

COGECO INC.

SPECIAL BY-LAW "A" (1993)

Amending the share capital of the Company by amending the redemption provisions attaching to Class B Preferred Shares, Series 1 of the Company.

WHEREAS the Company was continued under the provisions of Part IA of the Companies Act of the Province of Quebec, by Certificate of Continuance dated November 8, 1984;

WHEREAS it is expedient and in the interest of the Company that the share capital of the Company be reorganized by way of amendment as herein provided; and

WHEREAS it is necessary to adopt a by-law in order to amend the articles of the Company;

NOW THEREFORE, BE IT ENACTED AS SPECIAL BY-LAW "A" (1993) OF COGECO INC. THE FOLLOWING:

The share capital of the Company is amended by replacing section (g) of Schedule A of the Articles of Amendment of the Company evidenced by Certificate of Amendment dated August 15, 1989 with the following:

"(g) Redemption

The Company shall redeem, pursuant to the provisions of the Act, on or before April 1, 1993, the whole of the Series 1 Class B Preferred Shares (the "Class B Shares" or individually a "Class B Share") then outstanding on the basis of consideration consisting of:

- i) at the time of redemption (hereinafter called the "Redemption Date"), 0.7 of a freely tradeable subordinate voting share of the share capital of the Company and the sum of \$1.00 payable, at the option of the Company, by cheque or bankers draft; and
- ii) 335 days next following the Redemption Date or, if such 335th day does not fall on a business day, then on the next business day (hereinafter called the "Second Payment Date"), the further sum, evidenced by a promissory note, of either (i) \$1.10 subject to downward adjustment as set forth below (the "Adjustable Note") or, (ii) at the option of the holder of Class B Shares (such option to be exercised as provided for hereunder), \$0.50 (the "\$0.50 Note");

(such consideration in shares, cash and promissory note being collectively called the "Price").

The maximum sum of \$1.10 per Class B Share redeemed, which is evidenced by an Adjustable Note and is to be paid on the Second Payment Date, shall be subject to downward adjustment on the basis that if the weighted average of the closing trading prices of the Company's subordinate voting shares as traded through the facilities of The Montreal Exchange and The Toronto Stock Exchange for each trading day during the months of November and December (the "Relevant Months") of 1993 (the "Weighted Average") is higher than \$6.00 per subordinate voting share, then the said sum of \$1.10 shall be reduced, but not to less than zero, by the result obtained by multiplying by 0.7 the amount by which such Weighted Average exceeds \$6.00; provided that if prior to October 1, 1993, any of the Agra SVS Shares (as hereinafter defined) are sold by way of a Secondary Offering (as hereinafter defined) or otherwise by bought deal or other form of transaction, other than an open market transaction (where no single sale of more than 50,000 subordinate voting shares of the Company is made) at a price higher than the Weighted Average, then the highest price per subordinate voting share achieved in such manner upon the sale of the Agra SVS Shares (as hereinafter defined) shall be used in lieu of the Weighted Average; and provided further that if prior to October 1, 1993, the Company shall issue any of its subordinate voting shares by way of primary distribution under an agency, management or underwriting arrangement or pursuant to a bought deal or other form of exempt transaction, at a price lower than the Weighted Average, then the lowest price per subordinate voting share achieved in such manner upon the issue of the subordinate voting shares shall be treated as the Weighted Average. Should both eventualities arise, then the higher than Weighted Average and lower than Weighted Average prices shall themselves be averaged (weighted by sales volume) and such average shall apply in lieu of the Weighted Average.

For the purpose hereof, the Weighted Average shall be determined by:

- (i) multiplying the total number of subordinate voting shares traded on The Montreal Exchange for each trading day during the Relevant Months by the closing price on such day on such Exchange;
- (ii) then multiplying the total number of subordinate voting shares traded on The Toronto Stock Exchange for each such trading day by the closing price on such day on such Exchange;

- (iii) then aggregating each of the products in clauses (i) and (ii), and
- (iv) then dividing such aggregate by the total number of subordinate voting shares traded during the Relevant Months on both such Exchanges to produce a weighted average trading price per subordinate voting share.

For the purposes hereof, "Agra SVS Shares" means all of the subordinate voting shares of the Company now held by Agra Industries Limited ("Agra") and its subsidiaries and all of the subordinate voting shares of the Company to be acquired upon any redemption of Class B Shares held by Agra and its subsidiaries.

For the purposes hereof, "Secondary Offering" means the offering under any agency, management or underwriting arrangement that may be made by Agra and its subsidiaries.

For the purposes of section 191(4) of the Income Tax Act (Canada), the amount of \$9.00 was specified in respect of each Class B Share.

The option of each holder of Class B Shares to receive, as part of the Price, the \$0.50 Note in lieu of the Adjustable Note (the "Payment Option") shall be exercised by each holder of Class B Shares by written notice in the manner provided in the Notice of Redemption (as hereinafter defined) given by the Company and shall be received by the Company no later than two business days immediately preceding the Redemption Date. Each holder of Class B Shares who fails to properly exercise the Payment Option within the prescribed period shall be irrevocably deemed to have elected to receive the Adjustable Note.

Notice of redemption (the "Redemption Notice") shall be given by the Company not less than twenty (20) days prior to the Redemption Date by mailing, by ordinary unregistered mail, such notice to the registered holders of the Class B Shares to be redeemed at their respective addresses appearing in the books of the Company or, in the event of the address of any holder not so appearing, to the last known address of such holder. Such notice shall set out the Price and the Redemption Date, the number of such Class B Shares so held by such person so to be redeemed and the Payment Option procedure and be accompanied by related forms, if any. On and after the Redemption Date, the Company shall pay or cause to be paid the Price to, or to the

order of, the registered holders of the Class B Shares to be redeemed, on presentation and surrender, at the head office of the Company or at any other place within Canada designated in the Redemption Notice, of the certificates representing the respective Class B Shares called for redemption, as follows:

- (i) by the remittance of a duly registered certificate representing such number of fully paid and non-assessable subordinate voting shares of the Company to which the holder of Class B Shares is entitled as part of the Price; fractional subordinate voting shares will not be issued and such fractional interests, if any, will be paid by cheque or bankers draft in amount equal to the weighted average of the closing trading prices of the Company's subordinate voting shares traded through the facilities of The Montreal Exchange and The Toronto Stock Exchange for each trading day during the months of January and February (the "Relevant Months") of 1993 (the "Weighted Average") multiplied by 0.7; for the purposes hereof, the Weighted Average shall be determined in the same manner as described above for the Weighted Average for purposes of the downward adjustment to the maximum sum of \$1.10 payable on the Second Payment Date;
- (ii) by the remittance of a cash amount of \$1.00 by cheque drawn on a Canadian chartered bank payable at par at any branch of such bank in Canada or by bankers draft;
- (iii) by the remittance of the Adjustable Note or, if the Payment Option has been exercised, the \$0.50 Note,

(such remittances of shares, cash and notes described in (i), (ii) and (iii) above being collectively called the "Payment").

Such Class B Shares shall thereupon be and be deemed to be redeemed and shall be cancelled and shall not again become unissued shares of the Company.

The holders of the Class B Shares called for redemption shall cease to be entitled to dividends declared to holders of Class B Shares of record on any date which is on or after the Redemption Date, and from and after the Redemption Date shall not be entitled to exercise any of the rights of shareholders in respect of such shares, unless the Payment

shall not be made upon presentation and surrender of such certificates in accordance with the foregoing provisions.

At any time after the mailing of notice of its intention to redeem the Class B Shares, the Company shall have the right to deposit the Payment for such Class B Shares so called for redemption to the credit of a special account in any chartered bank or trust company in Canada of which notice shall have been or shall be given to the holders of the Class B Shares so called for redemption, such Payment to be made, on or after the Redemption Date fixed for redemption, without interest, to or to the order of the respective registered holders of such Class B Shares called for redemption on presentation and surrender to such chartered bank or trust company of the certificates representing the same.

Upon such deposit being made, the Class B Shares in respect of which such deposit shall have been made shall be deemed to have been redeemed and shall be cancelled as of the Redemption Date and shall not again become unissued shares of the Company, and the rights of the holders thereof, after the Redemption Date, shall be limited to the right to receive, without interest, from the depository their proportionate part of the Payment so deposited on presentation and surrender of their respective certificates. Any interest allowed on any such deposit of the Payment shall belong to the Company.

The Company shall not take any action which would deprive a holder of Class B Shares so called for redemption from exercising the rights of conversion attached thereto during the period from the date of the notice of the redemption thereof until the close of business on the last business day preceding the Redemption Date thereof."

Any officer or director of the Company be, and is hereby authorized, for and on behalf of the Company, to sign the Articles of Amendment of the Company to give effect to the amendments set forth in Special By-Law "A" (1993). Any officer or any director of the Company is also authorized, for and on behalf of the Company, to sign all notices to be filed with the Inspector General of Financial Institutions, as well as any certificate, authorization, or other document necessary in connection with the filing of these Articles of Amendment in order to obtain a certificate giving effect to the amendments set forth in this Special By-Law A" (1993).

Notwithstanding the approval or ratification of Special By-Law "A" (1993) by the

shareholders of the Company, the directors may, at any time prior to the delivery of a Certificate of Amendment under the Act, cancel or amend Special By-Law "A" (1993), for any reason which they judge necessary or appropriate in the circumstances.

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The Special by-law "A" (1993) was duly adopted on January 13, 1993 by the Board of Directors of the Company and ratified on February 15, 1993 by the holders of Subordinate, Multiple and Series 1, Class B Preferred Shares.