

**CUSTODIAN CONTRACT**

**BY AND AMONG**

**HIGH INCOME PREFERRED SHARES CORPORATION**

**AND**

**STATE STREET TRUST COMPANY CANADA**

**June 20, 2002**

## CUSTODIAN CONTRACT

**THIS CUSTODIAN CONTRACT** is made as of the 20<sup>th</sup> day of June, 2002 by and between **HIGH INCOME PREFERRED SHARES CORPORATION** (the "**Company**"), a mutual fund corporation incorporated under the laws of Canada on April 26, 2002 and **STATE STREET TRUST COMPANY CANADA**, a trust company organized under the laws of Canada, acting in its capacity as custodian (the "**Custodian**").

### WITNESSETH:

**WHEREAS** the Company has filed a (final) prospectus (the "**Prospectus**") in all provinces of Canada dated May 31, 2002 relating to the initial public offering of Series 1 Shares, Series 2 Shares and Equity Shares in the capital of the Company (the "**Offering**");

**AND WHEREAS** the Company desires to appoint the Custodian to provide custody services for all cash, securities and other assets of the Company paid or delivered to the Custodian from time to time together with any additions thereto, substitutions therefore, proceeds therefrom and earnings and profits thereon, including the Series 1 Repayment Portfolio (as hereinafter defined) securities and the Custodian agrees to provide such services upon the terms and conditions hereinafter set forth;

**AND WHEREAS** in connection with the Offering under the Prospectus the Company will use the net proceeds to (a) invest in a diversified portfolio (the "**Managed Portfolio**") consisting of (i) shares of American companies that have a market capitalization of greater than U.S. \$2 billion; and (ii) companies which form part of the Standard & Poor's 500 Composite Stock Price Index (or such other indices as may replace or be substituted therefor); and (iii) shares of Canadian public companies which form part of the S&P/TSX 60 Index (or such other indices as may replace or be substituted therefor); and (iv) units or similar equity securities of ongoing business income funds, pipeline/energy income funds, power generation income funds, real estate investment trusts and similar issuers; and (v) debt securities which are rated to be at least investment grade; and (b) invest in equity securities (the "**Series 1 Repayment Portfolio**") subject to one or more forward purchase and sale agreements (the "**Series 1 Forward Agreements**");

**AND WHEREAS** the Series 1 Repayment Portfolio securities will initially be pledged to one or more counterparties (the "**Counterparties**") pursuant to the Series 1 Forward Agreements and the Series 1 Repayment Portfolio securities may be loaned to one or more borrowers under securities lending agreements (the "**Securities Lending Agreements**");

**AND WHEREAS** at or before the time of entry by the Company into a Securities Lending Agreement, the Company will issue Proper Instructions (as defined herein) to the Custodian to appoint a sub-custodian (the "**Special Sub-Custodian**") to assume custody of the Series 1 Repayment Portfolio securities (which are to be held as collateral for the Company's obligations to the Counterparties under the Series 1 Forward Agreement) and Lawrence Asset Management Inc. (the "**Manager**"), the manager of the Company, will

appoint the Special Sub-Custodian (as defined herein) to act as the Company's securities lending agent, to administer loans and to hold collateral posted under the Securities Lending Agreement (the "**Securities Loan Collateral**");

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein (the adequacy of which consideration with respect to each of the parties is hereby mutually admitted), the parties hereto hereby agree as follows:

## **ARTICLE 1 DEFINED TERMS**

Unless there is something in the subject matter or context inconsistent therewith, all defined terms in the Prospectus have the same meanings when used herein.

## **ARTICLE 2 EMPLOYMENT OF CUSTODIAN AND PROPERTY TO BE HELD BY IT**

The Company hereby appoints the Custodian, and the Custodian hereby accepts such appointment, as the custodian of all of the cash, securities and other assets of the Company, including the Series 1 Repayment Portfolio (collectively, the "**Portfolio Assets**") subject to the terms and conditions of this Contract. Except as otherwise provided below, all Portfolio Assets delivered to the Custodian or its sub-custodians shall be held in Canada and dealt with as hereinafter provided. The Custodian shall not be responsible for any Portfolio Assets not delivered to the Custodian or sub-custodians.

## **ARTICLE 3 DUTIES OF THE CUSTODIAN WITH RESPECT TO PROPERTY HELD BY IT**

### **Section 3.1 Holding Securities and Cash**

The Custodian shall hold, or direct its sub-custodians to hold, for the account of the Company, all Portfolio Assets of the Company provided that the Custodian may deposit Portfolio Assets with a depository or clearing agency that operates a book-based system (collectively, a "**Securities System**"). Where Portfolio Assets are held in a Securities System, the records of the Custodian shall as regards such Portfolio Assets contain an account number or other designation sufficient to show that the beneficial ownership of such Portfolio Assets is vested in the Company. All cash property received by or from or for the account of the Company may be held by the Custodian at such banks or trust companies as provided in Section 3.4. For purposes of this Contract, any Securities System in which the Custodian holds securities of the Company shall not be considered to be a custodian or sub-custodian of the Company.

### **Section 3.2 Delivery of Securities**

The Custodian shall release and deliver, or direct its sub-custodians to release and deliver, Portfolio Assets held by the Custodian or its sub-custodians or held in a Securities System account of the Custodian or its sub-custodians only upon receipt of Proper

Instructions (as defined in Section 3.9 below), which may be standing instructions, in the following cases:

- (a) upon sale of such securities for the Company, unless otherwise directed by Proper Instructions: (i) in accordance with the customary or established market practices and procedures in the jurisdiction or market where the transactions occur, including, without limitation, delivery to the purchaser thereof or to a dealer therefor (or an agent of such purchaser or dealer) against expectation of receiving later payment; or (ii) in the case of a sale effected through a Securities System, in accordance with the rules governing the operations of the Securities System;
- (b) upon the receipt of payment in connection with any repurchase agreement related to such securities;
- (c) to the depository agent in connection with tender or other similar offers for securities, provided that, unless otherwise directed by Proper Instructions, the cash or other consideration is to be delivered to the Custodian or its sub-custodians;
- (d) to the issuer thereof or its agent when such securities are called, redeemed, retired or otherwise become payable, provided that, unless otherwise directed by Proper Instructions, the cash or other consideration is to be delivered to the Custodian or its sub-custodians;
- (e) to the issuer thereof or its agent, for transfer into the name of the Custodian or of any nominee of the Custodian or into the name of any of its sub-custodians or their nominees or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of shares or units;
- (f) to brokers, clearing banks or other clearing agents for examination in accordance with "street delivery" custom;
- (g) for exchange or conversion pursuant to any merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement, provided that, unless otherwise directed by Proper Instructions, the new securities and cash, if any, are to be delivered to the Custodian or its sub-custodians;
- (h) in the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities, provided that, unless otherwise directed by Proper Instructions, the new securities and cash, if any, are to be delivered to the Custodian or its sub-custodians;
- (i) for delivery as security in connection with any borrowings of the Company;

- (j) in connection with trading in options and futures contracts, including delivery as original margin and variation margin; and
- (k) for any other purpose, but only upon receipt of Proper Instructions specifying the Portfolio Assets to be delivered, the purpose for which such delivery is to be made and naming the person or persons to whom delivery of such securities shall be made.

### **Section 3.3 Registration of Securities**

Portfolio Assets of the Company issued in bearer form shall be designated or segregated by the Custodian or sub-custodians of the Company or their applicable nominee so as to show beneficial ownership of Portfolio Assets is vested in the Company. Securities held by the Custodian or its sub-custodians (other than securities registered in the name of the Company, bearer securities or securities held in a Securities System) shall be registered in the name of the Custodian or in the name of any nominee of the Custodian or in the name of any of its agents or its sub-custodians or of their nominees, in each case with an account number or other designation sufficient to establish that beneficial ownership of such securities is vested in the Company. The Custodian and its sub-custodians shall not be obligated to accept securities on behalf of the Company under the terms of this Contract unless such securities are in "street name" or other good delivery form.

### **Section 3.4 Bank Accounts**

The Custodian or its sub-custodians may open and maintain a separate and segregated bank account or accounts in the name of the Custodian for the benefit of the Company or otherwise, in such banks or trust companies (including the Custodian and its affiliates or any sub-custodian) as they may, in their discretion, deem advisable, acting pursuant to the terms of this Contract, and shall hold in such account or accounts, subject to the provisions hereof, cash received by or from or for the account of the Company. Such funds shall be deposited by the Custodian or its sub-custodians in their capacity as Custodian or sub-custodian and, except as otherwise provided under this Contract, shall be withdrawable by the Custodian or its sub-custodians only in that capacity.

The Company acknowledges that, unless otherwise in receipt of Proper Instructions from the Company, the Manager or the Investment Manager (as hereinafter defined), the Custodian or its sub-custodians may enter into cash management arrangements with a bank which maintains such an account to which such funds are deposited, pursuant to which the amount in such account may be, for purposes only of computing the rate of interest payable on such amount, aggregated with other amounts in accounts maintained by the Custodian or its sub-custodians for its own account or for the account of others with such bank. The Custodian or its sub-custodians shall not be entitled to retain that incremental portion of the interest earned on amounts in any such account maintained for the Company which exceeds the amount of interest which would otherwise have been earned thereon absent such aggregation.

### **Section 3.5 Collection of Income**

The Custodian or its sub-custodians shall collect all income and other payments with respect to Portfolio Assets to which the Company shall be entitled and shall credit such income, as collected, to the Company's account.

### **Section 3.6 Payment of Moneys**

Upon receipt of Proper Instructions, which may be standing instructions, the Custodian shall pay out, or direct its sub-custodians to pay out, moneys of the Company in the following cases:

- (a) upon the purchase of securities for the Company, unless directed by Proper Instructions: (i) in accordance with the customary or established market practices and procedures in the jurisdiction or market where the transactions occur, including, without limitation, delivering money to the seller thereof or to a dealer thereof (or an agent for such seller or dealer) against expectation of receiving later delivery of such securities; or (ii) in the case of a purchase effected through a Securities System, in accordance with the rules governing the operation of such Securities System;
- (b) in connection with conversion, exchange or surrender of securities of the Company as set forth in Section 3.2 hereof;
- (c) for the payment of any expense or liability including but not limited to the following payments: interest, taxes, management fees, accounting fees, transfer agent fees, legal fees and operating expenses;
- (d) for the purchase or sale of foreign exchange or foreign exchange contracts for the account of the Company, including transactions executed with or through the Custodian or its sub-custodians;
- (e) in connection with trading in options and futures contracts, including delivery as original margin and variation margin; and
- (f) for any other purpose, including, but not limited to, payment of (i) dividends on the Series 1 Shares, Series 2 Shares, or Equity Shares, as the case may be, and (ii) the redemption price per Series 1 Share, Series 2 Share and Equity Share on redemption by the holder thereof or by the Company, but only upon receipt of Proper Instructions specifying the amount of such payment, the purpose of such payment and naming the person or persons to whom such payment is to be made.

Notwithstanding the foregoing, the Custodian shall not be required to settle any purchase of securities by or on behalf of the Company unless satisfactory arrangements have been made to ensure that the Company has sufficient funds to effect settlement.

### **Section 3.7 Proxy Voting Communications**

- (a) Unless the Company has instructed the Custodian otherwise, all securities for which the Custodian, its agents and its sub-custodians receive material regarding voting rights at annual and special meetings shall be subject to Schedule "B.1" and "B.2" attached hereto. The Custodian agrees that it shall act in accordance with the Proper Instructions in Schedule "C"; provided that the Custodian shall be without liability for late or non-delivery of ordinary mail.
- (b) The Custodian shall not exercise any voting rights at annual and special meetings attached to any securities under the Custodian's custody, unless Proper Instructions have been received in a timely manner by the Custodian.

### **Section 3.8 Communications Relating to Company Securities**

The Custodian shall transmit promptly to the Investment Manager, written information (including, without limitation, pendency of calls and maturities of securities and expirations of rights in connection therewith) received by the Custodian or by its sub-custodians from issuers of the securities being held for the Company. With respect to take-over bids or tender or exchange offers, the Custodian shall transmit promptly to the Investment Manager, written information received by the Custodian or by its sub-custodians from issuers of the securities whose tender or exchange is sought and from the party (or its agents) making the take-over bid or tender or exchange offer. The Custodian shall not be liable for any untimely exercise of any tender, exchange or other right or power in connection with securities or other property of the Company at any time held by it unless: (i) it or its sub-custodians actually hold such securities or property physically or in a Securities System; (ii) it receives Proper Instructions with regard to the exercise of any such right or power; and (iii) both (i) and (ii) occur at least five (5) business days prior to the date on which such right or power is to be exercised or it failed to transmit to the Investment Manager promptly written information received by it from the issuer or party making the bid or offer.

### **Section 3.9 Proper Instructions**

The term "**Proper Instructions**" shall mean instructions received by the Custodian from the Company, the Manager (including its successors and assigns, or Lawrence Decter Investment Counsel Inc. (including its successors and assigns), the "**Investment Manager**"), the investment manager of the Company or any person duly authorized by the Company or the Investment Manager in the form of a certificate of incumbency substantially in the form as attached in Schedule "C". Such instructions may be in writing signed by the authorized person or may be in a tested communication or in a communication utilizing access codes effected between electro-mechanical or electronic devices or may be by such other means as may be agreed to from time to time by the Custodian and the party giving such instructions (including, without limitation, oral instructions). All oral instructions shall be promptly confirmed in writing. The Custodian may also use voice-recording procedures in

connection with all communications with the Investment Manager and other parties. The Company expressly acknowledges and consents to such recording and agrees that any such voice record retained by the Custodian will constitute prima facie evidence of such communications. The Company and the Investment Manager shall each cause its duly authorized representative to certify to the Custodian in writing the names and specimen signatures of persons authorized to give Proper Instructions. The Custodian shall be entitled to rely upon the identity and authority of such persons until it receives written notice from the Company or the Investment Manager, as the case may be, to the contrary.

### **Section 3.10 Actions Permitted Without Express Authority**

The Custodian may, at its discretion, without express authority from the Company or the Investment Manager:

- (a) make payments to itself or others for minor expenses of handling securities or other similar items relating to its duties under this Contract, provided that all such payments shall be accounted for to the Company;
- (b) surrender securities in temporary form for securities in definitive form;
- (c) endorse for collection cheques, drafts, and other negotiable instruments; and
- (d) in general attend to all non-discretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with Portfolio Assets.

### **Section 3.11 Evidence of Authority**

The Custodian shall be protected in acting upon any instruction, notice, request, consent, certificate, instrument or paper reasonably believed by it, acting in good faith to be genuine and to have been properly executed or otherwise given by or on behalf of the Company or the Investment Manager in accordance with this Contract. The Custodian may receive and accept a certificate from the Company or the Investment Manager as conclusive evidence (i) of the authority of any person to act in accordance with such certificate or (ii) of any determination or of any action by the Company or the Investment Manager, as the case may be, as described in such certificate, and such certificate may be considered as in full force and effect until receipt by the Custodian of written notice to the contrary.

### **Section 3.12 Security Codes**

If the Custodian has issued to the Company or the Investment Manager, security codes or passwords in order that the Custodian may verify that certain transmissions of information, including Proper Instructions, have been originated by the Company or the Investment Manager, as the case may be, the Custodian shall be kept indemnified by the Company and from the Portfolio Assets, and shall be without liability to the Company and the Investment Manager for any action taken or omitted by it in reliance upon receipt by it of transmissions of information with the proper security code or password, including

instructions purporting to be Proper Instructions, which the Custodian reasonably believes to be from the Company or the Investment Manager.

### **Section 3.13 Appointment of Agents**

Upon prior written notice to the Company and subject to compliance with applicable law, the Custodian may at any time or times in its discretion appoint (and may at any time remove) any other bank or trust company to act as its agent to carry out such of the provisions of this Contract as the Custodian may from time to time direct, provided that the employment of such agents shall not reduce the Custodian's obligations or liabilities hereunder.

## **ARTICLE 4 SUB-CUSTODIANS**

### **Section 4.1 Appointment and Removal**

All Portfolio Assets shall be held in Canada by the Custodian, its sub-custodians or the Special Sub-Custodian or outside Canada, if appropriate to facilitate portfolio transactions of the Company outside Canada, by the Custodian or its sub-custodians except where this Contract otherwise provides. The initial global sub-custodian of the Company shall be State Street Bank and Trust Company.

The Custodian and its sub-custodians may appoint one or more sub-custodians to hold Portfolio Assets provided: (a) written consent to the appointment has been provided to the Custodian by the Company and where such appointment has been made by a sub-custodian, written consent has been provided by the Custodian to the sub-custodian; (b) any sub-custodian appointed is a person or company eligible to act as a sub-custodian under the provisions of National Instrument 81-102 of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time (“**NI 81-102**”); and (c) the arrangement under which a sub-custodian is appointed is such that the Company may enforce rights directly, or require the Custodian or a sub-custodian to enforce its rights on behalf of the Company to the Portfolio Assets held by the appointed sub-custodian.

The Custodian and the Company hereby consent to the appointment of the sub-custodians, initially as designated in Schedule “A” hereto and subsequently as notified by the Custodian to the Company and the Investment Manager in written or electronic format, from time to time and as consented to in accordance with the foregoing paragraph.

The agreement with each sub-custodian, including the Special Sub-Custodian, shall provide that the sub-custodian or Special Sub-Custodian is required, in carrying out its duties concerning the safekeeping of, and dealing with, the Portfolio Assets, to exercise: (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, or (b) at least the same degree of care as the sub-custodian exercises with respect to its own property of a similar kind, if this is a higher degree of care referred to in subparagraph (a).

The Custodian shall have no more or less responsibility or liability to the Company on account of any actions or omissions of any sub-custodian (other than the Special Sub-Custodian) so employed than any such sub-custodian has to the Custodian provided that the sub-custodian was appointed in accordance with the provisions of this Contract. Except to the extent arising from its own fraud, wilful default, negligence or wrongful act, or breach of the standard of care imposed by Article 8, the Custodian shall not be liable for losses arising from the bankruptcy, insolvency or receivership of any sub-custodian including the Special Sub-Custodian.

#### **Section 4.2 Appointment of Special Sub-Custodian**

The Custodian agrees, on receipt of Proper Instructions of the Company, to appoint the Special Sub-Custodian to assume custody of and responsibility for the Series 1 Repayment Portfolio securities and understands that the Manager will appoint the Special Sub-Custodian to act as the securities lending agent to administer securities lending transactions in connection with the Series 1 Repayment Portfolio securities, including holding Securities Loan Collateral; provided that the Custodian, acting reasonably, is satisfied that the Special Sub-Custodian is eligible to act as a sub-custodian under the provisions of NI 81-102. For greater certainty, the Custodian agrees and acknowledges that it is satisfied with the qualification of CIBC World Markets Inc. to act as a sub-custodian in accordance with NI 81-102 and agrees to appoint CIBC World Markets Inc. as the Special Sub-Custodian on receipt of Proper Instructions of the Company. Subject to the Custodian satisfying the standard of care imposed by Article 8, the Custodian shall (and the agreement by which the Special Sub-Custodian is appointed shall provide that the Custodian shall) have no responsibility for or liability in connection with the Series 1 Repayment Portfolio securities, for the lending thereof or for any Securities Loan Collateral received therefor, nor shall it be subject to any liability whatsoever, in tort, contract or otherwise, in connection with the acts or omissions of the Special Sub-Custodian.

#### **Section 4.3 Periodic Review**

The Custodian agrees to review on a periodic basis, not less frequently than annually, all custodial and sub-custodial arrangements and the arrangements with the Special Sub-Custodian to ensure that such arrangements comply with the guidelines and provisions of Part 6 of NI 81-102, to make reasonable enquiries as to whether its sub-custodians and the Special Sub-Custodian are permitted sub-custodians under NI 81-102, and to make or cause to be made any changes as may be necessary to ensure that this Contract and all sub-custodian contracts are in compliance with Part 6 of NI 81-102 and that its sub-custodians and the Special Sub-Custodian are qualified sub-custodians under NI 81-102.

#### **Section 4.4 Annual Advice**

The Custodian shall, not more than sixty (60) days following the end of each financial year of the Company, advise the Company and the Investment Manager in writing of the names and addresses of all sub-custodians and the Special Sub-Custodian of the Company, whether this Contract and the sub-custody contracts of sub-custodians and the Special Sub-Custodian appointed by the Custodian comply with Part 6 of NI 81-102 and to

the best of the knowledge and belief of the Custodian, the sub-custodians and the Special Sub-Custodian appointed by the Custodian comply with the requirements of Sections 6.2 and 6.3 of NI 81-102. The Company shall notify the Custodian upon any change in the financial year-end of the Company.

The Custodian acknowledges and agrees that copies of such reports may be filed with the Canadian securities regulatory authorities from time to time.

## **ARTICLE 5 REPORTING**

As soon as practicable after the end of each month, the Custodian shall render to the Company and the Investment Manager a report of all transactions in respect of Portfolio Assets and all monies received or paid on behalf of the Company during such month and an itemized statement of the Portfolio Assets for which it is accountable under this Contract as of the end of such month, as well as a list of all securities transactions that remain unsettled at that time. In addition, the Custodian shall deliver to the Company a debit or credit advice, as the case may be, with respect to each transaction in respect of the Portfolio Assets on the business day following the day on which such transactions took place. The Custodian shall not report to the Company on the activities of the Special Sub-Custodian or with respect to the Series 1 Repayment Portfolio securities.

## **ARTICLE 6 COMPUTERIZED REPORTING SERVICES**

### **Section 6.1 Protection of Equipment, Confidential or Proprietary Programs and Information**

The Company and the Investment Manager each agree to use the equipment, computer programs and other information which may be supplied by the Custodian under this Contract solely for its own internal use and benefit and for the use and benefit of the Company and not for resale or other transfer or disposition to, or use by or for the benefit of, any other person or organization without the prior written approval of the Custodian.

The Company and the Investment Manager each acknowledge that the databases, computer programs, screen formats, designs, report formats, interactive design techniques, and other information which may be furnished to it by the Custodian or to which it may be granted access, directly or indirectly, constitute copyrighted trade secrets or proprietary information of substantial value to the Custodian. Such databases, programs, formats, designs, techniques and other information are collectively referred to below as “**Proprietary Information**”. The Company and the Investment Manager each agree that it shall treat all Proprietary Information as proprietary to the Custodian and that it shall not divulge any Proprietary Information to any person or entity except as expressly permitted hereunder. Without limiting the foregoing, the Company and the Investment Manager each agree for itself and its employees and agents:

- (a) to use such programs and databases (i) solely on the Custodian's computers, or (ii) solely from equipment at the locations agreed to between the Company

- or the Investment Manager and the Custodian and (iii) solely in accordance with the Custodian's applicable user documentation;
- (b) to use equipment supplied by the Custodian solely with programs supplied by the Custodian and no other programs or software;
  - (c) to refrain from copying or duplicating in any way (other than in the normal course of performing processing on the Custodian's computers) any part of any Proprietary Information;
  - (d) to refrain from obtaining unauthorized access to any programs, data or other information not owned by the Company, and if such access is accidentally obtained to respect and safeguard the same as Proprietary Information;
  - (e) to refrain from causing or allowing information transmitted from the Custodian's computer to the terminals of the Company or the Investment Manager to be transmitted to another computer, terminal or other device except as expressly permitted by the Custodian;
  - (f) that the Company and the Investment Manager shall have access to only those authorized transactions as agreed to between the Company or the Investment Manager and the Custodian; and
  - (g) to honour reasonable written requests made by the Custodian to protect at the Custodian's expense the rights of the Custodian in Proprietary Information at common law and under applicable statutes.

## **Section 6.2 Acknowledgement**

The Company and the Investment Manager each hereby acknowledge that the data and information it may be accessing from the Custodian, including but not limited to the on-screen data services of the Custodian identified in Section 6.1 of this Contract, but, for greater certainty, excluding written reports provided by the Custodian in accordance with Articles 4 and 5, is unaudited and may not be accurate due to inaccurate pricing of securities, delays of a day or more in updating the Company and other causes for which the Custodian will not be liable to the Company or the Investment Manager.

## **ARTICLE 7 COMPENSATION OF CUSTODIAN**

The Custodian shall be entitled to compensation for its services and expenses as set forth in a written fee schedule agreed upon between the Company and the Custodian, it being understood that such compensation will be reviewed on an annual basis and any changes shall be evidenced in writing.

The Company shall not be liable to pay any fees to the Custodian or its sub-custodians for the transfer of beneficial ownership of Portfolio Assets other than for

safekeeping and administrative services in connection with acting as Custodian or sub-custodian.

## **ARTICLE 8 RESPONSIBILITY OF CUSTODIAN**

The Custodian shall, in carrying on its duties concerning the safekeeping of, and dealing with, the Portfolio Assets, exercise: (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, or (b) at least the same degree of care as the Custodian exercises with respect to its own property of a similar kind, if this is a higher degree of care referred to in subparagraph (a). The Custodian shall assume the entire responsibility for any direct loss suffered or incurred by the Company resulting from or caused by reason of the fraud, wilful default, negligence, breach of the Custodian's standard of care provided for in this Article 8 or wrongful act of the Custodian or its employees, directors or officers in the performance of the Custodian's duties under this Contract. The Custodian shall be without liability to the Company or Investment Manager for any loss resulting from or caused by: (i) events or circumstances beyond its reasonable control including the nationalization or expropriation of assets, the imposition of currency controls or restrictions, the interruption, suspension or restriction of trading on or the closure of any securities markets, power or other mechanical or technological failures or interruptions, computer viruses or communications disruptions, acts of war or terrorism, riots, revolutions, work stoppages, natural disasters or other similar events or acts; (ii) errors by the Company or the Investment Manager in their instructions to the Custodian provided such instructions have been given in accordance with this Contract; or (iii) the insolvency of or acts or omissions by a Securities System. In addition, the Custodian shall be without liability to the Company or Investment Manager for any failure to perform (or delay in performing) its obligations hereunder, if prevented from doing so by any provision of any applicable present or future law, regulation or order of Canada, or any province thereof, or any other country, or political subdivision thereof, or of any court of competent jurisdiction. The Custodian shall be entitled to rely on and may act upon advice of counsel (who may be counsel for the Company or the Custodian) on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice.

If the Custodian is instructed to take any action with respect to investments, which action involves the payment of money or which action may, in the reasonable belief of the Custodian, result in the Custodian, its affiliates, subsidiaries, agents, the Special Sub-Custodian or sub-custodians being liable for the payment of money or incurring liability of some other form, the Company, as a condition precedent to the Custodian's obligation to take such action, shall provide indemnity to the Custodian in an amount and form satisfactory to the Custodian. If the Custodian, its affiliates, subsidiaries, agents, the Special Sub-Custodian or sub-custodians are required to advance cash or investments for any purpose (including but not limited to securities settlements, foreign exchange contracts and contractual settlements), or in the event that the Custodian shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Contract, except such as may arise from its breach of the standard of care imposed on it by this Article 8, or should the Custodian's fees and expenses be in arrears, Portfolio Assets in an amount necessary to make the Custodian or such other entity

whole are hereby made security therefor to the extent permitted under NI 81-102 and, should the Company fail to repay the Custodian promptly upon request, the Company hereby irrevocably authorizes and directs the Custodian to utilize available cash and subject to prior consultation with the Investment Manager to dispose of the Portfolio Assets to the extent necessary to make itself whole, including, without limitation, the right to set off or appropriate cash or other Portfolio Assets of the Company.

In the event that the Custodian advances funds to the Company to settle the purchase of securities, any credit of such securities to the account of the Company shall be provisional and subject to reversal by the Custodian as hereinafter provided. Notwithstanding any such credit, all right title and interest in such securities purchased with funds advanced by the Custodian (whether in connection with, but not limited to, securities settlements, foreign exchange contracts and contractual settlements) shall vest with the Custodian until such time as the Company has reimbursed the Custodian in full for any and all amounts so advanced, together with any interest payable thereon. The Custodian reserves the right to reverse any provisional credit at any time and subject to prior consultation with the Investment Manager to sell or otherwise dispose of such securities free of any claim of the Company if the Custodian determines in its discretion that payment by the Company for such securities will not be received in due course. The Custodian may charge the Company for the expense of providing funds for the purchase of securities from time to time at the then prevailing lending rate charged by the Custodian, together with any applicable penalties, with notice to the Company from time to time.

The Custodian shall be without liability to the Company or the Investment Manager and from the Portfolio Assets and the Company agrees to indemnify the Custodian and its nominees, for any loss, damage or expense suffered or incurred by the Custodian and its nominees arising out of any violation by the Company of any investment or regulatory limitation to which the Company is subject, other than violations arising out of the breach by the Custodian of this Contract.

The Custodian shall not be responsible for the title, validity or genuineness, including good deliverable form, of any property or evidence of title thereto received by it or delivered by it pursuant to this Contract and shall be held harmless in acting upon any notice, request, consent, certificate or instrument reasonably believed by it, acting in good faith, to be genuine and to be signed or otherwise given by the proper party or parties in accordance with this Contract.

## **ARTICLE 9 INDEMNIFICATION**

The Company hereby agrees to indemnify and hold harmless the Custodian from and against any loss, liability, judgements and amounts paid in settlement, claim or expense (including reasonable legal fees and disbursements) reasonably suffered or incurred by the Custodian arising from or in connection with the performance of its duties hereunder or arising from or in connection with the appointment or acts of the Special Sub-Custodian, provided, however, that such indemnity shall not apply to any liability or expense occasioned by or resulting from the fraud, wilful default, negligence, breach of the standard of care of the Custodian provided for in Article 8, or wrongful act of the Custodian or any of

its employees, directors or officers in the performance of the Custodian's duties hereunder. In addition, the Company agrees to indemnify the Custodian against any liability occasioned by reason of taxes assessed against the Custodian which are properly for the account of the Company or other loss or damage or expense incurred by the Custodian, resulting from the fact that securities or other property of the Company are registered in the name of the Custodian.

**ARTICLE 10  
GENERAL LIMITATION OF LIABILITY AND INDEMNIFICATION**

The officers, directors, agents, consultants and employees of the Company and the Investment Manager, in incurring any debts, liabilities or obligations, or in taking or omitting any other actions for or in connection with the affairs of the Company are, and shall be conclusively deemed to be, acting for and on behalf of the Company, and not in their own personal capacities.

**ARTICLE 11  
TAX LAW**

The Custodian shall have no responsibility or liability for any obligations now or hereafter imposed on the Company or the Custodian as custodian of the Company, which are properly for the account of the Company, by the tax law of Canada or any province or political subdivision of such country. It shall be the responsibility of the Company to notify the Custodian of the obligations imposed on the Company by the tax law of jurisdictions other than those mentioned in the above sentence, including responsibility for withholding and other taxes, assessments or other governmental charges, certifications and governmental reporting. The sole responsibility of the Custodian with regard to the tax law of any such jurisdiction shall be to use reasonable efforts to assist the Company with respect to any claim for exemption or refund under the tax law of jurisdictions for which the Company has provided such information.

**ARTICLE 12  
EFFECTIVE PERIOD, TERMINATION AND AMENDMENT**

This Contract shall become effective as of the date hereinafter set forth, shall continue in full force and effect until terminated as hereinafter provided, may be amended at any time by mutual written agreement of the parties hereto and may be terminated by either the Company or the Custodian by an instrument in writing delivered or mailed, postage prepaid to the other party, such termination to take effect not sooner than ninety days after the date of such delivery or mailing unless a different period is agreed to in writing by the parties. The provisions of Section 3.12 and Articles 6, 8, 9, 10 and 11 of this Contract shall survive termination of this Contract for any reason.

Upon termination of the Contract, the Company shall pay to the Custodian upon demand such compensation as is due under this Contract as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements.

**ARTICLE 13**  
**ACTION ON TERMINATION**

If a successor custodian shall be appointed by the Company, the Custodian shall, within a reasonable time, determined in accordance with industry standards, after termination, deliver to such successor custodian at the offices of the Custodian or its sub-custodians or as otherwise agreed, duly endorsed and in the form for transfer, all securities, funds and other property then held by it hereunder and shall transfer to any account of the successor custodian all of the Company's securities held in a Securities System.

If no successor custodian shall be appointed, the Custodian shall, in like manner, upon receipt of Proper Instructions from the Company or the Investment Manager, transfer such securities, funds and other property in accordance with such Proper Instructions.

In the event that no written order designating a successor custodian and no Proper Instructions shall have been delivered to the Custodian on or before the date when such termination shall become effective, the Custodian shall have the right to deliver the Portfolio Assets then held by it hereunder to one or more banks and/or trust companies of its own selection, provided that prompt notification thereof shall be given to the Company and provided further that such bank or trust company shall be qualified to act as a custodian under NI 81-102. Thereafter, such bank or trust company or banks or trust companies shall be the successor or successors of the Custodian under this Contract.

In the event that securities, funds and other property remain in the possession of the Custodian or its sub-custodians after the date of termination hereof owing to failure of the Company to appoint a successor custodian or to give the Proper Instructions referred to above, the Custodian shall be entitled to fair compensation for its services during such period as the Custodian retains possession of such securities, funds and other property and the provisions of this Contract relating to the duties and obligations of the Custodian shall remain in full force and effect.

In the event the Company exercises its right to terminate this Contract, at the request of the Company, the Custodian shall terminate any sub-custodial or similar agreements specifically applicable to the Company.

**ARTICLE 14**  
**REPRESENTATIONS AND WARRANTIES**

- (a) The Company represents and warrants to the Custodian that the Company has the power to enter into and perform its obligations under this Contract, and has duly executed this Contract so as to constitute it a valid and binding obligation of the Company.
- (b) The Custodian represents and warrants to the Company that:
  - (i) the Custodian has the power to enter into and perform its obligations under this Contract, and has duly executed this Contract so as to constitute it a valid and binding obligation of the Custodian; and

- (ii) the Custodian is an entity qualified to act as a custodian pursuant to the provisions of NI 81-102.

**ARTICLE 15  
GENERAL**

**Section 15.1 Confidentiality**

The Custodian agrees on behalf of itself and its directors, officers, agents and employees to treat confidentially all records and other information relating to the Company and the Investment Manager, except where required to be disclosed by law or where the Custodian has determined that such disclosure is necessary for the protection of its interests or has received the prior written consent of the Company or the Investment Manager, as the case may be, which consent shall not be unreasonably withheld.

**Section 15.2 Notices**

Except as otherwise provided under this Contract, notices and other writings shall be delivered or mailed postage prepaid to:

If to the Company or to the Investment Manager:

70 York Street  
Suite 1500  
Toronto, Ontario  
M5J 1S9

Attention: Conor S. Bill

If to the Custodian:

State Street Trust Company Canada  
30 Adelaide Street East  
Suite 1100  
Toronto, ON M5C 3G6

Attention: Fund Manager Custody High Income Preferred Shares Corporation  
Account

or to such other address as the parties may hereafter specify in writing and any notice or other writing when mailed shall be deemed to have been received on the fifth business day after it was mailed.

Telephone and facsimile notices shall be sufficient if communicated to the party entitled to receive such notice at the following numbers:

If to the Company:

Telephone: (416) 362-0888

Facsimile: (416) 362-0063

If to the Custodian:

Telephone: (416) 777-4688

Facsimile: (416) 867-3581

If to the Investment Manager:

Telephone: (416) 362-0888

Facsimile: (416) 362-0063

or to such other numbers as the parties may specify by written notice under this Article and any facsimile notice shall be deemed to have been received on the date of its transmission provided that if such day is not a business day or it is received after normal business hours on the day of its transmission, it shall be deemed to have been received at the opening of business on the first business day next following the transmission thereof.

### **Section 15.3 Governing Law**

This Contract shall be construed and the provisions thereof interpreted under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. It is acknowledged by the parties that the laws of other jurisdictions may apply to assets located in or otherwise relating to another jurisdiction and that such laws may differ from Ontario and Canadian law.

### **Section 15.4 Access**

The Custodian shall on at least one day's written notice given by the Company, permit an authorized officer or employee of the Company or the Investment Manager and the auditors appointed by the Company to have access to the Custodian's records relating to its duties under this Contract for verification and audit purposes.

### **Section 15.5 Independent Report**

The Custodian shall provide to the Company and the Investment Manager, at such times as the Company or the Investment Manager may reasonably require, a report of its auditors on the accounting system, internal accounting controls and procedures for safeguarding securities and other matters relating to the services provided by the Custodian under this Contract; such reports shall be of sufficient scope and in sufficient detail, as may reasonably be required by the Company or the Investment Manager to provide reasonable assurance that any material inadequacies would be disclosed by such examination, and, if there are no such inadequacies, the reports shall so state.

### **Section 15.6 Assignment**

This Contract shall be binding on and shall inure to the benefit of each party hereto and their respective successors and assigns, provided that, subject to the right of the Custodian to delegate certain of its powers and duties to sub-custodians and agents as provided in Article 4 hereof, no party may assign this Contract or any of its rights or obligations hereunder without the prior written consent of the other parties.

**Section 15.7 Headings not Controlling**

Headings used in this Contract are for reference purposes only and shall not be deemed a part of this Contract.

**Section 15.8 Survival**

All provisions regarding indemnification, warranty, liability and limits thereon shall survive following the expiration or termination of this Contract.

**Section 15.9 Severability**

In the event any provision of this Contract is held illegal, void or unenforceable, the balance shall remain in effect.

**Section 15.10 Counterparts**

This Contract may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and all such counterparts shall together constitute but one and the same Contract.

**Section 15.7 Reference**

The Company agrees that the Custodian may use its name in any advertising or promotional material that the Custodian may publish and distribute.

**THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK**

**IN WITNESS WHEREOF**, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative as of the day and year first written above.

**HIGH INCOME PREFERRED SHARES  
CORPORATION**

By: (signed) "Conor S. Bill"  
\_\_\_\_\_  
Authorized Signatory

**STATE STREET TRUST COMPANY  
CANADA**

By: (signed) "John Folk"  
\_\_\_\_\_  
Authorized Signatory

By: (signed) "Doreen Rigby"  
\_\_\_\_\_  
Authorized Signatory

## Schedule "A"

### List of Sub-Custodians

<b><u>Market</u></b>	<b><u>Subcustodian</u></b>	<b><u>Central Depository</u></b>
Argentina	Citibank, N.A. <i>Bartolome Mitre 530</i> <i>1036 Buenos Aires, Argentina</i>	Caja de Valores S.A.
Australia	Westpac Banking Corporation <i>Westpac Custodian Nominees, Ltd.</i> <i>Level 8, 50 Pitt St.</i> <i>Sydney NSW 2000, Australia</i>	Austraclear Limited
Austria	Erste Bank der österreichischen Sparkassen AG <i>Graben 21</i> <i>A-1010 Vienna, Austria</i>	Oesterreichische Kontrollbank AG (Wertpapiersammelbank Division)
Bahrain	HSBC Bank Middle East (as delegate of The Hongkong and Shanghai Banking Corporation Limited) <i>93 Al Khalifa Avenue</i> <i>Manama, 304 Bahrain</i>	Automated Clearing, Settlement and Central Depository System (CDS) of the Bahrain Stock Exchange
Bangladesh	Standard Chartered Bank <i>18-20, Motijheel Commercial Area</i> <i>Dhaka 1000, Bangladesh</i>	None
Belgium	Fortis Bank nv-sa <i>Securities Division - Custody</i> <i>Montagne du Parc, 3</i> <i>1000 Brussels, Belgium</i>	Caisse Interprofessionnelle de Dépôts et de Virements de Titres S.A.  Banque Nationale de Belgique
Bermuda	Bank of Bermuda Limited <i>6 Front Street</i> <i>Hamilton, HM11 Bermuda</i>	Bermuda Securities Depository
Bolivia	Citibank, N.A. <i>Edif. Multicentro</i> <i>Casilla 260</i> <i>La Paz, Bolivia</i>	None

Brazil	Citibank, N.A. <i>Ave. Paulista 1111 Sao Paulo, Brazil 01311</i>	Companhia Brasileira de Liquidaçao e Custodia Sistema Especial de Liquidação e de Custódia Central de Custódia e de Liquidação Financeira de Titulos Privados
Bulgaria	ING Bank N.V. <i>12 Emil Bersinski Street Ivan Vazov Region, 1408 Sofia, Bulgaria</i>	Central Depository AD  Bulgarian National Bank
Canada	State Street Trust Company Canada <i>30 Adelaide Street East, Suite 1100 Toronto, Ontario M5C 3G6 Canada</i>	The Canadian Depository for Securities Limited
	Royal Bank of Canada Royal Bank Plaza 200 Bay Street Suite 1500 Toronto, Ontario M5J 2J5 Canada	None
Chile	BankBoston, N.A. <i>Enrique Foster 20, piso 5 Las Condes Santiago Chile</i>	Depósito Central de Valores S.A.
People's Republic of China	The Hongkong and Shanghai Banking Corporation Limited, Shanghai and Shenzhen branches <i>34<sup>th</sup> Floor, HSBC Tower 101 Yin Cheng East Road Pudong Shanghai PRC Postal Code: 200120</i>	China Securities Depository and Clearing Corporation Limited, Shanghai Branch  China Securities Depository and Clearing Corporation Limited, Shenzhen Branch
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria <i>Carrera 9A, No. 99-02 Bogota, Colombia</i>	Depósito Centralizado de Valores  Depósito Central de Valores
Croatia	Privredna Banka Zagreb d.d. <i>Savska 28 10000 Zagreb Croatia</i>	Ministry of Finance  National Bank of Croatia

Središnja Depozitarna Agencija d.d.

Cyprus	Cyprus Popular Bank Ltd. <i>Popular Bank Building 154 Limassol Ave. P.O. Box 22032 CY – 1598 Nicosia, Cyprus</i>	None
Czech Republic	Ceskoslovenská Obchodní Banka, A.S. <i>NA Porici 24 110 00 Praha 1, Czech Republic</i>	Stredisko cenných papiru - Česká republika  Czech National Bank
Denmark	Danske Bank A/S <i>2-12 Holmes – Kanal DK – 1092 Copenhagen K, Denmark</i>	Værdipapircentralen (Danish Securities Center)
Ecuador	Citibank, N.A. <i>Ave. Republica del Salvador y Naciones Unidas (Esq.) Quito, Ecuador</i>	None
Egypt	HSBC Bank Egypt S.A.E. (as delegate of The Hongkong and Shanghai Banking Corporation Limited) <i>Abou El Feda Building 3 Abou El Feda Street, Zamalek Cairo 11211, Egypt</i>	Misr for Clearing, Settlement, and Depository S.A.E.
Estonia	Hansabank <i>Liivalaia 8 EE 0001, Tallinn, Estonia</i>	Eesti Väärtpaberite Keskdepositoorium
Finland	Nordea Bank Finland, Plc. <i>FIN-00020 MERITA, Helsinki Finland</i>	Finnish Central Securities Depository
France	BNP Paribas Securities Services, S.A. <i>66, Rue de la Victoire 75002 Paris, France</i>	Euroclear France
Germany	Dresdner Bank AG <i>Neuer Mainzer StraBe, 46-50 Frankfurt am Main D-60301 Germany</i>	Clearstream Banking AG, Frankfurt

BNP Paribas Securities Services, S.A.  
*Grueneburgweg 14*  
*60322 Frankfurt, Germany*

Greece	National Bank of Greece S.A. <i>6, Karageorgi Servias Street</i> <i>Syntagma Square</i> <i>105 62 Athens</i>	Central Securities Depository (Apothetirion Titlon AE)  Bank of Greece, System for Monitoring Transactions in Securities in Book-Entry Form
Hong Kong	Standard Chartered Bank <i>15<sup>th</sup> Floor Standard Chartered Tower</i> <i>388 Kwun Tong Road</i> <i>Kwun Tong Hong Kong</i>	Hong Kong Securities Clearing Company Limited  Central Moneymarkets Unit
Hungary	HVB Bank Hungary Rt. <i>Akademia u. 17.</i> <i>H-1054 Budapest, Hungary</i>	Központi Elszámolóház és Értéktár (Budapest) Rt. (KELER)
India	Deutsche Bank AG <i>Kodak House</i> <i>222 Dr. D.N. Road</i> <i>Fort Mumbai 400 001 India</i>	National Securities Depository Limited  Reserve Bank of India  Central Depository Services India Limited
	The Hongkong and Shanghai Banking Corporation Limited <i>HongkongBank Central Services Centre</i> <i>Sudam Kalu Ahire Marg,</i> <i>Worli, Mumbai 400 025 India</i>	National Securities Depository Limited  Reserve Bank of India  Central Depository Services India Limited
Indonesia	Standard Chartered Bank <i>Standard Chartered Bank Bldg.</i> <i>Jl Jendral Sudirman Kav, 44-A</i> <i>Jakarta 10220, Indonesia</i>	Bank of Indonesia  PT Kustodian Sentral Efek Indonesia
Ireland	Bank of Ireland <i>New Century House</i> <i>IFSC</i> <i>Mayor Street Lower</i> <i>Dublin 1, Ireland</i>	None

Israel	Bank Hapoalim B.M. <i>Sec. Ops. Dept.</i> <i>62 Yehuda Halevi St.</i> <i>65227 Tel Aviv, Israel</i>	Tel Aviv Stock Exchange Clearing House Ltd.
Italy	BNP Paribas Securities Services, S.A. <i>Via Ansperto 5</i> <i>20121 Milano, Italy</i>	Monte Titoli S.p.A.
Jamaica	Scotiabank Jamaica Trust and Merchant Bank Limited <i>30 Duke Street</i> <i>Kingston, Jamaica W.I.</i>	Jamaican Central Securities Depository
Japan	Mizuho Corporate Bank, Ltd. <i>6-7, Nihonbashi-Kabutocho</i> <i>Chou-ku</i> <i>Tokyo 103-0026</i> <i>Japan</i>	Japan Securities Depository Center (JASDEC)  Bank of Japan
	Sumitomo Mitsui Banking Corporation <i>3-2 Marunouchi, 1 Chome</i> <i>Chiyoda-ku, Tokyo</i> <i>100-8210 Japan</i>	Japan Securities Depository Center (JASDEC)  Bank of Japan
Jordan	HSBC Bank Middle East (as delegate of The Hongkong and Shanghai Banking Corporation Limited) <i>5<sup>th</sup> Circle</i> <i>Western Amman, Jordan</i>	None
Kazakhstan	HSBC Bank Kazakhstan (as delegate of The Hongkong and Shanghai Banking Corporation Limited) <i>43 Dostyk Avenue, Almaty 480021</i> <i>Almaty, Kazakhstan</i>	Central Depository of Securities
Kenya	Barclays Bank of Kenya Limited <i>Mezzanine 3, Barclays Plaza</i> <i>Loita Street</i> <i>Nairobi, Kenya</i>	Central Bank of Kenya

Republic of Korea	The Hongkong and Shanghai Banking Corporation Limited <i>HSBC Building #25 1-Ka Bongrae-Dong, Chung-Ku Seoul, Korea</i>	Korea Securities Depository
Latvia	A/s Hansabanka <i>26 Kalku Street Riga, LV-1050 Latvia</i>	Latvian Central Depository
Lebanon	HSBC Bank Middle East (as delegate of The Hongkong and Shanghai Banking Corporation Limited) <i>P.O. Box 11-1380 Riad El Solh Beirut 1107 2080, Lebanon</i>	Custodian and Clearing Center of Financial Instruments for Lebanon and the Middle East (Midclear) S.A.L  Banque du Liban
Lithuania	Vilniaus Bankas AB <i>Gedimino Avenue 12 LT-2600 Vilnius, Lithuania</i>	Central Securities Depository of Lithuania
Malaysia	Standard Chartered Bank Malaysia Berhad <i>2<sup>nd</sup> Floor, 2 Jalan Ampange 50732 Kuala Lumpur, Malaysia</i>	Malaysian Central Depository Sdn. Bhd.  Bank Negara Malaysia
Mauritius	The Hongkong and Shanghai Banking Corporation Limited <i>5/F Les Cascades Building Edith Cavell St Port Louis, Mauritius</i>	Central Depository and Settlement Co. Ltd.  Bank of Mauritius
Mexico	Banco Nacional de México S.A. <i>Banamex, WWSS-3er piso norte Act. Roberto Medellin no. 800 Col. Santa Fe Mexico, D.F. 01210</i>	S.D. Indeval, S.A. de C.V.
Morocco	Banque Commerciale du Maroc <i>2, Bd. Moulay Youssef Casablanca, Morocco</i>	Maroclear
Netherlands	KAS BANK <i>Spuistraat 172 1012 VT Amsterdam, Netherlands</i>	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (NECIGEF)

New Zealand	Westpac Banking Corporation <i>Level 12 Westpac Trust Investment House Corner Willis and Manners St. Wellington, New Zealand</i>	New Zealand Central Securities Depository Limited
Norway	Nordea Bank Norge ASA <i>Essendropsgate 7 PO Box 1166 Sentrum NO-0107 Oslo, Norway</i>	Verdipapirsentralen (Norwegian Central Securities Depository)
Oman	HSBC Bank Middle East (as delegate of The Hongkong and Shanghai Banking Corporation Limited) <i>Bait Al Falaj Office Muscat, Oman</i>	Muscat Depository & Securities Registration Company, SAOC
Pakistan	Deutsche Bank AG <i>Unitowers I.I. Chundrigar Road Karachi, Pakistan</i>	Central Depository Company of Pakistan Limited  State Bank of Pakistan
Palestine	HSBC Bank Middle East (as delegate of The Hongkong and Shanghai Banking Corporation Limited) <i>Jaffa Street Ramallah, West Bank, Palestine</i>	Clearing, Depository and Settlement, a department of the Palestine Stock Exchange
Panama	BankBoston, N.A. <i>Via Espana #22 Panama, Republic of Panama</i>	None
Peru	Citibank, N.A. <i>Av. Camino Real 456, Torre Real, 6<sup>th</sup> Floor Lima 27, Peru</i>	Caja de Valores y Liquidaciones, Institución de Compensación y Liquidación de Valores S.A (CAVALI ICLV S.A)
Philippines	Standard Chartered Bank <i>6788 Ayala Avenue Makati City, Metro Manila Philippines</i>	Philippine Central Depository, Inc.  Registry of Scripless Securities (ROSS) of the Bureau of Treasury

Poland	Bank Handlowy w Warszawie S.A. <i>ul. Senatorska 16 00-923 Warsaw 55 Poland</i>	National Depository of Securities (Krajowy Depozyt Papierów Wartościowych)  Central Treasury Bills Registrar
Portugal	Banco Comercial Português <i>Tagus Park Edificio 1, Piso 1, Ala B 2784-511 Porto Salvo, Portugal</i>	INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.
Qatar	HSBC Bank Middle East (as delegate of The Hongkong and Shanghai Banking Corporation Limited) <i>P. O. Box 57 Doha, Qatar</i>	Central Clearing and Registration (CCR), a department of the Doha Securities Market
Romania	ING Bank N.V. <i>13-15 Kiseleff Blvd. 78334 Bucharest Romania</i>	National Securities Clearing, Settlement and Depository Company  Bucharest Stock Exchange Registry Division  National Bank of Romania
Russia	Credit Suisse First Boston, AO – Moscow <i>Nikitsky per., 5 103009 Moscow Russian Republic</i>	Vneshtorgbank, Bank for Foreign Trade of the Russian Federation
Singapore	The Development Bank of Singapore Limited <i>180 Clemenceau Avenue #03-01/04 Haw Par Centre Singapore 239922</i>	The Central Depository (Pte) Limited  Monetary Authority of Singapore
Slovak Republic	Ceskoslovenská Obchodni Banka A.S. <i>Michalska 18 814 99 Bratislava, Slovak Republic</i>	Stredisko cenných papierov SR, a.s.  National Bank of Slovakia
Slovenia	Bank Austria Creditanstalt d.d. – Ljubljana <i>Kotnikova 5 SI-1000, Ljubljana, Slovenia</i>	KDD - Centralna klirinsko depotna druzba d.d.

South Africa	Standard Bank of South Africa Limited <i>5 Simmonds Street, 5<sup>th</sup> Floor Johannesburg 2001 Republic of South Africa</i>	The Central Depository Limited Share Transactions Totally Electronic (STRATE) Ltd.
	Nedbank Securities & Custodian Services <i>3 Hoofd Street Forum IV Braampark, Braamfontein Republic of South Africa</i>	The Central Depository Limited Share Transactions Totally Electronic (STRATE) Ltd.
Spain	Banco Santander Central Hispano, S.A <i>Foreign Securities Dept. Carretera de Barcelona KM11,700 28022 Madrid, Spain</i>	Servicio de Compensación y Liquidación de Valores, S.A.  Banco de España, Central de Anotaciones en Cuenta
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited <i>24 Sir Barton Jayatilaka Mawatha Colombo 1 Sri Lanka</i>	Central Depository Systems (Pvt) Limited
Sweden	Skandinaviska Enskilda Banken <i>Sergels Torg 2 S-106 40 Stockholm, Sweden</i>	Vardepapperscentralen VPC AB (Swedish Central Securities Depository)
Switzerland	UBS AG <i>Badenenstrasse 574 8098 Zurich, Switzerland</i>	SegaIntersettle AG (SIS)
Taiwan - R.O.C.	Central Trust of China <i>49 Wu Chang Street, Sec. 1 Taipei, Taiwan 0006 Republic of China</i>	Taiwan Securities Central Depository Co., Ltd.
Thailand	Standard Chartered Bank <i>14<sup>th</sup> Floor, Zone B Sathorn Nakorn Tower 100 North Sathorn Road Bangkok 10500, Thailand</i>	Thailand Securities Depository Company Limited
Trinidad & Tobago	Republic Bank Limited <i>9-17 Park Street Port of Spain Rep. of Trinidad &amp; Tobago West Indies</i>	None

Tunisia	Banque Internationale Arabe de Tunisie 70-72 Avenue Habib Bourguiba 1080 Tunis, Tunisia	Societe Tunisienne Interprofessionnelle pour la Compensation et de Dépôts des Valeurs Mobilières
Turkey	Citibank, N.A. Buyukdere Caddessi 100 80280 Esentepe (Maya Center) Istanbul, Turkey	Takas ve Saklama Bankasi A.S. (TAKASBANK)  Central Bank of Turkey
Ukraine	ING Bank Ukraine 28 Kominterna St., 5 <sup>th</sup> Fl. 252032 Kiev, Ukraine	National Bank of Ukraine  Mizhregionalny Fondovy Souz
United Arab Emirates	HSBC Bank Middle East (as delegate of The Hongkong and Shanghai Banking Corporation Limited) 4 <sup>th</sup> floor – Middle East Management Office 321/45/ A1-Suq Road, Bur Dubai United Arab Emirates	Clearing and Depository System, a department of the Dubai Financial Market
United Kingdom	State Street Bank and Trust Company, London Branch Canary Wharf, One Canada Square London E14 5AF, England	None
United States	State Street Bank and Trust Company 225 Franklin Street Boston, MA 02110, United States	Depository Trust Clearing Corporation  Federal Reserve Bank
Uruguay	BankBoston, N.A. Zabala 1463 Montevideo, Uruguay	None
Venezuela	Citibank, N.A. Avenida Casanova Centro Comercial El Recreo Torre Norte, piso 18 Caracas, Venezuela	Banco Central de Venezuela
Vietnam	The Hongkong and Shanghai Banking Corporation Limited The Metropolitan 235 Dong Khoi Street District 1, Ho Chi Minh City Vietnam	Securities Registration, Clearing and Settlement, Depository Department of the Securities Trading Center

Euroclear (The Euroclear System)/State Street London Limited  
*1 Boulevard du Roi Albert II*  
*B-1210 Brussels, Belgium*

Clearstream (Clearstream Banking, S.A.)/State Street London Limited  
*67, Boulevard Grand Duchy Charlotte*  
*L-1010 Luxembourg*

## **SCHEDULE "B.1"**

### **FORM B**

#### **NATIONAL POLICY STATEMENT NO. 41 SHAREHOLDER COMMUNICATION INFORMATION FORM**

As a non-registered security holder of a corporation or other issuer, you have the same right as a registered security holder to vote at annual and special meetings of that issuer. Most common shares carry this privilege, as do preferred shares in certain circumstances. This voting right is provided to registered security holders in securities and corporate legislation and carries with it the right to receive such material as notices of meetings, information circulars, and proxies from the issuer of the securities. As your securities are held in safe custody by State Street Trust Company Canada and not registered in your name, we may provide material directly to you or may, unless you object, provide the issuer with your name, address and extent of security ownership so that the issuer can provide material directly to you. You are also entitled to receive the audited financial statements of the issuer.

You may indicate your desire to receive notice of meetings of security holders, including audited annual financial statements, and proxies entitling you to vote by initialing Option 1 on the attached Form C - Shareholder Communication Instructions.

If you do not wish to receive such material, please initial Option 2 on the attached Form C.

Please indicate whether or not you consent to have your name, address and security holdings disclosed to issuers or other senders of material that is required by law to be delivered to security holders by initialing YES or NO on the attached Form C.

Form C - Shareholder Communication Instructions - covers all securities held in your accounts with State Street Trust Company Canada. Should you have different instructions for a particular security, it should be placed in another account and another Form C in respect of that account completed.

Additional material from the issuer, such as quarterly reports, may be obtained by writing directly to the issuer requesting that your name and address be added to the issuer's supplemental mailing list. We will assist you to do this upon your request.

You may change your instructions at any time by writing to us. Please mail or deliver the enclosed Form C promptly to State Street Trust Company Canada.

If you fail to return Form C:

1. You will not receive proxy-related material in respect of annual meetings of security holders or audited annual financial statements from the issuers of securities held in your account(s) with us unless they are registered in your name.
2. State Street Trust Company Canada may at its option disclose your name, address

and security holdings to issuers of securities held by you and other senders of material required by law to be delivered to security holders.

**SCHEDULE "B.2"**

**FORM C**

**NATIONAL POLICY STATEMENT NO. 41  
SHAREHOLDER COMMUNICATION INSTRUCTIONS**

**TO: STATE STREET TRUST COMPANY CANADA**

We have been provided with and have read the Shareholder Communication Information Form (Form B) and, as our securities held with you are registered in your name or the name of your agent, we request the following arrangements be made as indicated. We understand that the elections apply to all securities held in our account with you that are not registered in our name, unless we have given other instructions regarding securities in another account.

We have indicated our choice by initialing the appropriate selection(s) below.

1. \_\_\_\_\_ Send all material relating to annual or special meetings of security holders, including proxies, and annual audited financial statements to us.
2. \_\_\_\_\_ We do not wish to receive material relating to annual or special meetings of security holders, or audited financial statements of the issuers whose securities we hold.
3. You may disclose our name and security holdings to the issuer of the security or other sender of material required by law to be sent to securities holders in order that, at your option, material may be forwarded to us directly from the issuer or other sender of material.

Yes \_\_\_\_\_ No \_\_\_\_\_

We understand that an issuer is entitled to deliver material to us notwithstanding our instructions in paragraph 2; but is not required to do so.

We understand that these instructions may be changed at any time in writing and that you will use reasonable efforts to act upon changes in instructions where advice is received between record date and meeting date.

Dated this \_\_ day of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_

Name: Conor S. Bill

Title: President, Chief Executive Officer and  
Director

**SCHEDULE "C"**

**INCUMBENCY CERTIFICATE**

HIGH INCOME PREFERRED SHARES CORPORATION, (the "Corporation") hereby certifies that the persons whose names appear below are authorized to act on its behalf, including the authorization to give Proper Instructions, with respect to the Custodian Contract between (name parties to Custodian Contract) and STATE STREET TRUST COMPANY CANADA, as Custodian, dated as of \_\_\_\_\_, 20\_\_\_. The Corporation further certifies that the true signature of each such person is set forth below opposite his name, and that the Custodian may rely upon this certificate until such time as its receives another certificate bearing a later date.

Persons employed with the Company authorized to give Proper Instructions:

NAME	SIGNATURE
<u>Conor S. Bill</u>	_____
<u>Anthony Pampena</u>	_____

Persons employed with the Manager authorized to give Proper Instructions on behalf of the Company:

<u>Michael Giordano</u>	_____
<u>Ravi Sood</u>	_____

Persons employed with the Investment Manager authorized to give Proper Instructions on behalf of the Company:

<u>Beryl McCallum</u>	_____
-----------------------	-------

**HIGH INCOME PREFERRED SHARES CORPORATION**

By: \_\_\_\_\_  
Title:  
Date: