices acceptable to the Company than the Company is willing to purchase, the Company will accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at progressively higher prices and, if more shares are tendered at any such price than the Company is prepared to purchase, the shares tendered at such price will be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series D Preference Shares so tendered by each of the holders of Series D Preference Shares who submitted tenders at that price.

17.04 Redemption - The Series D Preference Shares will not be redeemable prior to June 30, 2014. Subject to the provisions of any shares ranking in priority to the Class E Preference Shares and subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the Insurance Companies Act and subject to the applicable covenants below under Section 17.08 “Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares”, the Series D Preference Shares that have been issued will be redeemable at the option of the Company (on not more than 60 nor less than 30 calendar days notice by the Company) on June 30, 2014 and on each fifth anniversary of such date thereafter, in whole or in part, at a price equal to \$25.00 per Series D Preference Share plus all declared and unpaid dividends thereon up to, but excluding, the date fixed for redemption (the “Redemption Price”).

If part only of the then outstanding Series D Preference Shares is at any time to be redeemed pursuant to the redemption provisions hereof, the Series D Preference Shares to be redeemed shall be selected by lot, pro rata, or in such other manner as the directors of the Company may determine.

17.05 Purchase for Cancellation and Redemption Procedures - Where an invitation for tenders is to be issued for Series D Preference Shares upon a purchase for cancellation or where Series D Preference Shares are to be redeemed, the Company shall, at the times prescribed by the relevant provisions, deliver or mail to each person, who at the relevant record date is a holder of record of Series D Preference Shares (unless, in the case of

a redemption, none of the shares held by such holder are to be redeemed), a notice in writing of the invitation for tenders or of the intention of the Company to redeem some or all of the Series D Preference Shares, as the case may be. The procedure for giving notice shall be to deliver to, or to mail the same by ordinary unregistered mail in a prepaid letter addressed to, each such holder at his or her address as it appears on the books of the Company or, in the event of the address of any such holder not so appearing, to the last known address of such holder, provided, however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of the invitation for tender or redemption. Such notice, if it relates to a redemption, shall set out the date on which redemption is to take place, the Redemption Price, the place of payment and if part only of the Series D Preference Shares held by the holder to whom such notice is addressed are to be redeemed, the number thereof so to be redeemed.

On or after the date upon which tenders made pursuant to a decision of the Company to purchase shares for cancellation are exercisable, or upon which a redemption is effective, the Company shall pay or cause to be paid to or to the order of the holders of Series D Preference Shares duly tendered and whose tenders are accepted or whose Series D Preference Shares are to be redeemed the accepted tender price or the Redemption Price, as the case may be (less any tax required consistent with applicable law to be withheld by the Company). Such payment shall be made by cheque payable at par at any branch of the Company's bankers in Canada. In the case of a redemption, the Redemption Price shall be paid only on presentation and surrender at the head office of the Company or any other place designated in the notice of redemption, of the certificates representing the Series D Preference Shares so called for redemption. If part only of the Series D Preference Shares represented by any certificate shall be purchased pursuant to an invitation for tenders or shall be redeemed, a new certificate for the balance of the Series D Preference Shares not so redeemed shall be issued at the expense of the Company. From and after the date upon which tenders for the purchase of shares for cancellation are accepted, or the date specified for redemption of Series D Preference Shares duly called for redemption, the Series D Preference Shares duly tendered and accepted or 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 holders in respect of such shares unless payment of the tender price or of the Redemption Price, as the case may be, shall not be duly made in accordance with the applicable provisions, in which case the rights of the holders shall remain unaffected.

The Company shall have the right, at any time after the delivery or mailing of notice of its intention to redeem any Series D Preference Shares as aforesaid, to deposit the Redemption Price of the Series D Preference Shares 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, less any tax required consistent with applicable law to be withheld by the Company, to



a special account in any bank or any trust company in Canada named in such notice to be paid on or after the date specified for redemption without interest to or to the order of the respective holders of such Series D Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series D Preference Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed and the rights of the holders thereof after such deposit or 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 certificate(s) held by them respectively. Any interest allowed on any such deposit shall belong to the Company.

- 17.06 Conversion Right - Provided the Company has not delivered a notice of redemption pursuant to Sections 17.04 and 17.05 hereof, each Series D Preference Share shall, on June 30, 2014, and on each fifth anniversary of such date thereafter (each a "Conversion Date"), be convertible at the option of the holder into one fully paid and non-assessable Series E Preference Share.

Notice of the above-mentioned conversion right and each Conversion Date, and the form of election notice (the "Conversion Notice") will be given by the Company to the then holders of the Series D Preference Shares at least 30 days and not more than 60 days prior to the applicable Conversion Date. Written notice of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period will be provided by the Company to the then holders of the Series D Preference Shares on the 30<sup>th</sup> day prior to the applicable Conversion Date.

Holders of Series D Preference Shares who wish to elect to convert their Series D Preference Shares into Series E Preference Shares on the Conversion Date are required to provide the Company with a Conversion Notice duly completed on a date not earlier than the 30<sup>th</sup> day preceding, and not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding, the applicable Conversion Date. Such Conversion Notice shall be irrevocable once it has been delivered to the Company and shall be accompanied by payment or evidence of payment of any applicable taxes.

Holders of Series D Preference Shares shall not be entitled to convert their shares into Series E Preference Shares if the Company determines that there would remain outstanding on a Conversion Date less than 1,000,000 Series E Preference Shares, after having taken into account all Series D Preference Shares tendered for conversion into Series E Preference Shares and all Series E Preference Shares tendered for conversion into Series D Preference Shares in accordance with the Series E Preference Share Provisions. The Company shall give notice in writing thereof to all the holders of the Series D Preference Shares at least seven

(7) days prior to the applicable Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Conversion Date less than 1,000,000 Series D Preference Shares, after having taken into account all Series D Preference Shares tendered for conversion into Series E Preference Shares and all Series E Preference Shares tendered for conversion into Series D Preference Shares in accordance with the Series E Preference Share Provisions, then, all, but not part, of the remaining outstanding Series D Preference Shares shall automatically be converted into Series E Preference Shares on the basis of one Series E Preference Share for each Series D Preference Share at the close of business on the applicable Conversion Date and the Company shall give notice in writing thereof to the holders of such remaining Series D Preference Shares at least seven (7) days prior to the applicable Conversion Date.

If the Company does not receive a Conversion Notice from a holder of Series D Preference Shares during the time fixed therefor, then the Series D Preference Shares shall be deemed not to have been converted (except in the case of an automatic conversion described in this Section 17.06).

If the Company gives notice to the holders of the Series D Preference Shares on or prior to a Conversion Date of a redemption of all of the Series D Preference Shares, the Company shall not be required to give notice as provided above to the holders of the Series D Preference Shares of any dividend rates or of the conversion right of holders of Series D Preference Shares, and the right of any holder of Series D Preference Shares to convert such Series D Preference Shares shall cease and terminate in that event.

**17.07 Conversion to New Preference Shares** - The Company may, at any time by resolution of the board of directors, constitute a separate series of Class E Preference Shares (the "New Preference Shares") having rights, privileges, restrictions and conditions attaching to them (other than any option or right to convert into Common Shares) which would qualify such New Preference Shares as capital of the Company under then current guidelines of the Superintendent of Financial Institutions relating to Minimum Continuing Capital and Surplus Requirements. In such event, the Company, subject to the provisions of the Insurance Companies Act, including any necessary prior consent of the Superintendent of Financial Institutions, may give holders of the Series D Preference Shares notice that they have the right (the "Conversion Right"), pursuant to the Series D Preference Shares, at their option, to convert, on the date specified in the notice (the "New Preference Share Conversion Date"), their Series D Preference Shares into fully-paid and non-assessable New Preference Shares on a share-for-share basis.

The Company will give to holders of Series D Preference Shares, as of the record date fixed for this purpose by the board of directors, notice in writing of the option to convert their Series D Preference Shares into New Preference Shares and send a copy of such notice to each stock

exchange on which the Series D Preference Shares are then listed and posted for trading. The notice shall be given at least 30 days but not more than 60 days before the New Preference Share Conversion Date. The notice must specify the manner in which and the terms under which the Conversion Right may be exercised and contain a summary of the attributes of the New Preference Shares into which the Series D Preference Shares may be converted.

The Company will ensure that, if issued, New Preference Shares will not be or be deemed to be “short-term preferred shares” within the meaning of the Income Tax Act (Canada).

17.08 Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares - So long as any of the Series D Preference Shares are outstanding, the Company shall not without the prior approval of the holders of the Series D Preference Shares:

- (a) declare or pay or set apart for payment any dividends on the Common Shares or any other shares of any class ranking junior to the Series D Preference Shares (other than stock dividends in shares of any class of the Company ranking junior to the Series D Preference Shares);
- (b) redeem, purchase, reduce or otherwise retire any Common Shares or any other shares ranking junior to the Series D Preference Shares (except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking junior to the Series D Preference Shares);
- (c) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Series D Preference Shares; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class E Preference Shares or any other preference shares of the Company issuable in series, redeem, purchase, or otherwise retire any other shares ranking on a parity with the Series D Preference Shares;

unless, in each case, all dividends on the Series D Preference Shares up to and including those payable on the Dividend Payment Date for the last completed period for which dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Series D Preference Shares up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.

17.09 Priority on Liquidation - In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the

Company among its shareholders for the purpose of winding-up its affairs, the holders of the Series D Preference Shares shall be entitled to receive in lawful money of Canada an amount equal to \$25.00 per share together with all declared and unpaid dividends thereon to but excluding the date of payment (less any tax required consistent with applicable law to be withheld by the Company) before any amount shall be paid or any assets of the Company shall be distributed to the holders of any shares of the Company ranking junior to the Series D Preference Shares. Upon payment to the holders of the Series D Preference Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Company.

- 17.10 Issue of Additional Series of Class E Preference Shares or shares of other Class or Series - The Company may issue other series of Class E Preference Shares ranking on a parity with the Series D Preference Shares or may issue shares of any other class or series without the approval of the holders of the Series D Preference Shares.
- 17.11 Amendment of Series Provisions - The provisions contained herein with respect to the Series D Preference Shares may be amended, deleted, varied, modified or amplified by resolution enacted by the board of directors provided that same shall have been authorized and confirmed by the holders of Series D Preference Shares in accordance with the authorized procedures hereinafter set out and any other approval required by law or stock exchange on which the Series D Preference Shares are then listed.
- 17.12 Authorization by Series D Preference Shares - The approval of holders of the Series D Preference Shares to change or remove any right, privilege, restriction or condition attaching to the Series D Preference Shares as a series or in respect of any other matter requiring the consent of the holders of the Series D Preference Shares may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Series D Preference Shares duly called for that purpose at which the holders of at least one-fourth (1/4) of the outstanding Series D Preference Shares are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth (1/4) of the outstanding Series D Preference Shares are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than fifteen (15) days thereafter and to such time and place as may be determined by the chairman of the meeting. A notice of not less than seven (7) days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Series D Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast constitutes the approval of the holders of the Series D Preference Shares referred to above. The formalities to be observed with respect to the giving

of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the by-laws of the Company or the resolutions passed by the board of directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Series D Preference Shares as a series, or at any joint meeting of the holders of two or more series of Class E Preference Shares, each holder of Series D Preference Shares entitled to vote thereat has one vote in respect of each Series D Preference Share held.

**17.13 Registration of Series D Preference Shares and Transfer, Redemption, Purchase and Conversion Through Book-Entry System**

- (a) Subject to Sections 17.13(b) and 17.13(c) and notwithstanding any other provision of the Series D Preference Share Provisions, the Series D Preference Shares will be represented in the form of a single fully-registered global certificate in the aggregate number of Series D Preference Shares issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Series D Preference Shares will be made only through the Book-Entry System to another nominee of the Depository for the Series D Preference Shares or to a successor Depository for the Series D Preference Shares approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversions of Series D Preference Shares will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 17.13(c), the beneficial owners of Series D Preference Shares will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Series D Preference Shares, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Series D Preference Shares who wish to purchase, sell or otherwise transfer ownership of or other interests in Series D Preference Shares or to exercise Conversion Rights with respect to Series D Preference Shares may do so only through a Participant.
- (b) For purposes of the Series D Preference Shares Provisions, so long as the Depository, or its nominee, is the holder of the Series D Preference Shares:

- (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Series D Preference Shares for the purpose of receiving notices or payments on or in respect of the Series D Preference Shares, including payments of dividends and the redemption price;
  - (ii) the Company, pursuant to the exercise by the Company of its right to redeem Series D Preference Shares, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Series D Preference Shares, the Redemption Price, certificates representing the balance of the Series D Preference Shares not so redeemed by the Company pursuant to Section 17.05, as applicable, and certificates for the Series E Preference Shares or New Preference Shares, as applicable, issued pursuant to Sections 17.06 or 17.07, as applicable, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Series D Preference Shares; and
  - (iii) the rights of Persons, other than Participants, having an interest in Series D Preference Shares will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.
- (c) If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Series D Preference Shares from the Book-Entry System, Sections 17.13(a), 17.13(b) and 17.13(d) will cease to apply to the Series D Preference Shares. In that event, the Company will execute and deliver certificates for the Series D Preference Shares in definitive registered form equal to the aggregate number of Series D Preference Shares represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate. Certificates for Series D Preference Shares in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Series D Preference Shares as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive

certificates to the Persons in whose names the Depository has so instructed.

- (d) Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Series D Preference Shares must look solely to Participants, for their share of payments of Dividends and other amounts and the issuance and delivery of Series E Preference Shares or New Preference Shares, as applicable, in respect of Series D Preference Shares. No Person, including any Participant, will have any claim against the Company in respect of payments due on Series D Preference Shares or the issuance and delivery of New Preferred Shares and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as holder of Series D Preference Shares, in respect of each amount so paid or Series E Preference Share so issued and delivered.
- (e) The provisions of Sections 17.06 and 17.07 and the exercise of the conversion rights are subject to the provisions of this Section 17.13, and in the event of any inconsistency between those provisions and the provisions of Section 17.13, provisions of Section 17.13 will prevail to the extent of the inconsistency.

17.14 Non-Residents - On the conversion of Series D Preference Shares into Series E Preference Shares or New Preference Shares, as applicable, the Company reserves the right not to issue Series E Preference Shares to any Person whose address is in, or whom the Company or Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where such issuance would require compliance by the Company with the securities, insurance or analogous laws of such jurisdiction. In addition, the Company may require from any such Person, as a condition to the issuance to it of Series E Preference Shares or New Preference Shares, as applicable, a written declaration as to its residence and share ownership status and any other matter requested by the Company in order to determine the entitlement of such Person to Series E Preference Shares or New Preference Shares, as applicable, including under the Insurance Companies Act.

17.15 Wire of Electronic Transfer of Funds - Notwithstanding any other right, privilege, restriction or condition attaching to the Series D Preference Shares, the Company may, at its option, make any payment due to a holder of Series D Preference Shares by way of a wire or electronic transfer of funds to such holder of Series D Preference Shares. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following

the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Series D Preference Shares at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Series D Preference Shares provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Series D Preference Shares prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Series D Preference Shares has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

- 17.16 Interpretation - In the event that any date on which any dividend on the Series D Preference Shares is payable by the Company, or on or by which other action is required to be taken by the Company 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.

In the event of the non-receipt of a cheque by the holder of Series D Preference Shares entitled to such cheque or the loss or destruction thereof, the Company upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to the Company, shall issue to such holder a replacement cheque for the amount thereof.

- 17.17 Mail Service Interruption - If the directors of the Company determine that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder or is required to send any cheque or any share certificate to the holder of any Series D Preference Shares, whether in connection with the redemption of such share or otherwise, the Company may, notwithstanding the provisions hereof:

- (a) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of the cities of Toronto, Moncton, Montreal, Regina, Calgary and Vancouver and once in a daily French language newspaper of general circulation published in Montreal and such notice shall be deemed to have been validly given on the day next following its publication in all of such cities; and



- (b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such holder by the Transfer Agent for the Series D Preference Shares at its principal office in the City of 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 (a) above, provided that, as soon as the directors of the Company determine 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 mail as herein provided. In the event that the Company is required to mail such share certificate, such mailing shall be made by prepaid ordinary unregistered mail to the last known address of each person who at the date of mailing is a holder and who is entitled to receive such certificate.

17.18 Election under the Income Tax Act - The Company shall elect, in the manner and within the time provided for 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 D Preference Shares will be required to pay tax on dividends received, or deemed to have been received, on the Series D Preference Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect.

In the Series D Preference Share Provisions the following terms shall have the meanings set out below:

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

“Business Day” means a day, other than a Saturday or a Sunday, that is not a day on which banking institutions are authorized or required by law or regulation to be closed in Toronto, Ontario.

“Depository” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 17.13.

“Participant” means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Series D Preference Shares.

“Person” includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

“Series D Preference Share Provisions” means the share provisions attaching to the Series D Preference Shares.

“Series E Preference Share Provisions” means the share provisions attaching to the Series E Preference Shares.

“Series E Preference Shares” means the Class E Preference Shares, Series E of the Company.

“Transfer Agent” means the duly appointed registrar and transfer agent for the Series D Preference Shares.

## **18 Class E Preference Shares, Series E**

The rights, privileges, restrictions and conditions attached to the Class E Preference Shares, Series E (the “Series E Preference Shares”) shall be as follows (all references to “\$” or “dollars” shall be to the lawful currency of Canada):

18.01 Number and Issue Price - An unlimited number of Series E Preference Shares are hereby authorized to be issued at a price per share equal to \$25.00 to be satisfied upon the conversion of one Series D Preference Share.

18.02 Dividends - For the purposes hereof:

- (a) “Annual Fixed Dividend Rate” has the meaning ascribed thereto in the Series D Preference Share Provisions;
- (b) “Conversion Date” means June 30, 2019 and each fifth anniversary of such date thereafter;
- (c) “Dividend Payment Date” means the last day of March, June, September and December in each year;
- (d) “Floating Quarterly Dividend Rate” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 5.21% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365);

- (e) “Floating Rate Calculation Date” means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period;
- (f) “Quarterly Commencement Date” means the last day of March, June, September and December in each year, commencing June 30, 2014;
- (g) “Quarterly Floating Rate Period” means, for the initial Quarterly Floating Rate Period, the period from and including June 30, 2014 to, but excluding, September 30, 2014, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next succeeding Quarterly Commencement Date;
- (h) “Subsequent Fixed Rate Period” has the meaning ascribed thereto in the Series D Preferred Share Provisions; and
- (i) “T-Bill Rate” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on the three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

The holders of the Series E Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors of the Company (the “board of directors”), out of the monies of the Company properly applicable to the payment of dividends, quarterly non-cumulative preferential cash dividends in the amounts determined from time to time as hereinafter provided.

The dividend payable on the Series E Preference Shares on each Dividend Payment Date shall be the amount per share equal to the product of (i) \$25.00 and (ii) the applicable Floating Quarterly Dividend Rate.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Company on the relevant Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series E Preference Shares. The Company will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to all holders of the then outstanding Series E Preference Shares.

The Company shall make available at its head office, for inspection by the holders of the Series E Preference Shares, the particulars of the calculation of each Floating Quarterly Dividend Rate.

If the amount of any dividend payable to a holder of Series E Preference Shares shall include, in addition to an amount in dollars and cents, a fraction of one cent (\$0.01) the Company shall in respect of such fraction of one cent (\$0.01) round downward to the nearest one cent (\$0.01) and shall be relieved from the obligation to pay such fraction of one cent (\$0.01).

A dividend which is represented by a cheque which has not been duly presented for payment within six years after it was issued or that otherwise remains unclaimed for a period of six years from the date on which it was declared to be payable and set apart for payment shall be forfeited to the Company.

Dividends (less any tax required consistent with applicable law to be withheld by the Company) on the Series E Preference Shares, shall (except in case of redemption in which case payment of dividends will be made upon surrender of the certificates representing the Series E Preference Shares to be redeemed or except as otherwise provided with the consent of a holder of Series E Preference Shares) be paid in lawful money of Canada by cheque payable at par at any branch of the Company's bankers in Canada or by any other reasonable means the Company considers desirable. The mailing of such cheque from the Company's head office, or the principal office of the Company in the City of Guelph, Canada by prepaid post, addressed to each holder of Series E Preference Shares at the address of such holder as it appears on the books of the Company or, in the case of a joint holder, to the address of that one whose name stands in the books of the Company as one of such joint holders, or the payment by such other reasonable means as the Company deems desirable, on or before the date on which such dividend is to be paid to a holder of Series E Preference Shares shall be deemed to be payment of the dividends represented thereby (plus the amount of any tax deducted consistent with applicable law) and payable on such date unless the cheque is not paid upon presentation or payment by such other means is not received. Each dividend on the Series E Preference Shares shall be paid to the holders appearing on the registers at the close of business on such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined from time to time by the board of directors.

If the board of directors in its discretion has not declared a dividend, or any part thereof, payable on the Series E Preference Shares, on or before the Dividend Payment Date for a particular Quarterly Floating Rate Period, then the entitlement of the holders of the Series E Preference Shares to receive such dividend, or any part thereof, for such Quarterly Floating Rate Period shall be forever extinguished.

The holders of Series E Preference Shares shall not be entitled to any dividends other than or in excess of the non-cumulative preferential cash dividends herein provided for.

18.03 Purchase for Cancellation - Subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the Insurance Companies Act and to the applicable covenants below under Section 18.08 "Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares", the Company may at any time or from time to time purchase (if obtainable) for cancellation all or any part of the Series E Preference Shares outstanding from time to time in the market (including purchases through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all holders of record of the Series E Preference Shares outstanding. Any such purchase or invitation for tenders shall be made at the lowest price or prices at which, in the opinion of the directors or officers of the Company duly authorized for the purpose, such shares are obtainable but not exceeding \$25.00 per share together with an amount equal to all declared and unpaid dividends thereon, if any, and, together in each case with costs of purchase. If upon any invitation for tenders under the provisions of this section more Series E Preference Shares are tendered at a price or prices acceptable to the Company than the Company is willing to purchase, the Company will accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at progressively higher prices and, if more shares are tendered at any such price than the Company is prepared to purchase, the shares tendered at such price will be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series E Preference Shares so tendered by each of the holders of Series E Preference Shares who submitted tenders at that price.

18.04 Redemption - Subject to the provisions of any shares ranking in priority to the Class E Preference Shares and subject to the prior consent of the Superintendent of Financial Institutions so long as the same is required by the Insurance Companies Act and subject to the applicable covenants below under Section 18.08 "Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares", the Series E Preference Shares will be redeemable at the option of the Company (on not more than 60 nor less than 30 calendar days notice by the Company), in whole or in part, at a price equal to (i) \$25.00 per Series E Preference Share plus all declared and unpaid dividends thereon up to, but excluding, the date fixed for redemption in the case of redemptions on June 30, 2019 and on June 30 every fifth year thereafter, or (ii) \$25.50 per Series E Preference Share plus all declared and unpaid dividends thereon up to, but excluding, the date fixed for redemption in the case of redemptions on any date after June 30, 2014 other than a date which is a Conversion Date (such amounts per share being herein called the "Redemption Price").

If part only of the then outstanding Series D Preference Shares is at any time to be redeemed pursuant to the redemption provisions hereof, the Series D Preference Shares to be redeemed shall be selected by lot, pro rata, or in such other manner as the directors of the Company may determine.

18.05 Purchase for Cancellation and Redemption Procedures - Where an invitation for tenders is to be issued for Series E Preference Shares upon a purchase for cancellation or where Series E Preference Shares are to be redeemed, the Company shall, at the times prescribed by the relevant provisions, deliver or mail to each person, who at the relevant record date is a holder of record of Series E Preference Shares (unless, in the case of a redemption, none of the shares held by such holder are to be redeemed), a notice in writing of the invitation for tenders or of the intention of the Company to redeem some or all of the Series E Preference Shares, as the case may be. The procedure for giving notice shall be to deliver to, or to mail the same by ordinary unregistered mail in a prepaid letter addressed to, each such holder at his or her address as it appears on the books of the Company or, in the event of the address of any such holder not so appearing, to the last known address of such holder, provided, however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of the invitation for tender or redemption. Such notice, if it relates to a redemption, shall set out the date on which redemption is to take place, the Redemption Price, the place of payment and if part only of the Series E Preference Shares held by the holder to whom such notice is addressed are to be redeemed, the number thereof so to be redeemed.

On or after the date upon which tenders made pursuant to a decision of the Company to purchase shares for cancellation are exercisable, or upon which a redemption is effective, the Company shall pay or cause to be paid to or to the order of the holders of Series E Preference Shares duly tendered and whose tenders are accepted or whose Series E Preference Shares are to be redeemed the accepted tender price or the Redemption Price, as the case may be (less any tax required consistent with applicable law to be withheld by the Company). Such payment shall be made by cheque payable at par at any branch of the Company's bankers in Canada. In the case of a redemption, the Redemption Price shall be paid only on presentation and surrender at the head office of the Company or any other place designated in the notice of redemption, of the certificates representing the Series E Preference Shares so called for redemption. If part only of the Series E Preference Shares represented by any certificate shall be purchased pursuant to an invitation for tenders or shall be redeemed, a new certificate for the balance of the Series E Preference Shares not so redeemed shall be issued at the expense of the Company. From and after the date upon which tenders for the purchase of shares for cancellation are accepted, or the date specified for redemption of Series E Preference Shares duly called for redemption, the Series E Preference Shares duly tendered and accepted or 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 holders in respect of such shares unless payment of the tender price or of the Redemption Price, as the case may be, shall not be duly made in accordance with the applicable provisions, in which case the rights of the holders shall remain unaffected.

The Company shall have the right, at any time after the delivery or mailing of notice of its intention to redeem any Series E Preference Shares as aforesaid, to deposit the Redemption Price of the Series E Preference Shares 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, less any tax required consistent with applicable law to be withheld by the Company, to a special account in any bank or any trust company in Canada named in such notice to be paid on or after the date specified for redemption without interest to or to the order of the respective holders of such Series. B Preference. Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series E Preference Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed and the rights of the holders thereof after such deposit or 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 certificate(s) held by them respectively. Any interest allowed on any such deposit shall belong to the Company.

- 18.06 Conversion Right - Provided the Company has not delivered a notice of redemption pursuant to Sections 18.04 and 18.05 hereof, each Series E Preference Share shall, on June 30, 2019, and on each fifth anniversary of such date thereafter (each a "Conversion Date"), be convertible at the option of the holder into one fully paid and non- assessable Series D Preference Share.

Notice of the above conversion right and each Conversion Date, and the form of election notice (the "Conversion Notice") will be given by the Company to the then holders of the Series E Preference Shares at least 30 days and not more than 60 days prior to the applicable Conversion Date. Written notice of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period will be provided by the Company to the then holders of the Series E Preference Shares on the 30<sup>th</sup> day prior to the applicable Conversion Date.

Holders of Series E Preference Shares who wish to elect to convert their Series E Preference Shares into Series D Preference Shares on the Conversion Date are required to provide the Company with a Conversion Notice duly completed on a date not earlier than the 30<sup>th</sup> day preceding, and not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding, the applicable Conversion Date. Such Conversion Notice shall be irrevocable once it has been delivered to the Company and shall be accompanied by payment or evidence of payment of any applicable taxes.

Holders of Series E Preference Shares shall not be entitled to convert their shares into Series D Preference Shares if the Company determines that

there would remain outstanding on a Conversion Date less than 1,000,000 Series D Preference Shares, after having taken into account all Series E Preference Shares tendered for conversion into Series D Preference Shares and all Series D Preference Shares tendered for conversion into Series E Preference Shares in accordance with the Series D Preference Share Provisions. The Company shall give notice in writing thereof to all the holders of the Series E Preference Shares at least seven (7) days prior to the applicable Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Conversion Date less than 1,000,000 Series E Preference Shares, after having taken into account all Series E Preference Shares tendered for conversion into Series D Preference Shares and all Series D Preference Shares tendered for conversion into Series E Preference Shares in accordance with the Series D Share Provisions, then, all, but not part, of the remaining outstanding Series E Preference Shares shall automatically be converted into Series D Preference Shares on the basis of one Series D Preference Share for each Series E Preference Share at the close of business on the applicable Conversion Date and the Company shall give notice in writing thereof to the holders of such remaining Series E Preference Shares at least seven (7) days prior to the applicable Conversion Date.

If the Company does not receive a Conversion Notice from a holder of Series E Preference Shares during the time fixed therefor, then the Series E Preference Shares shall be deemed not to have been converted (except in the case of an automatic conversion described in this Section 18.06).

If the Company gives notice to the holders of the Series E Preference Shares on or prior to a Conversion Date of a redemption of all of the Series E Preference Shares, the Company shall not be required to give notice as provided above to the holders of the Series E Preference Shares of any dividend rates or the conversion right of holders of Series E Preference Shares, and the right of any holder of Series E Preference Shares to convert such Series E Preference Shares shall cease and terminate in that event.

18.07 Conversion to New Preference Shares - The Company may, at any time by resolution of the board of directors, constitute a separate series of Class E Preference Shares (the "New Preference Shares") having rights, privileges, restrictions and conditions attaching to them (other than any option or right to convert into Common Shares) which would qualify such New Preference Shares as capital of the Company under then current guidelines of the Superintendent of Financial Institutions relating to Minimum Continuing Capital and Surplus Requirements. In such event, the Company, subject to the provisions of the Insurance Companies Act, including any necessary prior consent of the Superintendent of Financial Institutions, may give holders of the Series E Preference Shares notice that they have the right (the "Conversion Right"), pursuant to the Series E Preference Shares, at their option, to convert, on the date specified in the notice (the "New Preference Share Conversion Date"), their Series E



Preference Shares into fully-paid and non-assessable New Preference Shares on a share-for-share basis.

The Company will give to holders of Series E Preference Shares, as of the record date fixed for this purpose by the board of directors, notice in writing of the option to convert their Series E Preference Shares into New Preference Shares and send a copy of such notice to each stock exchange on which the Series E Preference Shares are then listed and posted for trading. The notice shall be given at least 30 days but not more than 60 days before the New Preference Share Conversion Date. The notice must specify the manner in which and the terms under which the Conversion Right may be exercised and contain a summary of the attributes of the New Preference Shares into which the Series E Preference Shares may be converted.

The Company will ensure that, if issued, New Preference Shares will not be or be deemed to be "short-term preferred shares" within the meaning of the Income Tax Act (Canada).

18.08 Restrictions on the Payment of Dividends and on the Issue and Retirement of Shares - So long as any Series E Preference Shares are outstanding, the Company shall not without the approval of the holders of outstanding Series E Preference Shares:

- (a) declare or pay or set apart for payment any dividends on the Common Shares or any other shares of any class ranking junior to the Series E Preference Shares (other than stock dividends in any shares of any class of the Company ranking junior to the Series E Preference Shares);
- (b) redeem, purchase reduce or otherwise retire any Common Shares or any other shares ranking junior to the Series E Preference Shares (except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking junior to the Series E Preference Shares);
- (c) redeem, purchase or otherwise retire or make any return of capital in respect of less than all the Series E Preference Shares; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of Class E Preference Shares or other preference shares of the Company issuable in series, redeem, purchase, or otherwise retire any other shares ranking on a parity with the Series E Preference Shares;

unless, in each case, all dividends on the Series E Preference Shares up to and including those payable on the Dividend Payment Date for the last completed period for which dividends are payable and in respect of which the rights of holders to such dividends have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity

- with the Series E Preference Shares up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment.
- 18.09 Priority on Liquidation - In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Series E Preference Shares shall be entitled to receive in lawful money of Canada an amount equal to \$25,00 per share together with all declared and unpaid dividends thereon to but excluding the date of payment (less any tax required consistent with applicable law to be withheld by the Company) before any amount shall be paid or any assets of the Company shall be distributed to the holders of any shares of the Company ranking junior to the Series E Preference Shares. Upon payment to the holders of the Series E Preference Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Company.
- 18.10 Issue of Additional Series of Class E Preference Shares or shares of other Class or Series – The Company may issue other series of Class E Preference Shares ranking on a parity with the Series E Preference Shares or may issue shares of any other class or series without the approval of the holders of the Series E Preference Shares.
- 18.11 Amendment of Series Provisions - The provisions contained herein with respect to the Series E Preference Shares may be amended, deleted, varied, modified or amplified by resolution enacted by the board of directors provided that same shall have been authorized and confirmed by the holders of Series E Preference Shares in accordance with the authorized procedures hereinafter set out and any other approval required by law or stock exchange on which the Series E Preference Shares are then listed.
- 18.12 Authorization by Series E Preference Shares - The approval of holders of the Series E Preference Shares to change or remove any right, privilege, restriction or condition attaching to the Series E Preference Shares as a series or in respect of any other matter requiring the consent of the holders of the Series E Preference Shares may be given in such manner as may then be required by law, subject to the requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Series E Preference Shares duly called for that purpose at which the holders of at least one-fourth (1/4) of the outstanding Series E Preference Shares are present in person or represented by proxy. If at any such meeting, the holders of at least one-fourth (1/4) of the outstanding Series E Preference Shares are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting will be adjourned to such date not less than fifteen (15) days thereafter and to such time and place as may be determined by the chairman of the

meeting. A notice of not less than seven (7) days will be given of the adjourned meeting. At such adjourned meeting, the holders of the Series E Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast constitutes the approval of the holders of the Series E Preference Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting and the conduct thereof are those from time to time prescribed by the by-laws of the Company or the resolutions passed by the board of directors with respect to meetings of shareholders or as required by law. On every poll taken at every meeting of the holders of the Series E Preference Shares as a series, or at any joint meeting of the holders of two or more series of Class E Preference Shares, each holder of Series E Preference Shares entitled to vote thereat has one vote in respect of each Series E Preference Share held.

18.13 Registration of Series E Preference Shares and Transfer, Redemption, Purchase and Conversion Through Book-Entry System

- (a) Subject to Sections 18.13(b) and 18.13(c) and notwithstanding any other provision of the Series E Preference Share Provisions, the Series E Preference Shares will be represented in the form of a single fully-registered global certificate in the aggregate number of Series E Preference Shares issued by the Company and outstanding from time to time (the "Global Certificate") held by, or on behalf of, the Depository as custodian of the Global Certificate for the Participants, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and conversions of Series E Preference Shares will be made only through the Book-Entry System to another nominee of the Depository for the Series E Preference Shares or to a successor Depository for the Series E Preference Shares approved by the Company or to a nominee of such successor Depository. Transfers, redemptions, purchases, surrenders and conversions of Series E Preference Shares will be effected only (i) with respect to the interests of Participants, through records maintained by the Depository or its nominee, and (ii) with respect to the interests of Persons other than Participants, through records maintained by the Participants. Accordingly, subject to Section 18.13(c), the beneficial owners of Series E Preference Shares will not receive a certificate or any other instrument from the Company or the Depository evidencing their ownership of Series E Preference Shares, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner. Persons, other than Participants, having an interest in Series E Preference Shares who wish to purchase, sell or otherwise transfer ownership of or

other interests in Series E Preference Shares or to exercise Conversion Rights with respect to Series E Preference Shares may do so only through a Participant.

- (b) For purposes of the Series E Preference Shares Provisions, so long as the Depository, or its nominee, is the holder of the Series E Preference Shares:
  - (i) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Series E Preference Shares for the purpose of receiving notices or payments on or in respect of the Series E Preference Shares, including payments of dividends and the redemption price;
  - (ii) the Company, pursuant to the exercise by the Company of its right to redeem Series E Preference Shares, will deliver to the Depository, or its nominee, for the benefit of the beneficial owners of the Series E Preference Shares, the Redemption Price, certificates representing the balance of the Series E Preference Shares not so redeemed by the Company pursuant to Section 18.05, as applicable, and certificates for the Series D Preference Shares or New Preference Shares, as applicable, issued pursuant to Sections 18.06 or 18.07, as applicable, as the case may be, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Series E Preference Shares; and
  - (iii) the rights of Persons, other than Participants, having an interest in Series E Preference Shares will be limited to those established by applicable law and by agreements between the Depository and the Participants and between Participants and such Persons, and must be exercised through a Participant in accordance with the rules and procedures of the Depository and the Book-Entry System.
- (c) If at any time the Book-Entry System ceases to exist, the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option elects, or is required by law or the rules of any securities exchange, to withdraw the Series E Preference Shares from the Book-Entry System, Sections 18.13(a), 18.13(b) and 18.13(d) will cease to apply to the Series E Preference Shares. In that event, the Company will execute and deliver certificates for the Series E Preference Shares in definitive registered form equal to the aggregate number of Series E Preference Shares represented by the Global Certificate in the Book-Entry System. On such exchange, the Transfer Agent will cancel the Global Certificate.

Certificates for Series E Preference Shares in definitive registered form issued in exchange for the Global Certificate will be registered in such names and in such number of Series E Preference Shares as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver such definitive certificates to the Persons in whose names the Depository has so instructed.

- (d) Participants must look solely to the Depository, in accordance with the rules and procedures of the Depository and the Book-Entry System, and Persons, other than Participants, having an interest in Series E Preference Shares must look solely to Participants, for their share of payments of Dividends and other amounts and the issuance and delivery of Series D Preference Shares or New Preference Shares, as applicable, in respect of Series E Preference Shares. No Person, including any Participant, will have any claim against the Company in respect of payments due on Series E Preference Shares or the issuance and delivery of New Preferred Shares and the obligations of the Company will be discharged by payment or issuance and delivery to the Depository or its nominee, as holder of Series E Preference Shares, in respect of each amount so paid or Series D Preference Share so issued and delivered.
- (e) The provisions of Sections 18.06 and 18.07 and the exercise of the conversion right are subject to the provisions of this Section 18.13, and in the event of any inconsistency between those provisions and the provisions of Section 18.13, provisions of Section 18.13 will prevail to the extent of the inconsistency.

18.14 Non-Residents - On the conversion of Series E Preference Shares into Series D Preference Shares or New Preference Shares, as applicable, the Company reserves the right not to issue Series D Preference Shares to any Person whose address is in, or whom the Company or Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada where such issuance would require compliance by the Company with the securities, insurance or analogous laws of such jurisdiction. In addition, the Company may require from any such Person, as a condition to the issuance to it of Series D Preference Shares or New Preference Shares, as applicable, a written declaration as to its residence and share ownership status and any other matter requested by the Company in order to determine the entitlement of such Person to Series D Preference Shares or New Preference Shares, as applicable, including under the Insurance Companies Act.

18.15 Wire of Electronic Transfer of Funds - Notwithstanding any other right, privilege, restriction or condition attaching to the Series E Preference Shares, the Company may, at its option, make any payment due to a holder of Series E Preference Shares by way of a wire or electronic transfer of funds to such holder of Series E Preference Shares. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company will be responsible for any applicable charges or fees

relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company will notify each holder of Series E Preference Shares at the address of such holder as it appears in the securities register of the Company. Such notice by the Company will request that each holder of Series E Preference Shares provide the particulars of an account of such holder with a bank in Canada to which the wire or electronic transfer of funds will be directed. In the event that the Company does not receive account particulars from a holder of Series E Preference Shares prior to the date such payment is to be made, the Company will deposit the funds otherwise payable to such holder in a special account or accounts in trust for each respective holder. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a holder of the Series E Preference Shares has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account or accounts in trust for such holder, will be deemed to constitute payment by the Company on the date thereof and will satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer or deposit.

- 18.16 Interpretation - In the event that any date on which any dividend on the Series E Preference Shares is payable by the Company, or .on or by which other action is required to be taken by the Company 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.

In the event of the non-receipt of a cheque by the holder of Series E Preference Shares entitled to such cheque or the loss or destruction thereof, the Company upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to the Company, shall issue to such holder a replacement cheque for the amount thereof.

- 18.17 Mail Service Interruption - If the directors of the Company determine that mail service is or is threatened to be interrupted at the time when the Company is required or elects to give any notice hereunder or is required to send any cheque or any share certificate to the holder of any Series E Preference Shares, whether in connection with the redemption of such share or otherwise, the Company may, notwithstanding the provisions hereof:

- (a) give such notice by publication thereof once in a daily English language newspaper of general circulation published in each of the cities of Toronto, Moncton, Montreal, Regina, Calgary and Vancouver and once in a daily French language newspaper of general circulation published in Montreal and such notice shall be

deemed to have been validly given on the day next following its publication in all of such cities; and

- (b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such holder by the Transfer Agent for the Series E Preference Shares at its principal office in the City of 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 (a) above, provided that, as soon as the directors of the Company determine 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 mail as herein provided. In the event that the Company is required to mail such share certificate, such mailing shall be made by prepaid ordinary unregistered mail to the last known address of each person who at the date of mailing is a holder and who is entitled to receive such certificate.

18.18 Election under the Income Tax Act - The Company shall elect, in the manner and within the time provided for 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 E Preference Shares will be required to pay tax on dividends received, or deemed to have been received, on the Series E Preference Shares under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect.

In the Series E Preference Share Provisions the following terms shall have the meanings set out below:

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

“Business Day” means a day, other than a Saturday or a Sunday, that is not a day on which banking institutions are authorized or required by law or regulation to be closed in Toronto, Ontario.

“Depository” means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 18.13.

“Participant” means a broker, dealer, bank or other financial institution or other Person who is a participant in the Book-Entry System and on whose behalf the Depository or its nominee holds Series E Preference Shares.

“Person” includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of an individual in such capacity.

“Series D Preference Share Provisions” means the share provisions attaching to the Series D Preference Shares.

“Series D Preference Shares” means the Class E Preference Shares, Series D of the Company.

“Series E Preference Share Provisions” means the share provisions attaching to the Series E Preference Shares.

“Transfer Agent” means the duly appointed registrar and transfer agent for the Series E Preference Shares.



## **19. Class F Preference Shares**

All rights, privileges, restrictions and conditions of any kind attached to the Class F Preference Shares as a class are hereby deleted and the following substituted therefor:

19.01 Directors right to issue in one or more series - The Class F Preference Shares shall be non-cumulative, and may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the Insurance Companies Act, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class F Preference Shares of such series may be issued;
- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;
- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

19.02 Priority re: Dividends/Distribution - Subject to the provisions of the *Insurance Companies Act*, the rights attaching to the Class A Preference Shares, the Class B Preference Shares and the Class E Preference Shares, which shares rank prior to the Class F Preference Shares in respect of dividends and distributions contemplated in this section 19.02, and the rights attaching to the Class C Preference Shares, the Class D Preference Shares and the Class G Preference Shares, which shares rank equally with the Class F Preference Shares in respect of dividends and distributions contemplated in this section 19.02, the Class F Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class F

preference shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class F Preference Shares. The holders of Class F Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class F Preference Shares of such series.

19.03 Series to Rank Equally - No series of Class F Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class F Preference Shares that are then outstanding and the Class F Preference Shares of each series shall rank on a parity and participate rateably with the Class F Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and
- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

19.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights attaching to the Class A Preference Shares, the Class B Preference Shares and the Class E Preference Shares, which shares rank prior to the Class F Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, and subject to the rights attaching to the Class C Preference Shares, Class D Preference Shares and Class G Preference Shares, which shares rank equally with the Class F Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class F Preference Shares, each holder of a Class F Preference Share shall be entitled to receive:

- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class F Preference Shares of such series;
- (b) any dividends declared on the Class F Preference Shares but not paid;
- (c) such premium, if any, as has been provided for with respect to the Class F Preference Shares of such series; and

- (d) after payment to the holders of the Class F Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

19.05 No Pre-emptive rights - The holders of the Class F Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class F Preference Shares.

19.06 Non-voting except in Certain Circumstances - The holders of Class F Preference Shares shall not be entitled (except as required by the *Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.

19.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 19.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 19.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

19.08 Amendment - The foregoing provisions attaching to the Class F Preference Shares and the provisions of this section 19.08 may be repealed, altered, modified, amended, or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class F Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class F Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class F Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class F Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class F

Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class F Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class F Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class F Preference Shares. On every ballot taken at a meeting of the holders of Class F Preference Shares, every holder of Class F Preference Shares shall be entitled to one (1) vote in respect of each Class F Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **20. Class F Preference Shares, Series A**

The rights, privileges, restrictions and conditions attached to the Class F Preference Shares, Series A (the "Class F, Series A Shares") shall be as follows:

- 20.01 Number and Issue Price - An unlimited number of Class F, Series A Shares are hereby authorized to be issued at a price per share equal to \$25.00 to be satisfied upon the conversion of one Class A Preference Share, Series A.
- 20.02 Dividends - For the purposes of the Class F, Series A Shares, the "Redemption Amount" for each Class F, Series A Share shall mean the sum of Thirty-Seven Dollars and Fifty Cents (\$37.50) together with all non-cumulative dividends declared thereon and unpaid. The holders of the Class F, Series A Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the common shares and on shares of any other class ranking junior to the Class F, Series A Shares, fixed preferential non-cumulative cash dividends at the rate of five per cent (5%) per annum of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereon and unpaid), which dividends may but need not be declared and paid quarterly, half-yearly or annually. If in any fiscal year, after providing for the payment of dividends at the rate of five per cent (5%) per annum of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereon and unpaid) on

the Class F, Series A Shares and dividends on any shares ranking in priority to the Class F, Series A Shares, there shall remain any monies of the Company properly applicable to the payment of dividends, such monies or any part thereof may, in the discretion of the board of directors, be applied to additional non-cumulative dividends on the Class F, Series A Shares at a rate as declared by the directors from time to time, provided that additional non-cumulative dividends shall be declared and paid or set apart for payment at an equal rate on all the Class F, Series A Shares and Class G, Series A preference shares at the time outstanding on the basis of the respective redemption amounts thereof, without preference or priority of one share over another. Dividends on the Class F, Series A Shares shall be payable on such date or dates as the board of directors shall determine. Cheques of the Company payable in lawful money of Canada at par at any branch in Canada of the Company's bankers for the time being may be issued in respect of the dividends on the Class F, Series A Shares (less any tax required to be withheld or deducted by the Company). The mailing of such cheques to the holders of Class F, Series A Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividend represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six (6) years from the date on which it was declared to be payable shall be forfeited to the Company.

- 20.03 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, may redeem at any time the whole or, from time to time, any part of the then outstanding Class F, Series A Shares on payment of the Redemption Amount for each Class F, Series A Share to be redeemed (of which an amount equal to the amount paid up on the Class F, Series A Shares to be redeemed shall be deducted from the capital account maintained for the Class F, Series A Shares and the balance shall be deducted from the retained earnings of the Company or, at the discretion of the board of directors, the balance shall be deducted in part from the retained earnings of the Company and in part from contributed surplus). If a part only of the then outstanding Class F, Series A Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

20.04 Notice of Redemption - In any case of redemption of Class F, Series A Shares under the provisions of paragraph(c) hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Class F, Series A Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Class F, Series A Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Class F, Series A Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender, at the head office of the Company or any other place designated in such notice, of the certificates for the Class F, Series A Shares called for redemption. Such Class F, Series A Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Class F, Series A Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof 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 Company shall have the right at any time after the sending of notice of its intention to redeem any Class F, Series A Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Class F, Series A Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class F, Series A Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them

- respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Class F, Series A Shares may receive their proportionate part of the total Redemption Amount only from the Company.
- 20.05 Liquidation - In the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Class F, Series A Shares shall be entitled to receive the aggregate Redemption Amount of such Class F, Series A Shares, before any amounts shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Class F, Series A Shares. After payment to the holders of the Class F, Series A Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.
- 20.06 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Class F, Series A Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Class F, Series A Shares.
- 20.07 Amendment - The foregoing provisions attaching to the Class F, Series A Shares and the provisions of this section 20.07 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of Class F, Series A Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class F, Series A Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class F, Series A Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class F, Series A Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class F, Series A Shares

present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class F, Series A Shares. On every ballot taken at a meeting of the holders of Class F, Series A Shares, every holder of Class F, Series A Shares shall be entitled to one (1) vote in respect of each Class F, Series A Share held. Subject to the foregoing, the formalities to be observed in respect of the giving of waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **21. Class G Preference Shares**

All rights, privileges, restrictions and conditions of any kind attached to the Class G Preference Shares as a class are hereby deleted and the following substituted therefor:

21.01 Directors right to issue in one or more series - The Class G Preference Shares shall be non-cumulative, and may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the *Insurance Companies Act*, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class G Preference Shares of such series may be issued;
- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;
- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

21.02 Priority re: Dividends/Distribution - Subject to the provisions of the *Insurance Companies Act* and to the rights attaching to the Class A



Preference Shares, the Class B Preference Shares and the Class E Preference Shares, which shares rank prior to the Class G Preference Shares in respect of dividends and distributions contemplated in this section 21.02, and the rights attaching to the Class C Preference Shares, the Class D Preference Shares and the Class F Preference Shares, which shares rank equally with the Class G Preference Shares in respect of dividends and distributions contemplated in this section 21.02, the Class G Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class G preference shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class G Preference Shares. The holders of Class G Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class G Preference Shares of such series.

21.03 Series to Rank Equally - No series of Class G Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class G Preference Shares that are then outstanding and the Class G Preference Shares of each series shall rank on a parity and participate rateably with the Class G Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and
- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

21.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights attaching to the Class A Preference Shares, the Class B Preference Shares and the Class E Preference Shares, which shares rank prior to the Class G Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, and subject to the rights attaching to the Class C Preference Shares, Class D Preference Shares and Class F Preference Shares, which shares rank equally with the Class G Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any

assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class G Preference Shares, each holder of a Class G Preference Share shall be entitled to receive:

- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class G Preference Shares of such series;
- (b) any dividends declared on the Class G Preference Shares but not paid;
- (c) such premium, if any, as has been provided for with respect to the Class G Preference Shares of such series; and
- (d) after payment to the holders of the Class G Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

21.05 No Pre-emptive rights - The holders of the Class G Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class G Preference Shares.

21.06 Non-voting except in Certain Circumstances - The holders of Class G Preference Shares shall not be entitled (except as required by the *Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.

21.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 21.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 21.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

21.08 Amendment - The foregoing provisions attaching to the Class G Preference Shares and the provisions of this section 21.08 may be repealed, altered, modified, amended, or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class G Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class G Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class G Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class G Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class G Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class G Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class G Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class G Preference Shares. On every ballot taken at a meeting of the holders of Class G Preference Shares, every holder of Class G Preference Shares shall be entitled to one (1) vote in respect of each Class G Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **22. Class G Preference Shares, Series A**

The rights, privileges, restrictions and conditions attached to the Class G Preference Shares, Series A (the "Class G, Series A Shares") shall be as follows:

22.01 Number and Issue Price - An unlimited number of Class G, Series A Shares are hereby authorized to be issued at a price per share equal to \$25.00 to be satisfied upon the conversion of one Class B Preference Share.

22.02 Dividends - For the purposes of the Class G, Series A Shares, the "Redemption Amount" for each Class G, Series A Share shall mean the

sum of Fifty Dollars (\$50.00) together with all non-cumulative dividends declared thereon and unpaid. The holders of the Class G, Series A Shares shall be entitled to receive, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, but always in preference and priority to any payment of dividends on the common shares and on shares of any other class ranking junior to the Class G, Series A Shares, fixed preferential non-cumulative cash dividends at the rate of five per cent (5%) per annum of the Redemption Amount thereof (excluding any non-cumulative dividends declared thereon and unpaid), which dividends may but need not be declared and paid quarterly, half-yearly or annually. If in any fiscal year, after providing for the payment of dividends on shares ranking in priority to the Class G, Series A Shares and dividends at the rate of five per cent (5%) per annum of the Redemption Amount thereof on the Class G, Series A Shares, there shall remain any monies of the Company properly applicable to the payment of dividends, such monies or any part thereof may, in the discretion of the board of directors, be applied to additional non-cumulative dividends on the Class G, Series A Shares at a rate as declared by the directors from time to time, provided that additional non-cumulative dividends shall be declared and paid or set apart for payment at an equal rate on all the Class F, Series A Shares and Class G, Series A Shares at the time outstanding on the basis of the respective redemption amounts thereof, without preference or priority of one share over another. Cheques of the Company payable in lawful money of Canada at par at any branch in Canada of the Company's bankers for the time being may be issued in respect of the dividends on the Class G, Series A Shares (less any tax required to be withheld or deducted by the Company). The mailing of such cheques to the holders of Class G, Series A Shares addressed to each such shareholder at his address as it appears on the books of the Company, or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, shall satisfy the dividend represented thereby unless a cheque is not paid upon presentation. A dividend that is represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed for a period of six (6) years from the date on which it was declared to be payable shall be forfeited to the Company.

22.03 Redemption - The Company, upon giving notice as hereinafter provided, and subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, may redeem at any time the whole or, from time to time, any part of the then outstanding Class G, Series A Shares on payment of the Redemption Amount for each Class G, Series A Share to be redeemed (of which an amount equal to the amount paid up on the Class G, Series A Shares to be redeemed shall be deducted from the capital account maintained for the Class G, Series A

Shares and the balance shall be deducted from the retained earnings of the Company or, at the discretion of the board of directors, the balance shall be deducted in part from the retained earnings of the Company and in part from contributed surplus), provided that the Company shall not redeem any Class G, Series A Shares prior to the earlier of (i) in the event that a right has arisen pursuant to section 22.07 hereof for the exchange of such Class G, Series A Shares for equity shares of the Parent (as hereinafter defined), the next business day following the last date on which a holder of Class G, Series A Shares may exercise such right; and (ii) December 31, 1998. If a part only of the then outstanding Class G, Series A Shares is at any time to be redeemed, the shares so to be redeemed may be selected by lot in such manner as the directors in their discretion shall decide or if the directors so determine may be redeemed pro rata disregarding fractions. 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 Company.

22.04 Notice of Redemption - In any case of redemption of Class G, Series A Shares under the provisions of section 22.03 hereof, the Company shall at least ten (10) days before the date specified for redemption, send to each person who at the date of sending is a registered holder of Class G, Series A Shares to be redeemed, a notice in writing of the intention of the Company to redeem such Class G, Series A Shares; such notice shall be sent addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount per share 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 Company shall pay or cause to be paid to or to the order of the registered holders of the Class G, Series A Shares to be redeemed the aggregate Redemption Amount thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Class G, Series A Shares called for redemption. Such Class G, Series A Shares shall thereupon be and be deemed to be redeemed. 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 Company. From and after the date specified in any such notice, the Class G, Series A Shares called for redemption shall cease to be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Amount thereof 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 Company shall have the right at any time after the sending of notice of

its intention to redeem any Class G, Series A Shares as aforesaid to deposit the aggregate Redemption Amount 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, into a special account in any chartered bank or trust company in Canada named in the notice of redemption to be paid without interest to or to the order of the respective holders of such Class G, Series A Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class G, Series A Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company. Any undisbursed balance of such deposit remaining with such chartered bank or trust company thirty-six (36) months after the date on which redemption was to take place, together with all interest thereon, shall be returned to the Company, and thereafter the holders of Class G, Series A Shares may receive their proportionate part of the total Redemption Amount only from the Company.

22.05 Liquidation - Subject to the rights of the holders of all shares ranking in priority to the Class G, Series A Shares, in the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Class G, Series A Shares shall be entitled to receive the aggregate Redemption Amount of such Class G, Series A Shares, before any amounts shall be paid or any property or assets of the Company distributed to the holders of any common shares or shares of any other class ranking junior to the Class G, Series A Shares. After payment to the holders of the Class G, Series A Shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company.

22.06 Purchase for Cancellation - The Company may at any time or times, subject to obtaining the prior consent of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and subject to other applicable laws, purchase for cancellation all or any part of the Class G, Series A Shares at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the Redemption Amount per share of such Class G, Series A Shares.

22.07 Exchange - If at any time prior to December 31, 1998, a corporation holding the majority of Common Shares of the Company (herein referred to as the "Parent") intends to make an offering from treasury to the public by prospectus in one or more provinces of Canada of equity shares of the Parent (herein referred to as the "Initial Public Offering"), the Company shall, within five (5) days after the filing of the final prospectus in the Province of Ontario in respect of the Initial Public Offering, give notice to all of the holders of Class G, Series A Shares specifying the expected date of completion of the Initial Public Offering. If prior to such an offering from treasury the holder of the majority of equity shares of the Parent intends to make an offering from its holdings to the public by prospectus in one or more provinces of Canada of equity shares of the Parent, then such an offering shall be considered an Initial Public Offering. Forthwith upon the completion of the Initial Public Offering, the Company shall give a further notice to all of the holders of Class G, Series A Shares that such holders may, subject to compliance with applicable law, exchange their Class G, Series A Shares for equity shares of the Parent in the manner hereinafter set out. The number of equity shares of the Parent to which a holder who desires to exchange such Class G, Series A Shares shall be entitled shall be equal, as nearly as possible disregarding fractions, to the product of (i) the number of Class G, Series A Shares which such holder desires to exchange, multiplied by (ii) Fifty Dollars (\$50.00), and divided by (iii) the issue price (net of commission), expressed in Canadian Dollars, at which each equity share of the Parent was issued pursuant to the Initial Public Offering. In order to exercise such right of exchange such holder shall, within sixty (60) days of the completion of the Initial Public Offering, deliver to the transfer agent of the Parent, acting as agent for the Parent, at its office in Toronto, Canada, or at such other office or offices as may be designated in the aforesaid notice, and surrender the certificates respecting the Class G, Series A Shares which he desires to exchange, together with a written notice exercising such right of exchange, which notice shall state the name or names in which he wishes the certificates for equity shares of the Parent to be issued and the address to which he wishes such certificates for equity shares of the Parent to be sent and shall also pay any governmental or other tax imposed in respect of such transaction. Thereupon there shall be issued to such holder by the Parent, as fully paid and non-assessable, the number of equity shares of the Parent to which he shall be entitled upon such exchange. Notwithstanding any such exchange the holder shall retain the right to receive any non-cumulative dividends declared and unpaid on the said Class G, Series A Shares.

22.08 Amendment - The foregoing provisions attaching to the Class G, Series A Shares and the provisions of this section 22.08 may be repealed, altered, modified, amended or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of

the holders of the Class G, Series A Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class G, Series A Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class G, Series A Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class G, Series A Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class G, Series A Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class G, Series A Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class G, Series A Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class G, Series A Shares. On every ballot taken at a meeting of the holders of Class G, Series A Shares, every holder of Class G, Series A Shares shall be entitled to one (1) vote in respect of each Class G, Series A Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

### **23. Class H Preference Shares**

All rights, privileges, restrictions and conditions of any kind attached to the Class H Preference Shares as a class are hereby deleted and replaced with the following:

23.01 Directors right to issue in one or more series - The Class H Preference Shares shall be non-cumulative, and may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the *Insurance Companies Act*, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class H Preference Shares of such series may be issued;



- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;
- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

23.02 Priority re: Dividends/Distribution - Subject to the provisions of the *Insurance Companies Act* and to the rights of all classes of shares ranking in priority to the Class H Preference Shares, the Class H Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class H preference shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class H Preference Shares. The holders of Class H Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class H Preference Shares of such series.

23.03 Series to Rank Equally - No series of Class H Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class H Preference Shares that are then outstanding and the Class H Preference Shares of each series shall rank on a parity and participate rateably with the Class H Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and
- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

23.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights of all classes of shares ranking in priority to the Class H Preference Shares, in the event of the liquidation, dissolution or winding up of the Company,

whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class H Preference Shares, each holder of a Class H Preference Share shall be entitled to receive:

- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class H Preference Shares of such series;
- (b) any dividends declared on the Class H Preference Shares but not paid;
- (c) such premium, if any, as has been provided for with respect to the Class H Preference Shares of such series; and
- (d) after payment to the holders of the Class H Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

23.05 No Pre-emptive rights - The holders of the Class H Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class H Preference Shares.

23.06 Non-voting except in Certain Circumstances - The holders of Class H Preference Shares shall not be entitled (except as required by the *Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.

23.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 23.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 23.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act (Canada)*.

23.08 Amendment - The foregoing provisions attaching to the Class H Preference Shares and the provisions of this section 23.08 may be repealed, altered, modified, amended, or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class H Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class H Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class H Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class H Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class H Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class H Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class H Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class H Preference Shares. On every ballot taken at a meeting of the holders of Class H Preference Shares, every holder of Class H Preference Shares shall be entitled to one (1) vote in respect of each Class H Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

#### **24. Class I Preference Shares**

All rights, privileges, restrictions and conditions of any kind attached to the Class I Preference Shares as a class are hereby deleted and replaced with the following:

24.01 Directors right to issue in one or more series - The Class I Preference Shares shall be non-cumulative, and may at any time or from time to time

be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the *Insurance Companies Act*, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class I Preference Shares of such series may be issued;
- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;
- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

24.02 Priority re: Dividends/Distribution - Subject to the provisions of the *Insurance Companies Act* and to the rights of all classes of shares ranking in priority to the Class I Preference Shares, the Class I Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class I Preference Shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class I Preference Shares. The holders of Class I Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class I Preference Shares of such series.

24.03 Series to Rank Equally - No series of Class I Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class I Preference Shares that are then outstanding and the Class I Preference Shares of each series shall rank on a parity and participate rateably with the Class I Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and

- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

24.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights of all classes of shares ranking in priority to the Class I Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class I Preference Shares, each holder of a Class I Preference Share shall be entitled to receive:

- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class I Preference Shares of such series;
- (b) any dividends declared on the Class I Preference Shares but not paid;
- (c) such premium, if any, as has been provided for with respect to the Class I Preference Shares of such series; and
- (d) after payment to the holders of the Class I Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

24.05 No Pre-emptive rights - The holders of the Class I Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class I Preference Shares.

24.06 Non-voting except in Certain Circumstances - The holders of Class I Preference Shares shall not be entitled (except as required by the *Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.

24.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant

interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 24.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 24.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

24.08 Amendment - The foregoing provisions attaching to the Class I Preference Shares and the provisions of this section 24.08 may be repealed, altered, modified, amended, or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions so long as the same is required by the *Insurance Companies Act* and the approval of the holders of the Class I Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class I Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class I Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class I Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class I Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class I Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class I Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class I Preference Shares. On every ballot taken at a meeting of the holders of Class I Preference Shares, every holder of Class I Preference Shares shall be entitled to one (1) vote in respect of each Class I Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## 25. Class J Preference Shares

The rights, privileges, restrictions and conditions attached to the Class J Preference Shares as a class are hereby deleted and replaced with the following:

25.01 Directors right to issue in one or more series - The Class J Preference Shares shall be non-cumulative, and may at any time or from time to time be issued in one or more series. Prior to the issue of the shares of any such series, the board of directors shall, subject to the limitations set out in the Company By-laws, or in the *Insurance Companies Act*, fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of such series, which may, at the option of the board of directors include:

- (a) the consideration for which the Class J Preference Shares of such series may be issued;
- (b) the rate, amount or method of calculation of dividends and whether the dividends are subject to adjustments;
- (c) the dates, manner and currency of payments of dividends and the dates from which they accrue or become payable;
- (d) if redeemable, retractable or purchasable, the redemption, retraction or purchase prices or method of determining such prices, and terms and conditions of redemption, retraction or purchase, and whether with or without provisions for sinking or similar funds;
- (e) any conversion, exchange or reclassification rights; and
- (f) any other terms including voting rights, not inconsistent with these provisions and the *Insurance Companies Act*.

25.02 Priority re: Dividends/Distribution - Subject to the rights of all classes of shares ranking in priority to the Class J Preference Shares, the Class J Preference Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Class J preference shares of every other series and rank in priority to the Common Shares, and any other class of shares ranking junior to the Class J Preference Shares. The holders of Class J Preference Shares of any series shall not be entitled to any dividends other than or in excess of those expressly provided for in the rights, privileges, restrictions and conditions attaching to the Class J Preference Shares of such series.

25.03 Series to Rank Equally - No series of Class J Preference Shares shall have a priority in respect of dividends or return of capital over any other series of Class J Preference Shares that are then outstanding and the Class J Preference Shares of each series shall rank on a parity and participate rateably with the Class J Preference Shares of all other series in respect of:

- (a) all declared non-cumulative dividends; and
- (b) all amounts payable on return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

25.04 Priority on Liquidation, Dissolution or Winding-up - Subject to the rights of all classes of shares ranking in priority to the Class J Preference Shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, before any such amount shall be paid to or any assets distributed among the holders of the Common Shares, or any other shares ranking junior to the Class J Preference Shares, each holder of a Class J Preference Share shall be entitled to receive:

- (a) an amount equal to the amount paid up thereon, or such other amount or amounts as have been provided for with respect to the Class J Preference Shares of such series;
- (b) any dividends declared on the Class J Preference Shares but not paid;
- (c) such premium, if any, as has been provided for with respect to the Class J Preference Shares of such series; and
- (d) after payment to the holders of the Class J Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

25.05 No Pre-emptive rights - The holders of the Class J Preference Shares shall not be entitled as such to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company, now or hereafter authorized, or any rights to acquire the same, otherwise than in accordance with the conversion, exchange or other rights, if any, which may from time to time be attached to any series of the Class J Preference Shares.

25.06 Non-voting except in Certain Circumstances - The holders of Class J Preference Shares shall not be entitled (except as required by the



*Insurance Companies Act*) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.

25.07 Restrictions on Ownership and Transfer - Except for The Co-operators Group Limited (or its subsidiaries) or except with the approval of the Minister of Finance (Canada), no person or entity controlled by a person shall purchase or otherwise acquire a share of the Company or purchase or otherwise acquire control of an entity that holds any share of the Company if (i) the acquisition would cause the person to have a significant interest in any class of shares of the Company or (ii) where the person has a significant interest in a class of shares of the Company, the acquisition would increase the significant interest of the person in that class of shares, and the Company shall not register a transfer to any such person; provided, however, this section 25.07 shall not apply if at any time hereafter, the *Insurance Companies Act* (Canada) does not contain such a restriction.

For the purposes of this section 25.07, the terms “subsidiary”, “person”, “significant interest”, “entity” and “controlled” shall have the respective meanings ascribed thereto in the *Insurance Companies Act* (Canada).

25.08 Amendment - The foregoing provisions attaching to the Class J Preference Shares and the provisions of this section 25.08 may be repealed, altered, modified, amended, or amplified in any manner permitted by law but only with the approval of the Superintendent of Financial Institutions and the approval of the holders of the Class J Preference Shares, which approval may be given by resolution passed or by by-law sanctioned at a meeting of holders of Class J Preference Shares duly called and held as hereinafter provided. Any consent or approval of the holders of Class J Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Class J Preference Shares duly called and held upon not less than thirty (30) days' notice to the holders at which the holders of at least twenty per cent (20%) of the outstanding Class J Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting. If at any such meeting the holders of at least twenty per cent (20%) of the outstanding Class J Preference Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than thirty (30) days thereafter and to such time and place as may be designated by the chairman, and not less than thirty (30) days' written notice shall be given for such adjourned meeting. At such adjourned meeting the holders of Class J Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of Class J Preference Shares. On

every ballot taken at a meeting of the holders of Class J Preference Shares, every holder of Class J Preference Shares shall be entitled to one (1) vote in respect of each Class J Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company.

## **26. Common Shares**

All rights, privileges, restrictions, conditions and limitations of any kind attached to the Common Shares shall be deleted and the following shall be the rights, privileges, restrictions, conditions and limitations attached to the Common Shares :

- (a) subject to the rights of the holders of all classes of preference shares and of shares or any other class ranking in priority to the Common Shares, the holders of Common Shares shall be entitled to receive, if, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, non-cumulative dividends at a rate or amount as declared by the directors from time to time;
- (b) subject to the rights of the holders of all classes of preference shares and of shares of any other class ranking in priority to the Common Shares, in the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company, whether voluntary or involuntary, the holders of Common Shares shall be entitled to receive the remaining property and assets of the Company; and
- (c) the holders of Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share shall confer the right to one (1) vote in person or by proxy at all meetings of shareholders of the Company, save and except meetings at which only holders of a specified class or series of shares are entitled to vote.

## **27. Deletion of Section VI of the Company's By-law**

Section VI of the By-laws of the Company is hereby deleted.

## **28. Subdivision of the Common Shares**

The outstanding 100 common shares in the capital of the Company are subdivided and changed, on the basis of 20,000 common shares for each common share outstanding, into 20,000,000 outstanding common shares.

**29. Authorization of Directors**

The directors of the Company are authorized to complete the blanks or “•” in the rights, privileges, restrictions and conditions attaching to the Class E Preference Shares, Series A and the Class E Preference Shares, Series B and the issuance price for the Class F Preference Shares, Series A and the Class G Preference Shares, Series A.

ENACTED as a by-law of the Company.