SHAREHOLDERS' AGREEMENT

BETWEEN: **JANE SEGAL**, hereinafter referred to as

"Jane"

AND: **HERSCHEL SEGAL**, hereinafter referred to as

"Herschel"

The above described parties being sometimes referred to individually as a "Shareholder" or collectively as the "Shareholders"

RECITALS

WHEREAS the Shareholders are shareholders of Le Chateau Inc. (the "Corporation");

WHEREAS Jane holds, directly and indirectly, 4,585,700 Class A Shares ("Class A Shares") and 160,000 Class B Shares ("Class B Shares") of the Corporation (collectively and together with any additional shares of the Corporation which Jane might, from time to time acquire, directly or indirectly, other than through the exercise of options issued to her by the Corporation, being herein referred to as the "Jane Shares") as follows:

HOLDER	CLASS A	CLASS B	TOTAL
4410980 Canada Inc.	4,525,700	160,000	4,685,700
Jane Segal through RRSP	60,000	0	60,000
Total	4,585,700	160,000	4,745,700

WHEREAS Jane is the sole shareholder of Jane Silverstone Holdings Inc.;

WHEREAS Jane, through Jane Silverstone Holdings Inc., is the sole shareholder of 4410980 Canada Inc.;

WHEREAS Herschel holds, directly and indirectly, 2,280 Class A Shares and 4,400,000 Class B Shares of the Corporation (collectively and together with any additional shares of the Corporation which Herschel might, from time to time acquire, directly or indirectly, being herein referred to as the "Herschel Shares", and any of the Jane Shares or the Herschel Shares being herein referred to as the "Shares") as follows:

HOLDER	CLASS A	CLASS B	TOTAL
125387 Canada Inc.	2,280	4,400,000	4,402,280

WHEREAS the Shareholders wish to stipulate certain rights and obligations in respect of their relationship towards each other as shareholders of the Corporation;

WHEREAS Herschel, Rainy Day Investments Ltd. (Placements mauvais jours Ltée), the Corporation (then known as Les Magasins chateau du Canada Ltée before corporate name changes and an amalgamation), 125387 Canada Inc. ("Holdco") and Montreal Trust Company are parties to an agreement (the "1983 Agreement") dated December 8, 1983 governing certain matters concerning, *inter alia*, shares of the Corporation;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of these presents and the mutual covenants and agreements herein contained the parties hereto covenant and agree as follows:

1. RECITALS AND DEFINITIONS

1.1 The recitals are true and correct and form an integral part of this agreement.

1.2 The following terms used herein shall have the meaning indicated, unless otherwise specified:

(a) "Applicable Rules" means:

(i) All laws, regulations and policies to which the Corporation and shares of the Corporation are from time to time subject, including, without limitation, laws, regulations and policies of the relevant securities commissions and stock exchanges;

(ii) The Corporation Articles; and

(iii) The 1983 Agreement.

(b) "Corporation Articles" means the articles of the Corporation issued under the *Canada Business Corporations Act*, as such articles have been, or may be, amended from time to time.

(c) **"**Non-Threshold Shares**"** means the Shares held by a Shareholder which are not Threshold Shares;

(d) "Threshold Shares" means:

(i) As regards Herschel Shares:

(A) During the lifetime of Herschel, that number of Class B Shares, the voting rights attached to which in all circumstances, and from time to time, constitute, and would constitute after the completion of any contemplated transaction by reference to which the calculation is made, more than 50% of the voting rights attached to the aggregate of all the then outstanding shares of the Corporation; and

(B) Upon and after the death of Herschel, a number of Shares equal to the number of Herschel Shares which were Threshold Shares immediately before his death;

(ii) As regards Jane, a number of shares, including all her Class B Shares, corresponding to the number of Herschel Shares which, from time to time, are Threshold Shares.

2. CURRENT SHAREHOLDINGS

2.1 It is hereby acknowledged and agreed between the Shareholders that their current respective direct and indirect participation in the capital stock of the Corporation are as reflected in the recitals of this agreement.

3. TRANSFERS AND ENCUMBRANCES OF THRESHOLD SHARES

3.1 Each of the Shareholders undertakes not to directly or indirectly dispose of any Shares, unless:

(a) this agreement is terminated in accordance with 6 hereof; or

(b) the disposition is made to a corporation or partnership, directly or indirectly controlled (and which must continue to be controlled) by the disposing Shareholder, or a trust of which the disposing Shareholder is the principal beneficiary, and provided that the transferee and its shareholders or partners, or the trustees agree in writing to be bound by the provisions of this agreement as if they were the disposing Shareholder, provided, however, that, in the case of Herschel, the Shareholder remains the Beneficial Owner of the Shares as defined in the Corporation Articles, and provided, in the case of Herschel, that the disposition does not result in the requirement of the Shareholder to make any payment under the 1983 Agreement. In the event of a disposition permitted by this paragraph 3.1(b) the disposing Shareholder, the transferee and its shareholders, the partners of the partnership or the trustees, as the case may be, shall be solidarily bound to observe all the terms and conditions of this agreement; or

(c) in the case of death or incapacity of a Shareholder, the disposition is made to such Shareholder’s legal or personal representatives or successors-in-interest, which legal or personal representatives or successors-in-interest will be bound by the terms of this agreement; or

(d) the disposition is otherwise made in accordance with the provisions hereof; or

(e) with the written consent of the other Shareholder..

3.2 No transfer of Shares in violation of this agreement shall be valid.

3.3 The Shareholder shall not directly or indirectly encumber any Shares, except for security interests on Shares put in place in connection with *bona fide* financing arrangements for the purchase price of an acquisition of Shares from the other Shareholder in accordance with this agreement.

3.4 For greater certainty,

(a) the parties confirm that any shares in the Corporation which Jane, might from time to time acquire after the date hereof through the exercise of stock options will not constitute Jane Shares, and will not be subject to the provisions of this agreement;

(b) each of the Shareholders agrees not to directly or indirectly dispose of any Threshold Shares without the written consent of the other Shareholder.

4. <u>RIGHT OF FIRST REFUSAL</u>

4.1 Any Shareholder (the “Offeree”) who receives a *bona fide* offer (the “Independent Offer”) from a third party with whom the Offeree deals at arm’s length (the “Third Party”) to purchase all or a portion of the Offeree’s Non-Threshold Shares (the “RFR Shares”), may sell or transfer the RFR Shares to the Third Party if it first shall have offered to the other Shareholder (the “RFR Offeree”) a right of first refusal to purchase the RFR Shares in accordance with the following provisions:

(a) In the event that an Offeree shall receive an Independent Offer from a Third Party to purchase the RFR Shares, which the Offeree desires to accept, such Offeree shall first give the RFR Offeree the option to purchase the RFR Shares at the same price and upon the same terms and conditions of the Independent Offer by giving notice in writing (the “Notice of Intent”) to the RFR Offeree disclosing all the details of the Independent Offer including, without limitation, the identity of the Offeror, the price and all other terms and conditions of the Independent Offer;

(b) The RFR Offeree shall give the Offeree written notice of its intent to purchase the RFR Shares at the same price and upon the same terms and conditions of the Independent Offer (“RFR Notice of Acceptance”), or written notice of its refusal to purchase the RFR Shares (“RFR Notice of Refusal”), such RFR Notice of Acceptance or RFR Notice of Refusal, as the case may be, to be given within fifteen (15) days following receipt of the Notice of Intent. In the event that the RFR Offeree fails to give any of the notices contemplated in this paragraph within the prescribed delay, the RFR Offeree shall be deemed to have given a RFR Notice of Refusal;

(c) In the event that the RFR Offeree gives a RFR Notice of Acceptance, the RFR Offeree shall purchase the RFR Shares, in accordance with the price, terms and conditions of the Independent Offer, on the fifth (5th) day following the obtaining of all required regulatory approvals or on the fifth (5th) day following receipt of the RFR Notice of Acceptance if no such regulatory approval is required;

(d) In the event that the RFR Offeree gives or is deemed to have given a RFR Notice of Refusal, the Offeree may sell the RFR Shares to the Third Party who made the Independent Offer at a price and upon terms and conditions no more favourable than those of the Independent Offer, provided that the Third Party must purchase the RFR Shares within thirty (30) days from the date of the RFR Notice of Refusal or the date upon which the RFR Notice of Refusal is deemed to have been given, as the case may be (the “RFR Process Period”);

(e) The Offeree will not sell any RFR Shares to a Third Party after the RFR Process Period without complying anew with the procedure herein set forth; and

(f) Where the Offeree is Herschel, the following will apply:

(i) Where Jane is not purchasing the RFR Shares pursuant to this agreement, Herschel will convert any RFR Shares which are Class B Shares into Class A Shares before their sale to the Third Party;

(ii) Where Jane exercises her right to acquire RFR Shares pursuant to this agreement:

(A) to the extent that such exercise would qualify as an “Exempt Offer” as such expression is defined in the Corporation Articles, Herschel, as Offeree, shall not convert such Class B Shares into Class A Shares and will transfer to Jane Class B Shares as RFR Shares; and

(B) to the extent that such exercise would not otherwise qualify as an Exempt Offer, Herschel will, before the completion of the sale, convert to Class A Shares solely such number of Class B Shares which would otherwise be sold to Jane as are required so that the exercise of Jane’s option would constitute an Exempt Offer, and Jane’s exercise of the option will be deemed to so provide.

5. RIGHT OF FIRST OFFER

5.1 If a Shareholder (the “ROFO Offeror”) wishes to sell all or a portion of its Non-Threshold Shares in the absence of an Independent Offer, it first shall make an offer (the “ROFO Offer”) to the other Shareholder (the “ROFO Offeree”) to purchase said Non-Threshold Shares in accordance with the following provisions:

(a) The ROFO Offeror will make a written offer to the ROFO Offeree setting forth the number of Non-Threshold Shares sought to be sold (the “ROFO Shares”) and the price pursuant to which the ROFO Offeror wishes to sell the ROFO Shares (the “ROFO Price”);

(b) Within thirty (30) days following the receipt of the ROFO Offer, the ROFO Offeree shall give the ROFO Offeror:

(i) written notice of its intent to purchase the ROFO Shares at the ROFO Price (the “ROFO Notice of Acceptance”); or

(ii) written notice of its refusal to purchase the ROFO Shares and to make a counter offer (the “ROFO Notice of Refusal”); or

(iii) written notice of its counter offer (the “ROFO Counter Offer”) to purchase the ROFO Shares, or a specified number of ROFO Shares (the “ROFO Counter Offer Shares”) at a price other than the ROFO Price (the “ROFO Counter Offer Price”);

(c) In the event that the ROFO Offeree fails to give any of the three notices within the prescribed delay, the ROFO Offeree will be deemed to have given a ROFO Refusal Notice;

(d) In the event that the ROFO Offeree gives a ROFO Notice of Acceptance, the ROFO Offeree shall purchase the ROFO Shares at the ROFO Price, on the fifth (5th) day following the obtaining of all required regulatory approvals or on the fifth (5th) day following receipt of the ROFO Notice of Acceptance if no such regulatory approval is required;

(e) In the event that the ROFO Offeree gives or is deemed to have given a ROFO Refusal Notice, the ROFO Offeror will be at liberty to sell the ROFO Shares, or any portion thereof, to a Third Party at such price and on such terms as the ROFO Offeror deems appropriate, without further reference to the ROFO Offeree, provided that the sale takes place within ninety (90) days from the date of the making of the ROFO Offer (the “ROFO Process Period”);

(f) In the event that the ROFO Offeree makes a ROFO Counter Offer, the ROFO Offeror shall, within fifteen (15) days following receipt of the ROFO Counter Offer, give the ROFO Offeree a written notice of its intent to accept or refuse the ROFO Counter Offer. If the ROFO Offeror fails to give said notice, the ROFO Offeror shall be deemed to have refused the ROFO Counter Offer:

(i) if the ROFO Counter Offer is accepted;

(A) the ROFO Offeror will sell the ROFO Counter Offer Shares to the ROFO Offeree for the ROFO Counter Offer Price on the fifth (5th) day following the obtaining of all required regulatory approvals or on the fifth (5th) day following acceptance of the ROFO Counter Offer if no such regulatory approval is required; and

(B) if the ROFO Counter Offer was for less than all of the ROFO Shares, the ROFO Offeror will be at liberty, during the ROFO Process Period, to sell up to the number of ROFO Shares which exceeds the number of ROFO Counter Offer Shares, for such price, and on such terms, as the ROFO Offeror deems appropriate;

(ii) if the ROFO Counter Offer is refused, the ROFO Offeror will be at liberty, during the ROFO Process Period:

(A) to sell to a Third Party all or a portion of the number of shares by which the number of ROFO Shares exceeds the number of ROFO Counter Offer Shares, for such price and on such terms as the ROFO Offeror deems appropriate; and

(B) to sell to a Third Party all, but not less than all, of the number of ROFO Counter Offer Shares, but only for a price exceeding the ROFO Counter Offer Price;

(g) The ROFO Offeror will not sell any ROFO Shares to a Third Party after the ROFO Process Period without complying anew with the procedure herein set forth;

(h) Where the ROFO Offeror is Herschel, the following will apply:

(i) Where Jane is not purchasing the ROFO Shares pursuant to this agreement, Herschel will convert any ROFO Shares which are Class B Shares into Class A Shares before their sale to the Third Party;

(ii) Where Jane exercises her right to acquire ROFO Shares pursuant to this agreement:

(A) to the extent that such exercise qualifies as an Exempt Offer as such offer is defined in the Corporation Articles, Herschel, as ROFO Offeror, shall not convert such Class B Shares into Class A Shares and will transfer to Jane Class B Shares as ROFO Shares; and

(B) to the extent that such exercise would not otherwise qualify as an Exempt Offer, Herschel will, before the completion of the sale, convert to Class A shares solely such number of Class B shares which would otherwise be sold to Jane as are required so that the exercise of Jane's option would constitute an Exempt Offer, and Jane's exercise of her option will be deemed to so provide.

6. <u>ADDITIONAL PROVISIONS</u>

6.1 In completing any transactions herein contemplated, and exercising any rights granted to the parties hereunder, each party will be responsible for complying with all Applicable Rules.

6.2 If the exercise by Jane of an option to purchase Class B Shares through the sending of an RFR Notice of Acceptance or a ROFO Notice of Acceptance would, under the Corporation Articles, give rise to a right in favour of holders of Class A Shares to convert Class A Shares to Class B Shares, Herschel will, before the contemplated sale, cause to be converted to Class A Shares solely such number of the Class B Shares which would otherwise be sold to Jane as are required in order not to give rise to a right in favour of the holders of Class A Shares to convert Class A Shares to Class B Shares, and the contemplated sale will proceed with Class A Shares only if a conversion of all the Shares was required or with a combination of Class A Shares and Class B Shares to the extent that only some Class B Shares were required to be converted to Class A Shares, and the exercise of Jane's option will be deemed to so provide.

6.3 For greater certainty, the parties confirm that:

(a) Nothing herein contained will prevent either of the parties from converting Class B Shares into Class A Shares; and

(b) The parties, as Beneficial Owners of the Shares (within the meaning of the Corporation Articles), directly or through controlled corporations, retain the full, absolute and unrestricted power to exercise in all circumstances all voting rights attached to their respective Shares, and nothing contained in this agreement will impair, or be construed so as to impair, such right of exercise.

6.4 The parties acknowledge that the present agreement and certain actions which may be taken pursuant hereto may require certain disclosures under the Applicable Rules. They undertake to cooperate with each other and with the Corporation with respect thereto.

7. <u>TERM AND TERMINATION</u>

7.1 This agreement shall become effective on the date as of which it is executed and shall remain in effect, notwithstanding the death of Herschel, until terminated in accordance herewith.

7.2 This agreement may be terminated:

(a) at any time upon mutual agreement of the Shareholders; or

(b) upon either Shareholder giving ten (10) months prior written notice to the other Shareholder;

and will terminate automatically, without the necessity of notice, in the event of the death of Jane.

7.3 If this agreement is terminated pursuant to the terms of this 6, all obligations of the parties under or pursuant to this agreement will terminate without further liability of any party to the other, provided nothing herein will relieve any party from liability for any breach of this agreement occurring before its termination.

8. <u>NOTICES</u>

8.1 All notices in connection with this agreement shall be in writing and shall be hand-delivered, mailed by registered or certified mail or transmitted by telecopier (fax) or electronic mail. Unless otherwise provided in this agreement, all delays commence upon the actual receipt of a notice. The respective addresses for such notices are:

IF TO Jane:	c/o Le Chateau Inc. 5695 Ferrier Street Mount Royal, QC H4P 1N1
With a copy to:	Ogilvy Renault 1 Place Ville Marie Suite 2500 Montréal, Quebec H3B 1R1 Attention: Mr. Norman Steinberg or Mr. Francis Legault
IF TO Herschel:	c/o New Equity Capital 1310 Greene Avenue Suite 800 Montreal, QC H3Z 2B2
With a copy to:	McMillan LLP 1000 Sherbrooke Street West 27th Floor Montreal, QC H3A 3G4 Attention: Mr. Max Mendelsohn
AND in either case, with a copy to:	Davies Ward Phillips & Vineberg LLP 1501 McGill College Avenue 26th Floor Montreal, QC H3A 3N9 Attention: Mr. Richard D. Cherney or Mr. Neil Kravitz

9. GENERAL PROVISIONS

9.1 Any of the parties may, at any time, give notice of any change of address to all of the others, and after the giving of such notice, the address specified therein shall be such person's address for the purpose of receiving notices.

9.2 Save with respect to any options provided for in this agreement, the rights and recourses of the Shareholders shall be cumulative and not alternative and are not limited by specification.

9.3 No waiver by a Shareholder of any breach hereunder shall be a waiver of any subsequent breach hereunder nor shall any delay or failure to proceed to litigation or to seek a remedy for any breach be a waiver or renunciation of any right or remedy with respect to such breach or any subsequent breach under this agreement.

9.4 This agreement shall be governed by and interpreted in accordance with the laws of the Province of Québec and the laws of Canada applicable therein. Each of the parties hereto irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Québec.

9.5 Each Article and each provision of an Article of this agreement is independent of the other and if any Article or provision thereof is declared invalid, illegal or unenforceable by final judgment of a competent court, then the remaining Articles and provisions shall not be affected by such declaration and shall remain valid, binding and enforceable.

9.6 Unless otherwise dictated by the context, the singular number shall include the plural and vice versa; the masculine shall include the feminine and vice versa, where applicable to firms, companies or corporations, the neuter.

9.7 If the expiry of any delay provided for in this agreement falls on a non-juridical day (as defined in the *Quebec Code of Civil Procedure*), then the delay shall be extended to the next following juridical day.

9.8 The headings of this agreement are for the convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

9.9 The parties hereto agree to do, sign and execute all acts, deeds, documents and corporate proceedings necessary or desirable to give full force and effect to this agreement.

9.10 This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and legal representatives and shall not be assignable or transferable except as provided herein.

9.11 This agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

9.12 This agreement represents the entire agreement between the Shareholders and annuls all previous agreements, whether written or verbal, between them with respect to the same subject matters.

9.13 The parties acknowledge that they have required and consented that this agreement and all related documents be prepared in English. *Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais*

(Signatures on next page)

The parties have executed this agreement at Montreal as of the 10th day of September 2009.

(signed) Jane Segal
JANE SEGAL

(signed) Herschel Segal
HERSCHEL SEGAL

The undersigned declare having taken cognizance of the terms and conditions hereof and agree to be bound by such terms and conditions and to take any measures and execute any documents which may be useful or necessary in order to give full effect to the provisions of this agreement and to refrain from doing any act which may contravene any of the provisions of the present agreement.

Montreal, as of the 10th day of September 2009.

RAINY DAY INVESTMENTS LTD.

Per: *(signed) Herschel Segal*
Herschel Segal, President

125387 CANADA INC.

Per: *(signed) Herschel Segal*
Herschel Segal, President

JANE SILVERSTONE HOLDINGS INC.

Per: *(signed) Jane Segal*
Jane Segal, President

4410980 CANADA INC.

Per: *(signed) Jane Segal*
Jane Segal, President