CANADA

Certificate of Continuance

Canada Business Corporations Act

Certificat de continuation

Loi sur les corporations commerciales canadiennes

CHATEAU STORES OF CANADA LTD. - LES MAGASINS CHATEAU DU CANADA LTEE

Name of Corporation – Nom de la corporation

49380

Number – Numéro

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

Je certifie par les présentes que la corporation mentionnée ci-haut a été continuée en vertu de l'article 181 de la Loi sur les corporations commerciales canadiennes, tel qu'indiqué dans les statuts de continuation ci-joints.

Deputy Director – Directeur

January 27, 1977

Date of Continuance – Date de la continuation

CANADA BUSINESS CORPORATIONS ACT

FORM 11

ARTICLES OF CONTINUANCE (SECTION 131)

LOI SUR LES CORPORATIONS COMMERCIALES CANADIENNES

FORMULE 11

STATUTS DE CONTINUATION (ARTICLE 131)

Corporation — Nom de la corporation

EAU STORES OF CANADA LTD. - LES MAGASINS CHATEAU DU CANADA LTEE

e in Canada where the registered office is to be situated — Lieu au Canada où doit être situé le siège social

Montreal Urban Community,
ince of Quebec.

ses and any maximum number of shares that the corporation ized to issue — Catégories et tout nombre maximal d'actions que la corporation est autorisée à émettre

s A shares without nominal or par value.
s B shares without nominal or par value.

attached Schedule I is incorporated into form.

ons if any on share transfers — Restrictions sur le transfert des actions s'il y a lieu.

attached Schedule II is incorporated this form.

(or minimum and maximum number) of directors — Nombre (ou nombre minimum et maximum) d'administrateurs

less than 1 nor more than 15.

ons if any on businesses the corporation may carry on — Restrictions imposées quant aux entreprises que la corporation peut exploiter, s'il y a lieu

applicable.

ovisions if any — Autres dispositions s'il y a lieu

attached Schedule III is incorporated this form.

N. 1977	Signature	Description of Office — Description du poste: Director

'MENTAL USE ONLY — À L'USAGE DU MINISTÈRE SEULEMENT

lo. — No de la corporation	Filed — Déposée
49380	January 31, 1977

SCHEDULE I

The Class A shares and the Class B shares shall carry and be subject to the following rights, preferences, privileges, restrictions and limitations, that is to say:

(a) The Corporation may, upon giving notice as hereinafter provided, convert the whole or any part of the Class B shares into Class A shares on the basis of one Class A share for each Class B share of any Class B shareholder designated by the directors by resolution or consent. In order to exercise such option, the Corporation may give such holder of the Class B shares by prepaid registered mail addressed to his address appearin on the books of the Corporation notice in writing of the exercise of such option, which notice shall require such holder to surrender the certificate or certificates representing the Class B shares to be converted at the office of the Corporation within 15 days after the mailing of such notice and such holder shall thereupo surrender the certificates representing such Class B shares so to be converted, together with a notice to the Corporation stating the name or names in which he wishes these certificates for Class A shares to be issued and the address to which he wishes such certificates for Class A shares to be sent. The Corporation shall, after receipt of the certificate or certificates representing the Class B shares so surrendered forthwith issue the appropriate number of Class A shares to the holder of the Class B shares so surrendered. After the date so fixed for surrender, the Class B shares shall be deemed to be converted into Class A shares and the holders thereof shall cease to have any rights in respect thereof except the right to receive certificates for Class A shares.

(b) The Corporation may, upon giving notice as hereinafter provided, convert the whole or any part of the Class A shares into Class B shares on the basis of one Class B share for each Class A share of any Class A shareholder designated by the directors by resolution or consent; provided, however, that after any conversion of Class A shares into Class B shares there shall remain not less than 1 Class A share issued and outstanding. In order to exercise such option, the Corporation may give such holder of the Class A shares by prepaid registered mail addressed to his address appearing on the books of the Corporation notice in writing of the exercise of such option, which notice shall require such holder to surrender the certificate or certificates representing the Class A shares to be converted at the office of the Corporation within 15 days after the mailing of such notice and such holder shall thereupon surrender the certificates representing such Class A shares so to be converted, together with a notice to the Corporation stating the name or names in which he wishes these certificates for Class B shares to be issued and the address to which he wishes such certificates for Class B shares to be sent. The Corporation shall, after receipt of the certificate or certificates representing the Class A shares so surrendered forthwith issue the appropriate number of Class B shares to the holder of the Class A shares so surrendered. After the date so fixed for surrender, the Class A shares shall be deemed to be converted into Class B shares and the holders thereof shall cease to have any rights in respect thereof except the right to receive certificates for Class B shares.

(c) The Corporation may, upon giving notice as hereinafter provided, redeem the whole or any part of the Class B shares of any Class B shareholder designated by the directors by resolution or consent on payment for each share to be redeemed of the amount paid thereon, together with all dividends declared thereon and unpaid. Not less than 15 days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the shares to be redeemed, specifying the date and place or places of redemption; if notice of any such redemption be given by the Corporation in the manner aforesaid and an amount sufficient to redeem the shares be deposited with any trust company or chartered bank in Canada as specified in the notice on or before the date fixed for redemption, dividends on the Class B shares to be redeemed shall cease after the date so fixed for redemption and the holders thereof shall thereafter have no rights against the Corporation in respect thereof except upon the surrender of certificates for such shares, to receive payment therefor out of the moneys so deposited; after the redemption price of such shares has been deposited with any trust company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of such Class B shares called for redemption who have failed to present the certificates representing such shares within 1 month of the date specified for redemption that the money has been so deposited and may be obtained by the holders of the said Class B shares upon presentation of the certificates representing such shares called for redemption at the said trust company or chartered bank.

SCHEDULE II

No shares of the capital stock of the Corporation shall be transferred without the consent of the board of directors of the Corporation, signified by a resolution passed by the board, or without the previous consent in writing of all the directors of the Corporation.

SCHEDULE III

1. The number of shareholders of the Corporation shall be limited to 50, not including persons who are in the employment of the Corporation and persons, who, having been formerly in the employment of the Corporation, were, while in that employment, and have continued after the termination of that employment to be shareholders of the Corporation, 2 or more persons holding 1 or more shares jointly being counted as a single shareholder.

2. Any invitation to the public to subscribe for securities of the Corporation is prohibited.

3. Without restricting the generality of section 183 of the Canada Business Corporations Act, the Corporation shall have the power to hypothecate, mortgage or pledge any property, moveable or immoveable, present or future, wheresoever situate, for the purpose of securing any bonds or debentures which it is by law entitled to issue.

(d) In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary the holders of each of the Class A shares and Class B shares shall be entitled to receive an amount equal to 100% of the amount paid thereon and any dividends declared thereon and unpaid and thereafter the Class A shares shall be entitled to the remaining property of the Corporation.

(e) Subject to the provisions of the Canada Business Corporatior Act, the holders of the Class B shares shall not, as such, have any voting rights nor shall they be entitled to attend shareholders' meetings.

(f) The holders of the Class A shares are entitled to attend all shareholders' meetings and shall have one vote for each share held.

(g) The Class A shares and the Class B shares in all other respects shall rank pari passu.

CANADA

Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi sur les sociétés commerciales canadiennes

CHATEAU STORES OF CANADA LTD./
LES MAGASINS CHATEAU DU CANADA LTEE

Name of corporation – Dénomination de la société

49380-5

Number – Numéro

I hereby certify that the Articles of the above-mentioned Corporation were amended	Je certifie par les présentes que les statuts de la société mentionnée ci-haut ont été modifiés
☐ (a) under Section 13 of the Canada Business Corporations Act in accordance with the attached notice;	(a) en vertu de l'article 13 de la Loi sur les sociétés commerciales canadiennes conformément à l'avis ci-joint;
☐ (b) under Section 27 of the Canada Business Corporations Act as set out in the attached Articles of Amendment designating a series of shares;	(b) en vertu de l'article 27 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;
☒ (c) under Section 171 of the Canada Business Corporations Act as set out in the attached Articles of Amendment;	(c) en vertu de l'article 171 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses modificatrices ci-jointes.
☐ (d) under Section 185 of the Canada Business Corporations Act as set out in the attached Articles of Reorganization.	(d) en vertu de l'article 185 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses de réorganisation ci-jointes;
☐ (e) under Section 185.1 of the Canada Business Corporations Act as set out in the attached Articles of Arrangement.	(e) en vertu de l'article 185.1 de la Loi sur les sociétés commerciales canadiennes tel qu'indiqué dans les clauses d'arrangement ci-jointes.

Frederick H. Sparling

Director – Directeur

October 25, 1983

Date of Amendment – Date de la modification

CANADA BUSINESS CORPORATIONS ACT

FORM 4

ARTICLES OF AMENDMENT (SECTION 27 OR 171)

LOI SUR LES SOCIÉTÉS COMMERCIALES CANADIENNES

FORMULE 4

CLAUSES MODIFICATRICES (ARTICLE 27 OU 171)

1 – Name of Corporation – Dénomination de la société

CHATEAU STORES OF CANADA LTD./LES MAGASINS CHATEAU DU CANADA LTEE

2 – Corporation No. – N° de la société

49380

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

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

3.1 The seven hundred thousand (700,000) issued and outstanding Class A shares of the Corporation are hereby divided into three million five hundred thousand (3,500,000) Class A shares;

3.2 Clause 3 and Schedule 1 of the Articles of Continuance are hereby cancelled and replaced by Schedule 1 annexed hereto and incorporated herein by this reference;

3.3 The above mentioned three million five hundred thousand (3,500,000) Class A shares of the Corporation are redesignated and changed into three million five hundred thousand (3,500,000) Class B Voting Shares;

3.4 Clause 5 of the Articles of Continuance is cancelled and replaced by the following clause:

The number of directors of the Corporation shall be not less than three (3) nor more than fifteen (15);

3.5 Schedule II to the Articles of Continuance of the Corporation providing for certain restrictions on the transfer of shares is cancelled and Schedule III to the Articles of Continuance containing restrictions on the number of shareholders of the Corporation and providing for certain borrowing powers of the directors is hereby cancelled and replaced by Schedule 2 annexed hereto and incorporated herein by this reference.

Date	Signature	Description of Office – Description du poste
October 25, 1983	M. Rom[illegible]	Director

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

Filed – Déposée

November 4, 1983

CCA 13F 14 7[illegible]

SCHEDULE 1

The Corporation is authorized to issue an unlimited number of Class A Subordinate Voting Shares, an unlimited number of Class B Voting Shares, an unlimited number of First Preferred Shares issuable in series, an unlimited number of Second Preferred Shares issuable in series, and an unlimited number of Third Preferred Shares issuable in series, as hereinafter provided.

SECTION I - DEFINITIONS

For the purposes of this Schedule:

1.1 "Associate" means in relation to a particular person:

1.1.1 any entity having juridical personality in which that particular person owns shares or securities currently convertible into shares carrying more than ten percent (10%) of the voting rights attaching to all the issued shares of said entity,

1.1.2 any partner of that person,

1.1.3 any trust or succession in which that person has a substantial ownership interest or to which he fulfills a function of a trustee or testamentary executor or similar functions,

1.1.4 the spouse of that person and his children, as well as his relatives and his spouse's relatives, if they share his residence;

1.2 "Beneficial Owner of shares of the Corporation" means for the purposes of subsection 2.5 hereof only:

1.2.1 a person who, or a body corporate which, is the registered and sole beneficial or real owner of shares of the Corporation, or

1.2.2 a person who, or a body corporate which, is the registered and sole beneficial or real owner of shares of another body corporate having attached thereto all voting rights attaching to the shares of such body corporate which itself is a Beneficial Owner of shares of the Corporation under the provisions of paragraph 1.2 hereof;

1.3 "business day" means a day upon which securities are traded on the floor of The Montreal Exchange (or if the Class A Shares are not then listed on The Montreal Exchange, on the principal stock exchange or "over-the-counter market" in Canada on which the Class A Shares are then listed or traded, as the case may be);

1.4 "Class A Shares" means the Class A Subordinate Voting Shares of the Corporation more fully described in Section II hereof;

1.5 "Class B Shares" means the Class B Voting Shares of the Corporation more fully described in Section II hereof;

1.6 "Conversion Period" means the period of time commencing on the first business day after the Offer Date with respect thereto and ending on the last date upon which holders of the Class B Shares may accept such Takeover Bid;

1.7 "Conversion Right" means the conversion right provided for in paragraph 2.4.1 hereof;

1.8 "Converted Shares" means Class B Shares resulting from the exercise of the Conversion Right;

1.9 "Exempt Offer" means:

1.9.1 an Offer which is also and contemporaneously made to purchase or to accept offers to sell Class A Shares outstanding on the Offer Date by the Offeror to all or substantially all the holders of the Class A Shares of record as of the close of business on the first business day prior to the Offer Date except to those holders of Class A Shares whose last respective addresses on the records of the Corporation are in the United States, which provides a consideration for each Class A Share at least equal in value to the consideration for each Class B Share pursuant to the Offer and otherwise on terms and conditions not less favourable than the terms and conditions contained in the Offer with respect to the Class B Shares, and which is for a percentage of the Class A Shares outstanding on the Offer Date at least equal to the percentage of Class B Shares for which the Offer is made; or

1.9.2 in the event that the Class B Shares are at the time listed on a recognized stock exchange an Offer to purchase any number of Class B Shares on a stock exchange in circumstances where a Stock Exchange Takeover Bid Notice is not required; or

1.9.3 an offer made to fourteen (14) or less holders of Class B Shares to purchase from them in the aggregate any number of Class B Shares for a consideration not more than one hundred and fifteen percent (115%) of their market value, as hereinafter determined; for the purposes hereof, the market value of the Class B Shares shall be the weighted average of their trading prices for the last thirty (30) business days prior to the Offer Date, if the Class B Shares are at the time listed on a recognized stock exchange in Canada or traded on an organized "over-the-counter" market in Canada; if the Class B Shares are not then so listed or traded, each Class B Share shall be deemed to have the same market value as a Class A Share and the market value of the Class A Shares shall be determined as aforesaid;

1.10 "First Preferred Shares" means the First Preferred Shares of the Corporation more fully described in Section III hereof;

1.11 "Offer" means an offer to purchase, a solicitation of an offer to sell or an invitation to make an offer to sell more than twenty percent (20%) of the Class B Shares outstanding on the Offer Date, made by the Offeror to all or substantially all the holders of the Class B Shares of record as of the close of business on the first business day prior to the Offer Date except to those whose last respective addresses on the records of the Corporation are in the United States and shall include:

1.11.1 any amended, supplemented or extended Offer,

1.11.2 in the event that the Class B Shares are at the time listed on any recognized stock exchange, any offer made through the facilities of a stock exchange which must, by virtue of the by-laws, regulations or policies of such stock exchange, be preceded and is preceded by a written notice (a "Stock Exchange Take-over Bid Notice") given by or upon the authority of the Offeror thereof notifying holders of Class B

Shares of the fact that such offer will be made through the facilities of such stock exchange and of the date and time at which it will be made, which offer when made will be capable of being accepted by such holders in accordance with applicable legislation and such by-laws, regulations and policies, and

1.11.3 any offer which is an Offer for twenty percent (20%) or less of the Class B Shares outstanding on the Offer Date, where the number of Class B Shares which are the subject of the Offer, together with the Class B Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by or on behalf of the Offeror, or any Associate of the Offeror, amounts in the aggregate to more than twenty percent (20%) of the Class B Shares then outstanding on the Offer Date;

1.12 "Offer Date" means:

1.12.1 with respect to a Takeover Bid which is not preceded by a Stock Exchange Takeover Bid Notice, the date that such Takeover Bid is made; and

1.12.2 with respect to a Takeover Bid which is preceded by a Stock Exchange Takeover Bid Notice, that date which is the second business day following the earlier of (i) the date upon which such Stock Exchange Takeover Bid Notice is first published in a newspaper of general circulation and (ii) the date upon which such Stock Exchange Takeover Bid Notice is first deposited in the Canadian mails for mailing to holders of Class B Shares; provided, however, that if no such publication or mailing is required or occurs, the "Offer Date" shall mean the date on which the Stock Exchange Takeover Bid Notice is accepted for filing by the applicable stock exchange;

1.13 "Offeror" means any person or company, other than an agent, who makes an Offer, including the Corporation, and shall include any persons or companies who make an Offer or Offers acting jointly or in concert;

1.14 "Second Preferred Shares" means the Second Preferred Shares of the Corporation more fully described in Section IV hereof;

1.15 "Segal" means Herschel H. Segal, now President of the Corporation;

1.16 "Stock Exchange Takeover Bid Notice" has the meaning ascribed thereto in paragraph 1.11.2 hereof;

1.17 "Takeover Bid" means an Offer which is not an Exempt Offer; and

1.18 "Third Preferred Shares" means the Third Preferred Shares of the Corporation more fully described in Section V hereof;

1.19 "Transfer Agent" means that party appointed pursuant to subsection 2.7 hereof.

SECTION II - CLASS A SHARES AND CLASS B SHARES

The Class A Shares and the Class B Shares shall carry the following rights, privileges, restrictions and conditions:

2.1 Dividends

2.1.1 Subject to any preference existing at the time in favour of the holders of First Preferred Shares, Second Preferred Shares or Third Preferred Shares and subject to the provisions of the Canada Business Corporations Act, the holders of Class A Shares shall be entitled, if, as and when declared by the board of directors out of the moneys of the Corporation properly applicable to the payment of dividends, to a non-cumulative preferential dividend in each fiscal year equal to five cents ($0.05) per share.

2.1.2 After the non-cumulative preferential dividend of five cents ($0.05) per share shall have been paid in any fiscal year to the holders of Class A Shares, but subject to the preference existing at the time in favour of the holders of the First Preferred Shares, the Second Preferred Shares or the Third Preferred Shares and subject to the provisions of the Canada Business Corporation Act, the holders of Class B Shares shall be entitled, if, as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends, to a non-cumulative preferential dividend in such fiscal year equal to five cents ($0.05) per share.

2.1.3 After the non-cumulative preferential dividend of five cents ($0.05) per share shall have been paid in any fiscal year to the holders of Class B Shares, any further dividends declared in such fiscal year shall be declared and paid in equal amounts per share on all the Class A Shares and all the Class B Shares then outstanding without preference or distinction.

2.1.4 The board of directors may, in declaring any or all such further dividends in addition to the non-cumulative preferential dividend of five cents ($0.05) per share on the Class A Shares and the non-cumulative preferential dividend of five cents ($0.05) per share on the Class B Shares, provide for payment thereof, in whole or in part, by way of a stock dividend of fully paid and non-assessable shares of any class of the Corporation (other than Class B Shares) provided that the directors may pay cash in lieu of any fractional interest in shares that may occur on any such stock dividend.

2.2 Voting Rights

2.2.1 Subject to paragraphs 2.2.3 and 2.2.4 hereof, each holder of Class A Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except class meetings of the holders of other classes of shares, and at all such meetings shall be entitled to one (1) vote in respect of each Class A Share held by him.

2.2.2 Subject to paragraph 2.2.3 hereof, each holder of Class B Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except class meetings of the holders of other classes of shares, and at all such meetings shall be entitled to ten (10) votes in respect of each Class B Share held by him.

2.2.3 The holders of Class A Shares and the holders of Class B Shares shall be entitled to vote separately as a class on matters requiring the approval of shareholders only if such matter affects the Class A Shares in a manner different from the manner in which it affects the Class B Shares.

2.2.4 Notwithstanding any of the foregoing provisions, each holder of Class A Shares shall be entitled to ten (10) votes in respect of each Class A Share held by him on any vote taken by the shareholders to consider any of the following matters:

2.2.4.1 if the Corporation proposes to sell, lease, exchange or otherwise dispose of all or substantially all of its assets;

2.2.4.2 if the Corporation proposes to distribute its assets for the purpose of winding-up its affairs.

2.3 Liquidation, Dissolution or Winding-up

2.3.1 In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of the Class A Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among holders of any other class of shares but subject to any preference existing at the time in favour of First Preferred Shares, Second Preferred Shares or Third Preferred Shares, all preferential dividends declared thereon and still unpaid. After the payment of such amount shall have been made to the holders of the Class A Shares, the holders of the Class B Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of any other shares but subject to any preference existing in favour of First Preferred Shares, Second Preferred Shares or Third Preferred Shares, all preferential dividends declared thereon and still unpaid. Thereafter, but subject always to any preference in favour of the First Preferred Shares, the Second Preferred Shares or the Third Preferred Shares, the holders of the Class A Shares and the holders of the Class B Shares shall be entitled to share equally, share for share, in all further distributions of the assets of the Corporation.

2.4 Conversion Rights - Class A Shares - Takeover Bid

2.4.1 If there shall be a Takeover Bid, then, every director of the Corporation shall be obliged to forthwith inform the Corporation thereof and to supply without restriction to the Corporation any material received from the Offeror, and the Corporation shall forthwith cause all such material to be supplied to the Transfer Agent. From the Offer Date, subject to paragraphs 2.4.2 and 2.4.8 hereof, and during the Conversion Period applicable to such Takeover Bid, each Class A Share shall be convertible at the option of the holder thereof into a Class B Share on the basis of one Class B Share for each Class A Share so converted solely for the purpose of effecting a sale of the Converted Share pursuant to such Takeover Bid as provided in paragraph 2.4.8 hereof. The holder of Class A Shares desiring to convert such Class A Shares, or

part thereof, into Class B Shares on the basis and for the purpose aforesaid, shall deliver to the Transfer Agent during such Conversion Period the share certificate or share certificates representing the Class A Shares which the holder desires to convert accompanied by a written notice, duly executed by such holder or his attorney duly authorized in writing, which notice shall state that such holder elects to convert all or part of the Class A Shares represented by such share certificate or share certificates into Class B Shares, pursuant to the provisions of this subsection 2.4. Such holder shall, in addition, comply with such other reasonable requirements as the Transfer Agent may prescribe with respect to such conversion. As promptly as practicable after the receipt of such notice of election to convert, the delivery of such share certificate or share certificates and compliance with all such other reasonable requirements, the Corporation shall cause the Transfer Agent to issue in the name of the Transfer Agent, for the purpose of effecting such sale as hereinafter in paragraph 2.4.8 provided, a share certificate or share certificates representing the number of Class B Shares into which such Class A Shares have been converted in accordance with the provisions of this paragraph 2.4.1. Subject to paragraph 2.4.8 hereof, such conversion shall be deemed to have been made as and when all conditions precedent to the conversion of such Class A Shares have been fulfilled, and the Transfer Agent shall be deemed to have become at such time the holder of record of the Class B Shares represented thereby, but for and as agent of the holder of the Class A Shares so converted as provided in paragraph 2.4.8 hereof; provided, however, that if the transfer books of the Corporation for Class B Shares shall be closed at such time, the Corporation shall not be required to issue Class B Shares upon such conversion until the time at which such transfer books shall be re-opened and the Transfer Agent shall not be deemed to have become the holder of record of such Class B Shares on behalf of such holder of Class A Shares as aforesaid until the time at which such transfer books shall be re-opened. There shall be no payment or adjustment on account of any unpaid dividends on the Class A Shares converted or on account of any dividends on the Class B Shares resulting from such conversion. In the event that part only of the Class A Shares represented by any share certificate shall be so converted, a share certificate representing such Class A Shares as are not being converted shall be delivered without charge to the converting holder of Class A Shares.

2.4.2 In the case of a Takeover Bid, the Conversion Right shall not come into effect if such Takeover Bid is not completed in accordance with its terms or is abandoned or withdrawn or if not more than twenty percent (20%) of the Class B Shares are taken up and paid for by the Offeror pursuant to the Takeover Bid.

2.4.3 Forthwith upon the expiration of a Takeover Bid, the Transfer Agent shall issue a certificate setting forth the number of Class B Shares, excluding Converted Shares, with respect to which the Takeover Bid has been accepted.

2.4.4 As soon as reasonably possible after any certification by the Transfer Agent pursuant to the preceding paragraph 2.4.3, the Corporation shall cause to be sent to the holders of the Class A Shares notice of and a brief description of the effect of the certification pursuant to said paragraph 2.4.3.

2.4.5 As soon as reasonably possible after the Offer Date, the Corporation shall forward to the Transfer Agent, to each holder of record of Class A Shares and to each other holder of any securities of the Corporation which are convertible into, or exchangeable for, or which carry the right to purchase, Class A Shares (except to those holders whose last respective addresses on the records of the Corporation are in the United States), together with any document which it is obliged by law or otherwise to forward to the holders of Class A Shares or Class B Shares as a result of the Takeover Bid, a copy of the Takeover Bid and all other material furnished by or on behalf of the Offeror, to the holders of Class B Shares in connection with the Takeover Bid unless the Takeover Bid and such other material have already been forwarded to each such holder by or on behalf of the Offeror; the Corporation shall also forward to all such holders a description of the rights of such holders under this subsection 2.4.

2.4.6 In the event that at any time there is more than one Takeover Bid outstanding or if there shall be successive Takeover Bids, then the Conversion Rights attaching to the Class A Shares under this subsection 2.4 shall be determined independently with respect to each of such Takeover Bids, and no right acquired under one of such Takeover Bids shall accrue with respect to any other of such Takeover Bids unless and to the extent such right arises independently under such other Takeover Bid.

2.4.7 In the event that the Offeror or any agent of the Offeror does not provide the information required by the Transfer Agent to determine whether the certification called for by the preceding paragraph 2.4.3 can be given, the Corporation shall be entitled to treat the Offeror as not being, for the purposes of the Canada Business Corporations Act, a *bona fide* purchaser of any shares taken up and paid for under the Takeover Bid, and neither the Corporation nor the Transfer Agent shall in such circumstances register a transfer of any shares acquired or purported to have been acquired by such Offeror.

2.4.8 The conversion of all Class A Shares delivered to the Transfer Agent pursuant to paragraph 2.4.1 hereof for conversion and sale shall be subject to the provisions of this paragraph 2.4.8 and the Corporation shall make all arrangements with the Transfer Agent as are requisite to give effect to this paragraph 2.4.8. All Class A Shares delivered for conversion and sale pursuant to paragraph 2.4.1 of this subsection 2.4 shall, unless withdrawn by the holder of such Class A Shares within the delays provided by applicable law (in which case the Class A Shares forwarded to the Transfer Agent for conversion shall be deemed never to have been converted and shall be returned to such withdrawing shareholder), be converted subject to their being sold pursuant to the Takeover Bid the making of which gave rise to the Conversion Right, and no share certificates for Converted Shares shall be delivered except pursuant to this paragraph 2.4.8. The Transfer Agent shall, for and as agent of the respective holders of such Class A Shares, do and punctually perform all such acts as are necessary so that such Takeover Bid will have been accepted by the Transfer Agent (but for and on behalf of such holders) in consequence of such acts and so that Converted Shares will have been taken up by the Offeror thereunder in respect of the maximum number of the Converted Shares as is possible in accordance with the terms of such Takeover Bid, including, but without limiting the generality of the foregoing, tendering pursuant to such Takeover Bid a certificate or certificates representing all of the Converted Shares if such a tendering is required in order to accept such Takeover Bid, and shall do such acts as are necessary in order to complete the sale by the Transfer Agent (but for and on behalf of such holders) of such of the Converted Shares as are taken up pursuant to such Takeover Bid. In the event that the number of Converted Shares so sold pursuant to such Takeover Bid is less than the total number of Converted Shares resulting from such conversions, the number of such Converted Shares so sold shall be deemed to have been sold by

the Transfer Agent for the account of such holders on a *pro rata* basis (calculated to the nearest whole Converted Share), in proportion to the number of Converted Shares issued to or on behalf of each holder of Class A Shares as a result of such conversions, and in such event, the Conversion Right shall be deemed never to have been effective as regards those Class A Shares which were converted into unsold Converted Shares and all such unsold Converted Shares shall be reconverted into Class A Shares with effect from the respective times that such Converted Shares were issued. Upon completion of such Takeover Bid, the Transfer Agent shall deliver to the respective holders entitled thereto all consideration paid for the Converted Shares by the Offeror who made the Takeover Bid, less the amount of any reasonable direct out-of-pocket expenses incurred by the Transfer Agent in accepting the Takeover Bid and completing the respective sales on behalf of such holders, and shall deliver to such holders share certificates registered in their names representing the number of their respective Class A Shares, if any, as regards which the Conversion Right was not effective in consequence of all of the Converted Shares not having been sold pursuant to the Takeover Bid. If the Takeover Bid is not completed in accordance with its terms and/or not more than twenty percent (20%) of the Class B Shares, excluding Converted Shares, are taken up and paid for by the Offeror, the Conversion Right shall be deemed never to have been effective and all Class A Shares which were so converted into Converted Shares shall be re-converted into Class A Shares with effect from the respective times that such Converted Shares were issued. All Converted Shares taken up and paid for by the Offeror shall from the moment that they are so taken up and paid for, be Class B Shares for all purposes.

2.4.9 In order to give full effect to paragraph 2.4.8, all Converted Shares shall be issued of record in the name of the Transfer Agent, who shall hold them in its name and deal with them and the share certificates representing them, for and as agent of the respective holders of the Class A Shares having been so converted, subject to and in accordance with, and for the purposes of giving effect to, the provisions of paragraph 2.4.8 and paragraph 2.4.10.

2.4.10 Only one-tenth (1/10) of the Converted Shares shall be voted at any meeting of shareholders of the Corporation at which such shares may be voted for so long as such Converted Shares remain registered in the name of the Transfer Agent pursuant to the provisions of this subsection 2.4 and, for such period of time none of such Converted Shares shall be

voted except by or in accordance with the written instructions of the respective persons who according to the records of the Transfer Agent are the beneficial owners thereof. In order to implement the provisions of this paragraph 2.4.10, all proxies empowering persons to vote such Converted Shares at any meeting of the shareholders of the Corporation, which the Transfer Agent may grant upon the written instructions of a beneficial owner of such Converted Shares, shall be limited so that such persons may not vote, in the aggregate, more than one-tenth (1/10) of the total number of Converted Shares which, according to the records of the Transfer Agent, are held by it on behalf of such beneficial owner.

2.5 <u>Conversion Rights - Class A Shares - Change of Control</u>

2.5.1 If at any time Segal ceases to be the Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation, with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares, then all Class A Shares shall forthwith be converted into Class B Shares in accordance with the provisions of paragraph 2.5.2 hereof. Segal will furnish to the Transfer Agent a certificate in the form of an affidavit addressed to such Transfer Agent acting on behalf of all the holders of the Class A Shares in the period between January 15 and February 15 in each year, commencing in 1984, to the effect that he is the Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares and setting forth the particulars of the number and class of shares owned. In the event that on February 15 in any year, commencing in 1984, the Transfer Agent has not received the certificate required under the provisions of this paragraph 2.5.1 for a period from January 15 to such February 15, then the Transfer Agent shall forthwith notify Segal of such failure on his part to furnish the certificate contemplated by the provisions of this paragraph 2.5.1 by way of written notice which the Transfer Agent shall deliver or cause to be delivered to Segal at his address as same shall appear in the director's register of the Corporation; such notice shall also state that unless Segal furnishes the required certificate in the

form required hereunder on or before the expiration of fifteen (15) days following delivery of such notice, the provisions of paragraph 2.5.2 hereof will apply and all Class A Shares then outstanding will be converted into Class B Shares. In addition to the certificate required under the provisions of this paragraph 2.5.1, Segal will furnish to the Transfer Agent (i) copies of every insider report which he is obligated to file pursuant to the provisions of the Securities Act (Québec), the Securities Act (Ontario) and/or the Canada Business Corporations Act and (ii) a certificate in the form of an affidavit, whenever such circumstances may arise, stating that he no longer is the Beneficial Owner of shares of the Corporation, having attached thereto more than fifty percent (50%) of the voting rights attached to all outstanding shares of the Corporation at the time with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares.

2.5.2 If (i) at any time when required to do so Segal cannot furnish the certificate required under the provisions of paragraph 2.5.1 hereof because the matter required to be certified therein cannot then be truthfully so certified or (ii) Segal fails, after the notice contemplated in paragraph 2.5.1 hereof, to furnish such certificate within the stipulated delay, or (iii) the Transfer Agent has determined pursuant to an examination of the insider report of Segal furnished to it pursuant to the provisions of paragraph 2.5.1 hereof and the share register of the Corporation that Segal no longer is Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares or (iv) the Transfer Agent receives from Segal the certificate, in the required form, contemplated in clause (ii) of the last sentence of paragraph 2.5.1 hereof, then forthwith upon the occurrence of any such event, all Class A Shares shall be, for all purposes and forever thereafter, converted into Class B Shares and the Transfer Agent and the Corporation shall become bound to do the following:

2.5.2.1 the Transfer Agent shall, at the expense of the Corporation, send or cause to be sent to all registered holders of Class A Shares at their respective addresses as they appear in the share register of the Corporation a notice stating that all Class A Shares

have been converted into Class B Shares on a one for one basis and that certificates representing Class A Shares may be sent to the Transfer Agent which will issue certificates representing the number of Class B Shares into which the Class A Shares represented by such certificates have been converted upon payment by the holder of such certificate(s) of any applicable governmental or other taxes or conversion fee and of the reasonable expenses of the Transfer Agent incurred in effecting the issue of the certificates representing the Class B Shares, provided, however, that the failure by any holder of Class A Shares to surrender his certificate or certificates representing Class A Shares shall not in any way limit his rights as, and from the occurrence of the aforementioned event, to be treated as, and to be for all purposes, a holder of Class B Shares; and

2.5.2.2 the Corporation shall forthwith take all necessary steps to cause the Class B Shares to be listed on The Montreal Exchange, or if the Class A Shares are not at the time listed on The Montreal Exchange, on The Toronto Stock Exchange or on such exchange or exchanges in Canada on which the Class A Shares are then listed, or if the Class A Shares are no longer listed, then on the "over-the-counter" market on which the Class A Shares are then traded.

2.6 Conversion Rights Class B Shares

2.6.1 Until such time as all Class A Shares have been converted into Class B Shares pursuant to the provisions of subsections 2.4 or 2.5 hereinabove, each holder of a Class B Share shall be entitled, at his option, at any time and from time to time, (subject as hereinafter provided) to convert all or any number of the Class B Shares held by him on the basis of one (1) Class A Share for each Class B Share in respect of which the conversion right is exercised. The conversion right provided for in this subsection 2.6 shall be exercised by notice in writing given to the Transfer Agent accompanied by the certificate representing the Class B Shares which the holder desires to convert. The holder shall pay any governmental or other tax imposed on, or in respect of, such conversion. Upon receipt by the Transfer Agent of such notice and certificate, the Corporation shall issue, or

cause to be issued, to the holder so exercising the conversion right in respect of Class B Shares, a certificate representing Class A Shares on the basis above prescribed and in accordance with the provisions hereof. If less than all of the Class B Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the number of Class B Shares represented by the original certificate which are not being converted.

2.7 Transfer Agent

2.7.1 Prior to the issue of any Class A Shares, the Corporation will appoint a third party with whom it deals at arm's length and which has offices in Montreal and Toronto, to act as transfer agent with respect to the Class A Shares and Class B Shares, and such party will have agreed to perform such duties as are normally performed by a transfer agent and in addition to perform the duties specifically contemplated under subsections 2.4, 2.5 and 2.6 hereinabove. At all times the Transfer Agent for the Class A Shares and the Transfer Agent for the Class B Shares shall be the same party.

2.8 Anti-Dilution Provisions

2.8.1 Except for the issue of Class B Shares upon the conversion of any Class A Shares pursuant to the provisions of subsections 2.4 and 2.5 hereof, no Class B Shares of the Corporation may be issued at any time without the prior approval of the holders of the Class A Shares given by a simple majority of the votes cast at a meeting of the holders of the Class A Shares called for such purpose.

2.8.2 In the event that the Class A Shares or the Class B Shares are at any time subdivided or consolidated, appropriate adjustments shall be made to the rights, privileges, restrictions and conditions attaching to the Class B Shares or the Class A Shares so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes. However, if the number of outstanding shares of any of said classes is subdivided or consolidated prior to the exercise of any conversion right from one class to another, the number of shares of a class into which the share of the other class may be converted shall be proportionately increased or reduced, as the case may be, but no fractions of

shares shall be issued, and in any such case, the Corporation shall issue or cause to be issued in respect of any fraction or fractions a warrant or warrants, transferable by delivery, entitling the holder thereof and of other similar warrants aggregating one (1) full share, upon surrender of such warrants at such place as may be designated therein, to obtain a full share and to receive a share therefor. Such warrants shall be in such forms and terms and shall be subject to such conditions as the directors of the Corporation may determine, and may provide that the holder thereof shall not be a shareholder or be entitled to receive dividends or enjoy any other rights of a shareholder.

2.8.3 Nothing contained in the foregoing provisions shall be deemed in any way to limit or restrict the rights of the Corporation from time to time to take such proceedings as it may deem advisable to increase or reduce its share capital with respect to the Class A Shares or Class B Shares or otherwise in any manner change or deal with the capital of the Corporation or the shares thereof, subject to the provisions made in paragraphs 2.8.1 and 2.8.2.

2.9 <u>Amendments</u>

2.9.1 In addition to the relevant provisions of the Canada Business Corporations Act, if a proposed amendment to the rights, privileges, conditions or restrictions attaching to the Class A Shares or the Class B Shares would affect the rights of the holders of either class of shares in a manner different from that in which the rights of the holders of the other class of shares are affected, such amendment must then, in addition to the approval of shareholders in accordance with the above, be approved by two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Shares and two-thirds (2/3) of the votes cast at a meeting of the holders of the Class B Shares, voting separately as classes.

SECTION III - FIRST PREFERRED SHARES

The First Preferred Shares shall, as a class, carry and be subject to the rights, privileges, restrictions and conditions hereinafter set forth:

3.1 <u>Shares Issued in Series</u>

3.1.1 The First Preferred Shares may be issued at any time and from time to time in one or more series, each series to

consist of such number of First Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

3.2 Rights, Privileges, Restrictions, Conditions

3.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the First Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

3.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

3.2.1.2 the rights of the Corporation, if any, to purchase or redeem the First Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

3.2.1.3 provisions, if any, with respect to the rights of the holders of the First Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

3.2.1.4 the conversion rights, if any, save that First Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

3.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the First Preferred Shares of such series; and

3.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the First Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

3.3 Ranking of Series

3.3.1 The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to priority in payment of dividends and return of capital by way of the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the First Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full in accordance with their respective terms, and on any such return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

3.4 Dividends, Liquidation, Winding-up, Dissolution

3.4.1 The First Preferred Shares shall be entitled to preference over the Class A Shares, the Class B Shares, the Second Preferred Shares and the Third Preferred Shares of the Corporation with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the First Preferred Shares as may be fixed in the case of each such series.

3.5 Conversion Rights Series A

3.5.1 The holders of First Preferred Shares Series A shall have the right to convert any or all of the First Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 3.2.1.

3.6 Conversion Rights Series B

3.6.1 The holders of First Preferred Shares Series B shall have the right to convert any or all of the First Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 3.2.1.

3.6.2 No First Preferred Shares Series B may be issued at any time without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

3.7 Voting

3.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of First Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

SECTION IV - SECOND PREFERRED SHARES

The Second Preferred Shares shall, as a class, carry and be subject to the preferences, rights, privileges, restrictions and conditions hereinafter set forth:

4.1 Shares Issued in Series

4.1.1 The Second Preferred Shares may be issued at any time and from time to time in one or more series, each series to consist of such number of Second Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

4.2 Rights, Privileges, Restrictions, Conditions

4.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the Second Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

4.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

4.2.1.2 the rights of the Corporation, if any, to purchase or redeem the Second Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

4.2.1.3 provisions, if any, with respect to the rights of the holders of the Second Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

4.2.1.4 the conversion rights, if any, save that Second Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

4.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the Second Preferred Shares of such series; and

4.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the Second Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

4.3 <u>Ranking of Series</u>

4.3.1 Each series of Second Preferred Shares shall rank on a parity with every other series of Second Preferred Shares with respect to priority in payment of dividends and return of capital, by way of the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any of such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the Second Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full

in accordance with their respective terms, and on any return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

4.4 Dividends, Liquidation, Winding-up, Dissolution

4.4.1 The Second Preferred Shares shall be entitled to preference over the Class A Shares, the Class B Shares and the Third Preferred Shares of the Corporation with respect to payment of dividends and payment on return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the Second Preferred Shares as may be fixed in the case of each such series.

4.5 Conversion Rights Series A

4.5.1 The holders of Second Preferred Shares Series A shall have the right to convert any or all of the Second Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 4.2.1.

4.6 Conversion Rights Series B

4.6.1 The holders of Second Preferred Shares Series B shall have the right to convert any or all of the Second Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 4.2.1.

4.6.2 No Second Preferred Shares Series B may be issued at any time without the prior approval of the holders of the

Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

4.7 Voting

4.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of Second Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

SECTION V - THIRD PREFERRED SHARES

The Third Preferred Shares shall, as a class, carry and be subject to the preference, rights, privileges, restrictions and conditions hereinafter set forth:

5.1 Shares Issued in Series

5.1.1 The Third Preferred Shares may be issued at any time and from time to time in one or more series, each series to consist of such number of Third Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

5.2 Rights, Privileges, Restrictions, Conditions

5.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the Third Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the Third Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

5.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of

fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

5.2.1.2 the rights of the Corporation, if any, to purchase or redeem the Third Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

5.2.1.3 provisions, if any, with respect to the rights of the holders of the Third Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

5.2.1.4 the conversion rights, if any, save that Third Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

5.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the Third Preferred Shares of such series; and

5.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the Third Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the Third Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

5.3 <u>Ranking of Series</u>

5.3.1 Each series of Third Preferred Shares shall rank on a parity with every other series of Third Preferred Shares with respect to priority in payment of dividends and return of capital, by way of the distribution of assets in the event of

the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any of such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the Third Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full in accordance with their respective terms, and on any return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

5.4 Dividends, Liquidation, Winding-up, Dissolution

5.4.1 The Third Preferred Shares shall be entitled to preference over the Class A Shares and the Class B Shares of the Corporation with respect to payment of dividends and payment on return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the Third Preferred Shares as may be fixed in the case of each such series.

5.5 Conversion Rights Series A

5.5.1 The holders of Third Preferred Shares Series A shall have the right to convert any or all of the Third Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 5.2.1.

5.6 Conversion Rights Series B

5.6.1 The holders of Third Preferred Shares Series B shall have the right to convert any or all of the Third Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 5.2.1.

5.6.2 No Third Preferred Shares Series B may be issued at any time without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

5.7 Voting

5.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of Third Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

SCHEDULE 2

1. Without in any way limiting the powers conferred upon the Corporation and its directors by the Canada Business Corporations Act, the board of directors of the Corporation may from time to time on behalf of the Corporation:

1.1 borrow money upon the credit of the Corporation and limit or increase the amount to be borrowed;

1.2 issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness, guarantees or securities of the Corporation, whether secured or unsecured;

1.3 to the extent permitted by the Canada Business Corporations Act, give guarantees on behalf of the Corporation to secure performance of any obligation of any person or give, directly or indirectly, financial assistance to any person on behalf of the Corporation by means of a loan, guarantee or otherwise;

1.4 hypothecate, mortgage, pledge or otherwise create a security interest in all or any of the real or personal, movable or immovable, present or future, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any present or future debt obligations or any money borrowed or other debt, liability or obligation of the Corporation, including any bonds, debentures, notes, debenture stock, other evidences of indebtedness, guarantees or securities of the Corporation which it is by law entitled to issue and constitute the hypothec, mortgage or pledge above mentioned, by trust deed, in accordance with the applicable provisions of the Special Corporate Power Act (R.S.Q. 1977, c.P-16), or in any other manner; and

1.5 delegate to one or more of the directors or officers of the Corporation all or any of the powers conferred by the foregoing provisions to such extent and in such manner as the board of directors shall determine at the time of each such delegation.

CANADA

Restated Certificate of Incorporation

Canada Business Corporations Act

Certificat de constitution à jour

Loi sur les sociétés commerciales canadiennes

CHATEAU STORES OF CANADA LTD./
LES MAGASINS CHATEAU DU CANADA LTEE

Name of corporation – Dénomination de la société

49380-5

Number – Numero

I hereby certify that the Articles of Incorporation of the above-mentioned Corporation were restated under Section 174 of the Canada Business Corporations Act as set out in the attached Restated Articles of incorporation.

Je certifie par les présentes que les statuts constitutifs de la société mentionnée ci-haut ont été mis à jour en vertu de l'article 174 de la Loi sur les sociétés commerciales canadiennes, tel qu'indiqué dans les statuts de mise à jour ci-joints.

Deputy Director – Directeur

October 25, 1983

Effective Date of Restatement
Date d'entrée en vigueur de la mise à jour

CANADA BUSINESS CORPORATIONS ACT

FORM 7

RESTATED ARTICLES OF INCORPORATION

(SECTION 174)

LOI SUR LES SOCIÉTÉS COMMERCIALES CANADIENNES

FORMULE 7

STATUTS DE MISE À JOUR

(ARTICLE 174)

1 – Name of Corporation – Dénomination de la société

CHATEAU STORES OF CANADA LTD./LES MAGASINS CHATEAU DU CANADA LTEE

Corporation No. – Nº de la société

49380

2 – The place in Canada where the registered office is situated – Lieu au Canada ou est situé le siège social

The Montréal Urban Community, Province of Québec

3 – The classes and any maximum number of shares that the corporation is authorized to issue – Catégories et tout nombre maximal d'actions que la société est autorisée à émettre

The Corporation is authorized to issue five (5) classes of shares designated respectively as Class A Subordinate Voting Shares, Class B Voting Shares, First Preferred Shares issuable in series, Second Preferred Shares issuable in series and Third Preferred Shares issuable in series which carry the rights, privileges, restrictions and conditions set forth in Schedule 1 annexed hereto and incorporated herein by this reference. There is no limitation as to the number of shares of each class which the Corporation is authorized to issue.

4 – Restrictions if any on share transfers – Restrictions sur le transfert des actions s'il y a lieu

n/a

5 – Number (or minimum and maximum number) of directors – Nombre (ou nombre minimum et maximum) d'administrateurs

Not less than three (3) nor more than fifteen (15)

6 – Restrictions if any on business the corporation may carry on – Limites imposées quant aux activités que la société peut exploiter, s'il y a lieu.

n/a

7 – Other provisions if any – Autres dispositions s'il y a lieu

The attached Schedule 2 is incorporated herein by this reference.

The foregoing restated articles of incorporation correctly set out without substantive change, the corresponding provisions of the articles of incorporation as amended and supersede the original articles of incorporation

Cette mise à jour des statuts constitutifs démontre exactement sans changement substantif les dispositions correspondantes des statuts constitutifs tels que modifiés et remplacent les statuts constitutifs originaux.

Date	Signature	Description of Office – Description du poste
October 25,1983	[signature]	Director

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

Filed – Déposée

November 4 1983

SCHEDULE 1

The Corporation is authorized to issue an unlimited number of Class A Subordinate Voting Shares, an unlimited number of Class B Voting Shares, an unlimited number of First Preferred Shares issuable in series, an unlimited number of Second Preferred Shares issuable in series, and an unlimited number of Third Preferred Shares issuable in series, as hereinafter provided.

SECTION I - DEFINITIONS

For the purposes of this Schedule:

1.1 "Associate" means in relation to a particular person:

1.1.1 any entity having juridical personality in which that particular person owns shares or securities currently convertible into shares carrying more than ten percent (10%) of the voting rights attaching to all the issued shares of said entity,

1.1.2 any partner of that person,

1.1.3 any trust or succession in which that person has a substantial ownership interest or to which he fulfills a function of a trustee or testamentary executor or similar functions,

1.1.4 the spouse of that person and his children, as well as his relatives and his spouse's relatives, if they share his residence;

1.2 "Beneficial Owner of shares of the Corporation" means for the purposes of subsection 2.5 hereof only:

1.2.1 a person who, or a body corporate which, is the registered and sole beneficial or real owner of shares of the Corporation, or

1.2.2 a person who, or a body corporate which, is the registered and sole beneficial or real owner of shares of another body corporate having attached thereto all voting rights attaching to the shares of such body corporate which itself is a Beneficial Owner of shares of the Corporation under the provisions of paragraph 1.2 hereof;

1.3 "business day" means a day upon which securities are traded on the floor of The Montreal Exchange (or if the Class A Shares are not then listed on The Montreal Exchange, on the principal stock exchange or "over-the-counter market" in Canada on which the Class A Shares are then listed or traded, as the case may be);

1.4 "Class A Shares" means the Class A Subordinate Voting Shares of the Corporation more fully described in Section II hereof;

1.5 "Class B Shares" means the Class B Voting Shares of the Corporation more fully described in Section II hereof;

1.6 "Conversion Period" means the period of time commencing on the first business day after the Offer Date with respect thereto and ending on the last date upon which holders of the Class B Shares may accept such Takeover Bid;

1.7 "Conversion Right" means the conversion right provided for in paragraph 2.4.1 hereof;

1.8 "Converted Shares" means Class B Shares resulting from the exercise of the Conversion Right;

1.9 "Exempt Offer" means:

1.9.1 an Offer which is also and contemporaneously made to purchase or to accept offers to sell Class A Shares outstanding on the Offer Date by the Offeror to all or substantially all the holders of the Class A Shares of record as of the close of business on the first business day prior to the Offer Date except to those holders of Class A Shares whose last respective addresses on the records of the Corporation are in the United States, which provides a consideration for each Class A Share at least equal in value to the consideration for each Class B Share pursuant to the Offer and otherwise on terms and conditions not less favourable than the terms and conditions contained in the Offer with respect to the Class B Shares, and which is for a percentage of the Class A Shares outstanding on the Offer Date at least equal to the percentage of Class B Shares for which the Offer is made; or

1.9.2 in the event that the Class B Shares are at the time listed on a recognized stock exchange an Offer to purchase any number of Class B Shares on a stock exchange in circumstances where a Stock Exchange Takeover Bid Notice is not required; or

1.9.3 an offer made to fourteen (14) or less holders of Class B Shares to purchase from them in the aggregate any number of Class B Shares for a consideration not more than one hundred and fifteen percent (115%) of their market value, as hereinafter determined; for the purposes hereof, the market value of the Class B Shares shall be the weighted average of their trading prices for the last thirty (30) business days prior to the Offer Date, if the Class B Shares are at the time listed on a recognized stock exchange in Canada or traded on an organized "over-the-counter" market in Canada; if the Class B Shares are not then so listed or traded, each Class B Share shall be deemed to have the same market value as a Class A Share and the market value of the Class A Shares shall be determined as aforesaid;

1.10 "First Preferred Shares" means the First Preferred Shares of the Corporation more fully described in Section III hereof;

1.11 "Offer" means an offer to purchase, a solicitation of an offer to sell or an invitation to make an offer to sell more than twenty percent (20%) of the Class B Shares outstanding on the Offer Date, made by the Offeror to all or substantially all the holders of the Class B Shares of record as of the close of business on the first business day prior to the Offer Date except to those whose last respective addresses on the records of the Corporation are in the United States and shall include:

1.11.1 any amended, supplemented or extended Offer,

1.11.2 in the event that the Class B Shares are at the time listed on any recognized stock exchange, any offer made through the facilities of a stock exchange which must, by virtue of the by-laws, regulations or policies of such stock exchange, be preceded and is preceded by a written notice (a "Stock Exchange Takeover Bid Notice") given by or upon the authority of the Offeror thereof notifying holders of Class B

Shares of the fact that such offer will be made through the facilities of such stock exchange and of the date and time at which it will be made, which offer when made will be capable of being accepted by such holders in accordance with applicable legislation and such by-laws, regulations and policies, and

1.11.3 any offer which is an Offer for twenty percent (20%) or less of the Class B Shares outstanding on the Offer Date, where the number of Class B Shares which are the subject of the Offer, together with the Class B Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by or on behalf of the Offeror, or any Associate of the Offeror, amounts in the aggregate to more than twenty percent (20%) of the Class B Shares then outstanding on the Offer Date;

1.12 "Offer Date" means:

1.12.1 with respect to a Takeover Bid which is not preceded by a Stock Exchange Takeover Bid Notice, the date that such Takeover Bid is made; and

1.12.2 with respect to a Takeover Bid which is preceded by a Stock Exchange Takeover Bid Notice, that date which is the second business day following the earlier of (i) the date upon which such Stock Exchange Takeover Bid Notice is first published in a newspaper of general circulation and (ii) the date upon which such Stock Exchange Takeover Bid Notice is first deposited in the Canadian mails for mailing to holders of Class B Shares; provided, however, that if no such publication or mailing is required or occurs, the "Offer Date" shall mean the date on which the Stock Exchange Takeover Bid Notice is accepted for filing by the applicable stock exchange;

1.13 "Offeror" means any person or company, other than an agent, who makes an Offer, including the Corporation, and shall include any persons or companies who make an Offer or Offers acting jointly or in concert;

1.14 "Second Preferred Shares" means the Second Preferred Shares of the Corporation more fully described in Section IV hereof;

1.15 "Segal" means Herschel H. Segal, now President of the Corporation;

1.16 "Stock Exchange Takeover Bid Notice" has the meaning ascribed thereto in paragraph 1.11.2 hereof;

1.17 "Takeover Bid" means an Offer which is not an Exempt Offer; and

1.18 "Third Preferred Shares" means the Third Preferred Shares of the Corporation more fully described in Section V hereof;

1.19 "Transfer Agent" means that party appointed pursuant to subsection 2.7 hereof.

SECTION II - CLASS A SHARES AND CLASS B SHARES

The Class A Shares and the Class B Shares shall carry the following rights, privileges, restrictions and conditions:

2.1 Dividends

2.1.1 Subject to any preference existing at the time in favour of the holders of First Preferred Shares, Second Preferred Shares or Third Preferred Shares and subject to the provisions of the Canada Business Corporations Act, the holders of Class A Shares shall be entitled, if, as and when declared by the board of directors out of the moneys of the Corporation properly applicable to the payment of dividends, to a non-cumulative preferential dividend in each fiscal year equal to five cents ($0.05) per share.

2.1.2 After the non-cumulative preferential dividend of five cents ($0.05) per share shall have been paid in any fiscal year to the holders of Class A Shares, but subject to the preference existing at the time in favour of the holders of the First Preferred Shares, the Second Preferred Shares or the Third Preferred Shares and subject to the provisions of the Canada Business Corporation Act, the holders of Class B Shares shall be entitled, if, as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends, to a non-cumulative preferential dividend in such fiscal year equal to five cents ($0.05) per share.

2.1.3 After the non-cumulative preferential dividend of five cents ($0.05) per share shall have been paid in any fiscal year to the holders of Class B Shares, any further dividends declared in such fiscal year shall be declared and paid in equal amounts per share on all the Class A Shares and all the Class B Shares then outstanding without preference or distinction.

2.1.4 The board of directors may, in declaring any or all such further dividends in addition to the non-cumulative preferential dividend of five cents ($0.05) per share on the Class A Shares and the non-cumulative preferential dividend of five cents ($0.05) per share on the Class B Shares, provide for payment thereof, in whole or in part, by way of a stock dividend of fully paid and non-assessable shares of any class of the Corporation (other than Class B Shares) provided that the directors may pay cash in lieu of any fractional interest in shares that may occur on any such stock dividend.

2.2 <u>Voting Rights</u>

2.2.1 Subject to paragraphs 2.2.3 and 2.2.4 hereof, each holder of Class A Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except class meetings of the holders of other classes of shares, and at all such meetings shall be entitled to one (1) vote in respect of each Class A Share held by him.

2.2.2 Subject to paragraph 2.2.3 hereof, each holder of Class B Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except class meetings of the holders of other classes of shares, and at all such meetings shall be entitled to ten (10) votes in respect of each Class B Share held by him.

2.2.3 The holders of Class A Shares and the holders of Class B Shares shall be entitled to vote separately as a class on matters requiring the approval of shareholders only if such matter affects the Class A Shares in a manner different from the manner in which it affects the Class B Shares.

2.2.4 Notwithstanding any of the foregoing provisions, each holder of Class A Shares shall be entitled to ten (10) votes in respect of each Class A Share held by him on any vote taken by the shareholders to consider any of the following matters:

2.2.4.1 if the Corporation proposes to sell, lease, exchange or otherwise dispose of all or substantially all of its assets;

2.2.4.2 if the Corporation proposes to distribute its assets for the purpose of winding-up its affairs.

2.3 Liquidation, Dissolution or Winding-up

2.3.1 In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of the Class A Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among holders of any other class of shares but subject to any preference existing at the time in favour of First Preferred Shares, Second Preferred Shares or Third Preferred Shares, all preferential dividends declared thereon and still unpaid. After the payment of such amount shall have been made to the holders of the Class A Shares, the holders of the Class B Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of any other shares but subject to any preference existing in favour of First Preferred Shares, Second Preferred Shares or Third Preferred Shares, all preferential dividends declared thereon and still unpaid. Thereafter, but subject always to any preference in favour of the First Preferred Shares, the Second Preferred Shares or the Third Preferred Shares, the holders of the Class A Shares and the holders of the Class B Shares shall be entitled to share equally, share for share, in all further distributions of the assets of the Corporation.

2.4 Conversion Rights - Class A Shares - Takeover Bid

2.4.1 If there shall be a Takeover Bid, then, every director of the Corporation shall be obliged to forthwith inform the Corporation thereof and to supply without restriction to the Corporation any material received from the Offeror, and the Corporation shall forthwith cause all such material to be supplied to the Transfer Agent. From the Offer Date, subject to paragraphs 2.4.2 and 2.4.8 hereof, and during the Conversion Period applicable to such Takeover Bid, each Class A Share shall be convertible at the option of the holder thereof into a Class B Share on the basis of one Class B Share for each Class A Share so converted solely for the purpose of effecting a sale of the Converted Share pursuant to such Takeover Bid as provided in paragraph 2.4.8 hereof. The holder of Class A Shares desiring to convert such Class A Shares, or

part thereof, into Class B Shares on the basis and for the purpose aforesaid, shall deliver to the Transfer Agent during such Conversion Period the share certificate or share certificates representing the Class A Shares which the holder desires to convert accompanied by a written notice, duly executed by such holder or his attorney duly authorized in writing, which notice shall state that such holder elects to convert all or part of the Class A Shares represented by such share certificate or share certificates into Class B Shares, pursuant to the provisions of this subsection 2.4. Such holder shall, in addition, comply with such other reasonable requirements as the Transfer Agent may prescribe with respect to such conversion. As promptly as practicable after the receipt of such notice of election to convert, the delivery of such share certificate or share certificates and compliance with all such other reasonable requirements, the Corporation shall cause the Transfer Agent to issue in the name of the Transfer Agent, for the purpose of effecting such sale as hereinafter in paragraph 2.4.8 provided, a share certificate or share certificates representing the number of Class B Shares into which such Class A Shares have been converted in accordance with the provisions of this paragraph 2.4.1. Subject to paragraph 2.4.8 hereof, such conversion shall be deemed to have been made as and when all conditions precedent to the conversion of such Class A Shares have been fulfilled, and the Transfer Agent shall be deemed to have become at such time the holder of record of the Class B Shares represented thereby, but for and as agent of the holder of the Class A Shares so converted as provided in paragraph 2.4.8 hereof; provided, however, that if the transfer books of the Corporation for Class B Shares shall be closed at such time, the Corporation shall not be required to issue Class B Shares upon such conversion until the time at which such transfer books shall be re-opened and the Transfer Agent shall not be deemed to have become the holder of record of such Class B Shares on behalf of such holder of Class A Shares as aforesaid until the time at which such transfer books shall be re-opened. There shall be no payment or adjustment on account of any unpaid dividends on the Class A Shares converted or on account of any dividends on the Class B Shares resulting from such conversion. In the event that part only of the Class A Shares represented by any share certificate shall be so converted, a share certificate representing such Class A Shares as are not being converted shall be delivered without charge to the converting holder of Class A Shares.

2.4.2 In the case of a Takeover Bid, the Conversion Right shall not come into effect if such Takeover Bid is not completed in accordance with its terms or is abandoned or withdrawn or if not more than twenty percent (20%) of the Class B Shares are taken up and paid for by the Offeror pursuant to the Takeover Bid.

2.4.3 Forthwith upon the expiration of a Takeover Bid, the Transfer Agent shall issue a certificate setting forth the number of Class B Shares, excluding Converted Shares, with respect to which the Takeover Bid has been accepted.

2.4.4 As soon as reasonably possible after any certification by the Transfer Agent pursuant to the preceding paragraph 2.4.3, the Corporation shall cause to be sent to the holders of the Class A Shares notice of and a brief description of the effect of the certification pursuant to said paragraph 2.4.3.

2.4.5 As soon as reasonably possible after the Offer Date, the Corporation shall forward to the Transfer Agent, to each holder of record of Class A Shares and to each other holder of any securities of the Corporation which are convertible into, or exchangeable for, or which carry the right to purchase, Class A Shares (except to those holders whose last respective addresses on the records of the Corporation are in the United States), together with any document which it is obliged by law or otherwise to forward to the holders of Class A Shares or Class B Shares as a result of the Takeover Bid, a copy of the Takeover Bid and all other material furnished by or on behalf of the Offeror, to the holders of Class B Shares in connection with the Takeover Bid unless the Takeover Bid and such other material have already been forwarded to each such holder by or on behalf of the Offeror; the Corporation shall also forward to all such holders a description of the rights of such holders under this subsection 2.4.

2.4.6 In the event that at any time there is more than one Takeover Bid outstanding or if there shall be successive Takeover Bids, then the Conversion Rights attaching to the Class A Shares under this subsection 2.4 shall be determined independently with respect to each of such Takeover Bids, and no right acquired under one of such Takeover Bids shall accrue with respect to any other of such Takeover Bids unless and to the extent such right arises independently under such other Takeover Bid.

2.4.7 In the event that the Offeror or any agent of the Offeror does not provide the information required by the Transfer Agent to determine whether the certification called for by the preceding paragraph 2.4.3 can be given, the Corporation shall be entitled to treat the Offeror as not being, for the purposes of the Canada Business Corporations Act, a _bona fide_ purchaser of any shares taken up and paid for under the Takeover Bid, and neither the Corporation nor the Transfer Agent shall in such circumstances register a transfer of any shares acquired or purported to have been acquired by such Offeror.

2.4.8 The conversion of all Class A Shares delivered to the Transfer Agent pursuant to paragraph 2.4.1 hereof for conversion and sale shall be subject to the provisions of this paragraph 2.4.8 and the Corporation shall make all arrangements with the Transfer Agent as are requisite to give effect to this paragraph 2.4.8. All Class A Shares delivered for conversion and sale pursuant to paragraph 2.4.1 of this subsection 2.4 shall, unless withdrawn by the holder of such Class A Shares within the delays provided by applicable law (in which case the Class A Shares forwarded to the Transfer Agent for conversion shall be deemed never to have been converted and shall be returned to such withdrawing shareholder), be converted subject to their being sold pursuant to the Takeover Bid the making of which gave rise to the Conversion Right, and no share certificates for Converted Shares shall be delivered except pursuant to this paragraph 2.4.8. The Transfer Agent shall, for and as agent of the respective holders of such Class A Shares, do and punctually perform all such acts as are necessary so that such Takeover Bid will have been accepted by the Transfer Agent (but for and on behalf of such holders) in consequence of such acts and so that Converted Shares will have been taken up by the Offeror thereunder in respect of the maximum number of the Converted Shares as is possible in accordance with the terms of such Takeover Bid, including, but without limiting the generality of the foregoing, tendering pursuant to such Takeover Bid a certificate or certificates representing all of the Converted Shares if such a tendering is required in order to accept such Takeover Bid, and shall do such acts as are necessary in order to complete the sale by the Transfer Agent (but for and on behalf of such holders) of such of the Converted Shares as are taken up pursuant to such Takeover Bid. In the event that the number of Converted Shares so sold pursuant to such Takeover Bid is less than the total number of Converted Shares resulting from such conversions, the number of such Converted Shares so sold shall be deemed to have been sold by

the Transfer Agent for the account of such holders on a *pro rata* basis (calculated to the nearest whole Converted Share), in proportion to the number of Converted Shares issued to or on behalf of each holder of Class A Shares as a result of such conversions, and in such event, the Conversion Right shall be deemed never to have been effective as regards those Class A Shares which were converted into unsold Converted Shares and all such unsold Converted Shares shall be reconverted into Class A Shares with effect from the respective times that such Converted Shares were issued. Upon completion of such Takeover Bid, the Transfer Agent shall deliver to the respective holders entitled thereto all consideration paid for the Converted Shares by the Offeror who made the Takeover Bid, less the amount of any reasonable direct out-of-pocket expenses incurred by the Transfer Agent in accepting the Takeover Bid and completing the respective sales on behalf of such holders, and shall deliver to such holders share certificates registered in their names representing the number of their respective Class A Shares, if any, as regards which the Conversion Right was not effective in consequence of all of the Converted Shares not having been sold pursuant to the Takeover Bid. If the Takeover Bid is not completed in accordance with its terms and/or not more than twenty percent (20%) of the Class B Shares, excluding Converted Shares, are taken up and paid for by the Offeror, the Conversion Right shall be deemed never to have been effective and all Class A Shares which were so converted into Converted Shares shall be re-converted into Class A Shares with effect from the respective times that such Converted Shares were issued. All Converted Shares taken up and paid for by the Offeror shall from the moment that they are so taken up and paid for, be Class B Shares for all purposes.

2.4.9 In order to give full effect to paragraph 2.4.8, all Converted Shares shall be issued of record in the name of the Transfer Agent, who shall hold them in its name and deal with them and the share certificates representing them, for and as agent of the respective holders of the Class A Shares having been so converted, subject to and in accordance with, and for the purposes of giving effect to, the provisions of paragraph 2.4.8 and paragraph 2.4.10.

2.4.10 Only one-tenth (1/10) of the Converted Shares shall be voted at any meeting of shareholders of the Corporation at which such shares may be voted for so long as such Converted Shares remain registered in the name of the Transfer Agent pursuant to the provisions of this subsection 2.4 and, for such period of time none of such Converted Shares shall be

voted except by or in accordance with the written instructions of the respective persons who according to the records of the Transfer Agent are the beneficial owners thereof. In order to implement the provisions of this paragraph 2.4.10, all proxies empowering persons to vote such Converted Shares at any meeting of the shareholders of the Corporation, which the Transfer Agent may grant upon the written instructions of a beneficial owner of such Converted Shares, shall be limited so that such persons may not vote, in the aggregate, more than one-tenth (1/10) of the total number of Converted Shares which, according to the records of the Transfer Agent, are held by it on behalf of such beneficial owner.

2.5 Conversion Rights - Class A Shares - Change of Control

2.5.1 If at any time Segal ceases to be the Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation, with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares, then all Class A Shares shall forthwith be converted into Class B Shares in accordance with the provisions of paragraph 2.5.2 hereof. Segal will furnish to the Transfer Agent a certificate in the form of an affidavit addressed to such Transfer Agent acting on behalf of all the holders of the Class A Shares in the period between January 15 and February 15 in each year, commencing in 1984, to the effect that he is the Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares and setting forth the particulars of the number and class of shares owned. In the event that on February 15 in any year, commencing in 1984, the Transfer Agent has not received the certificate required under the provisions of this paragraph 2.5.1 for a period from January 15 to such February 15, then the Transfer Agent shall forthwith notify Segal of such failure on his part to furnish the certificate contemplated by the provisions of this paragraph 2.5.1 by way of written notice which the Transfer Agent shall deliver or cause to be delivered to Segal at his address as same shall appear in the director's register of the Corporation; such notice shall also state that unless Segal furnishes the required certificate in the

form required hereunder on or before the expiration of fifteen (15) days following delivery of such notice, the provisions of paragraph 2.5.2 hereof will apply and all Class A Shares then outstanding will be converted into Class B Shares. In addition to the certificate required under the provisions of this paragraph 2.5.1, Segal will furnish to the Transfer Agent (i) copies of every insider report which he is obligated to file pursuant to the provisions of the Securities Act (Québec), the Securities Act (Ontario) and/or the Canada Business Corporations Act and (ii) a certificate in the form of an affidavit, whenever such circumstances may arise, stating that he no longer is the Beneficial Owner of shares of the Corporation, having attached thereto more than fifty percent (50%) of the voting rights attached to all outstanding shares of the Corporation at the time with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares.

2.5.2 If (i) at any time when required to do so Segal cannot furnish the certificate required under the provisions of paragraph 2.5.1 hereof because the matter required to be certified therein cannot then be truthfully so certified or (ii) Segal fails, after the notice contemplated in paragraph 2.5.1 hereof, to furnish such certificate within the stipulated delay, or (iii) the Transfer Agent has determined pursuant to an examination of the insider report of Segal furnished to it pursuant to the provisions of paragraph 2.5.1 hereof and the share register of the Corporation that Segal no longer is Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares or (iv) the Transfer Agent receives from Segal the certificate, in the required form, contemplated in clause (ii) of the last sentence of paragraph 2.5.1 hereof, then forthwith upon the occurrence of any such event, all Class A Shares shall be, for all purposes and forever thereafter, converted into Class B Shares and the Transfer Agent and the Corporation shall become bound to do the following:

2.5.2.1 the Transfer Agent shall, at the expense of the Corporation, send or cause to be sent to all registered holders of Class A Shares at their respective addresses as they appear in the share register of the Corporation a notice stating that all Class A Shares

have been converted into Class B Shares on a one for one basis and that certificates representing Class A Shares may be sent to the Transfer Agent which will issue certificates representing the number of Class B Shares into which the Class A Shares represented by such certificates have been converted upon payment by the holder of such certificate(s) of any applicable governmental or other taxes or conversion fee and of the reasonable expenses of the Transfer Agent incurred in effecting the issue of the certificates representing the Class B Shares, provided, however, that the failure by any holder of Class A Shares to surrender his certificate or certificates representing Class A Shares shall not in any way limit his rights as, and from the occurrence of the aforementioned event, to be treated as, and to be for all purposes, a holder of Class B Shares; and

2.5.2.2 the Corporation shall forthwith take all necessary steps to cause the Class B Shares to be listed on The Montreal Exchange, or if the Class A Shares are not at the time listed on The Montreal Exchange, on The Toronto Stock Exchange or on such exchange or exchanges in Canada on which the Class A Shares are then listed, or if the Class A Shares are no longer listed, then on the "over-the-counter" market on which the Class A Shares are then traded.

2.6 <u>Conversion Rights Class B Shares</u>

2.6.1 Until such time as all Class A Shares have been converted into Class B Shares pursuant to the provisions of subsections 2.4 or 2.5 hereinabove, each holder of a Class B Share shall be entitled, at his option, at any time and from time to time, (subject as hereinafter provided) to convert all or any number of the Class B Shares held by him on the basis of one (1) Class A Share for each Class B Share in respect of which the conversion right is exercised. The conversion right provided for in this subsection 2.6 shall be exercised by notice in writing given to the Transfer Agent accompanied by the certificate representing the Class B Shares which the holder desires to convert. The holder shall pay any governmental or other tax imposed on, or in respect of, such conversion. Upon receipt by the Transfer Agent of such notice and certificate, the Corporation shall issue, or

cause to be issued, to the holder so exercising the conversion right in respect of Class B Shares, a certificate representing Class A Shares on the basis above prescribed and in accordance with the provisions hereof. If less than all of the Class B Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the number of Class B Shares represented by the original certificate which are not being converted.

2.7 Transfer Agent

2.7.1 Prior to the issue of any Class A Shares, the Corporation will appoint a third party with whom it deals at arm's length and which has offices in Montreal and Toronto, to act as transfer agent with respect to the Class A Shares and Class B Shares, and such party will have agreed to perform such duties as are normally performed by a transfer agent and in addition to perform the duties specifically contemplated under subsections 2.4, 2.5 and 2.6 hereinabove. At all times the Transfer Agent for the Class A Shares and the Transfer Agent for the Class B Shares shall be the same party.

2.8 Anti-Dilution Provisions

2.8.1 Except for the issue of Class B Shares upon the conversion of any Class A Shares pursuant to the provisions of subsections 2.4 and 2.5 hereof, no Class B Shares of the Corporation may be issued at any time without the prior approval of the holders of the Class A Shares given by a simple majority of the votes cast at a meeting of the holders of the Class A Shares called for such purpose.

2.8.2 In the event that the Class A Shares or the Class B Shares are at any time subdivided or consolidated, appropriate adjustments shall be made to the rights, privileges, restrictions and conditions attaching to the Class B Shares or the Class A Shares so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes. However, if the number of outstanding shares of any of said classes is subdivided or consolidated prior to the exercise of any conversion right from one class to another, the number of shares of a class into which the share of the other class may be converted shall be proportionately increased or reduced, as the case may be, but no fractions of

shares shall be issued, and in any such case, the Corporation shall issue or cause to be issued in respect of any fraction or fractions a warrant or warrants, transferable by delivery, entitling the holder thereof and of other similar warrants aggregating one (1) full share, upon surrender of such warrants at such place as may be designated therein, to obtain a full share and to receive a share therefor. Such warrants shall be in such forms and terms and shall be subject to such conditions as the directors of the Corporation may determine, and may provide that the holder thereof shall not be a shareholder or be entitled to receive dividends or enjoy any other rights of a shareholder.

2.8.3 Nothing contained in the foregoing provisions shall be deemed in any way to limit or restrict the rights of the Corporation from time to time to take such proceedings as it may deem advisable to increase or reduce its share capital with respect to the Class A Shares or Class B Shares or otherwise in any manner change or deal with the capital of the Corporation or the shares thereof, subject to the provisions made in paragraphs 2.8.1 and 2.8.2.

2.9 Amendments

2.9.1 In addition to the relevant provisions of the Canada Business Corporations Act, if a proposed amendment to the rights, privileges, conditions or restrictions attaching to the Class A Shares or the Class B Shares would affect the rights of the holders of either class of shares in a manner different from that in which the rights of the holders of the other class of shares are affected, such amendment must then, in addition to the approval of shareholders in accordance with the above, be approved by two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Shares and two-thirds (2/3) of the votes cast at a meeting of the holders of the Class B Shares, voting separately as classes.

SECTION III - FIRST PREFERRED SHARES

The First Preferred Shares shall, as a class, carry and be subject to the rights, privileges, restrictions and conditions hereinafter set forth:

3.1 Shares Issued in Series

3.1.1 The First Preferred Shares may be issued at any time and from time to time in one or more series, each series to

consist of such number of First Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

3.2 Rights, Privileges, Restrictions, Conditions

3.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the First Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

3.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

3.2.1.2 the rights of the Corporation, if any, to purchase or redeem the First Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

3.2.1.3 provisions, if any, with respect to the rights of the holders of the First Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

3.2.1.4 the conversion rights, if any, save that First Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

3.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the First Preferred Shares of such series; and

3.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the First Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

3.3 Ranking of Series

3.3.1 The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to priority in payment of dividends and return of capital by way of the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the First Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full in accordance with their respective terms, and on any such return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

3.4 Dividends, Liquidation, Winding-up, Dissolution

3.4.1 The First Preferred Shares shall be entitled to preference over the Class A Shares, the Class B Shares, the Second Preferred Shares and the Third Preferred Shares of the Corporation with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the First Preferred Shares as may be fixed in the case of each such series.

3.5 Conversion Rights Series A

3.5.1 The holders of First Preferred Shares Series A shall have the right to convert any or all of the First Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 3.2.1.

3.6 Conversion Rights Series B

3.6.1 The holders of First Preferred Shares Series B shall have the right to convert any or all of the First Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 3.2.1.

3.6.2 No First Preferred Shares Series B may be issued at any time without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

3.7 Voting

3.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of First Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

SECTION IV - SECOND PREFERRED SHARES

The Second Preferred Shares shall, as a class, carry and be subject to the preferences, rights, privileges, restrictions and conditions hereinafter set forth:

4.1 Shares Issued in Series

4.1.1 The Second Preferred Shares may be issued at any time and from time to time in one or more series, each series to consist of such number of Second Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

4.2 Rights, Privileges, Restrictions, Conditions

4.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the Second Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

4.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

4.2.1.2 the rights of the Corporation, if any, to purchase or redeem the Second Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

4.2.1.3 provisions, if any, with respect to the rights of the holders of the Second Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

4.2.1.4 the conversion rights, if any, save that Second Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

4.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the Second Preferred Shares of such series; and

4.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the Second Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

4.3 <u>Ranking of Series</u>

4.3.1 Each series of Second Preferred Shares shall rank on a parity with every other series of Second Preferred Shares with respect to priority in payment of dividends and return of capital, by way of the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any of such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the Second Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full

in accordance with their respective terms, and on any return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

4.4 Dividends, Liquidation, Winding-up, Dissolution

4.4.1 The Second Preferred Shares shall be entitled to preference over the Class A Shares, the Class B Shares and the Third Preferred Shares of the Corporation with respect to payment of dividends and payment on return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the Second Preferred Shares as may be fixed in the case of each such series.

4.5 Conversion Rights Series A

4.5.1 The holders of Second Preferred Shares Series A shall have the right to convert any or all of the Second Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 4.2.1.

4.6 Conversion Rights Series B

4.6.1 The holders of Second Preferred Shares Series B shall have the right to convert any or all of the Second Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 4.2.1.

4.6.2 No Second Preferred Shares Series B may be issued at any time without the prior approval of the holders of the

Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

4.7 Voting

4.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of Second Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

SECTION V - THIRD PREFERRED SHARES

The Third Preferred Shares shall, as a class, carry and be subject to the preference, rights, privileges, restrictions and conditions hereinafter set forth:

5.1 Shares Issued in Series

5.1.1 The Third Preferred Shares may be issued at any time and from time to time in one or more series, each series to consist of such number of Third Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

5.2 Rights, Privileges, Restrictions, Conditions

5.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the Third Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the Third Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

5.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of

fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

5.2.1.2 the rights of the Corporation, if any, to purchase or redeem the Third Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

5.2.1.3 provisions, if any, with respect to the rights of the holders of the Third Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

5.2.1.4 the conversion rights, if any, save that Third Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

5.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the Third Preferred Shares of such series; and

5.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the Third Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the Third Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

5.3 Ranking of Series

5.3.1 Each series of Third Preferred Shares shall rank on a parity with every other series of Third Preferred Shares with respect to priority in payment of dividends and return of capital, by way of the distribution of assets in the event of

the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any of such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the Third Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full in accordance with their respective terms, and on any return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

5.4 Dividends, Liquidation, Winding-up, Dissolution

5.4.1 The Third Preferred Shares shall be entitled to preference over the Class A Shares and the Class B Shares of the Corporation with respect to payment of dividends and payment on return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the Third Preferred Shares as may be fixed in the case of each such series.

5.5 Conversion Rights Series A

5.5.1 The holders of Third Preferred Shares Series A shall have the right to convert any or all of the Third Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 5.2.1.

5.6 Conversion Rights Series B

5.6.1 The holders of Third Preferred Shares Series B shall have the right to convert any or all of the Third Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 5.2.1.

5.6.2 No Third Preferred Shares Series B may be issued at any time without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

5.7 Voting

5.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of Third Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

SCHEDULE 2

1. Without in any way limiting the powers conferred upon the Corporation and its directors by the Canada Business Corporations Act, the board of directors of the Corporation may from time to time on behalf of the Corporation:

1.1 borrow money upon the credit of the Corporation and limit or increase the amount to be borrowed;

1.2 issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness, guarantees or securities of the Corporation, whether secured or unsecured;

1.3 to the extent permitted by the Canada Business Corporations Act, give guarantees on behalf of the Corporation to secure performance of any obligation of any person or give, directly or indirectly, financial assistance to any person on behalf of the Corporation by means of a loan, guarantee or otherwise;

1.4 hypothecate, mortgage, pledge or otherwise create a security interest in all or any of the real or personal, movable or immovable, present or future, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any present or future debt obligations or any money borrowed or other debt, liability or obligation of the Corporation, including any bonds, debentures, notes, debenture stock, other evidences of indebtedness, guarantees or securities of the Corporation which it is by law entitled to issue and constitute the hypothec, mortgage or pledge above mentioned, by trust deed, in accordance with the applicable provisions of the Special Corporate Power Act (R.S.Q. 1977, c.P-16), or in any other manner; and

1.5 delegate to one or more of the directors or officers of the Corporation all or any of the powers conferred by the foregoing provisions to such extent and in such manner as the board of directors shall determine at the time of each such delegation.

CANADA

Certificate of Amalgamation

Canada Business Corporations Act

Certificat de fusion

Loi sur les sociétés commerciales canadiennes

CHATEAU STORES OF CANADA LTD.
LES MAGASINS CHATEAU DU CANADA LTÉE

Name of corporation – Dénomination de la société

217537-1

Number – Numéro

I hereby certify that the above-mentioned Corporation resulted from the amalgamation of the following Corporations under Section 179 of the Canada Business Corporations Act, as set out in the attached articles of Amalgamation.

Je certifie par les présentes que la société mentionnée ci-haut résulte de la fusion des sociétés ci-dessous, en vertu de l'article 179 de la Loi sur les sociétés commerciales canadiennes, tel qu'indiqué dans les statuts de fusion ci-joints.

Frederick H. Sparling

Director – Directeur

April 5, 1987
le 5 avril 1987

Date of Amalgamation – Date de fusion

CANADA BUSINESS
CORPORATIONS ACT
FORM 9
ARTICLES OF AMALGAMATION
(SECTION 179)

1 - Name of Amalgamated Corporation

CHATEAU STORES OF CANADA LTD.
LES MAGASINS CHATEAU DU CANADA LTÉE

2 - The place within Canada where the registered office is to be situated

Montreal Urban Community, Province of Quebec

3 - The classes and any maximum number of shares that the Corporation is authorized to issue

The Corporation is authorized to issue five (5) classes of shares designated respectively as Class A Subordinate Voting Shares, Class B Voting Shares, First Preferred Shares issuable in series, Second Preferred Shares issuable in series and Third Preferred Shares issuable in series which carry the rights, privileges, restrictions and conditions set forth in Schedule 1 annexed hereto and incorporated herein by this reference. There is no limitation as to the number of shares of each class which the Corporation is authorized to issue.

4 - Restrictions if any on share transfers

None.

5 - Number (or minimum and maximum number) of directors

Not less than three (3) nor more than fifteen (15).

6 - Restrictions if any on business the Corporation may carry on

None.

.../2

7 - Other provisions if any

The attached Schedule 2 is incorporated herein by this reference.

8 - The amalgamation has been approved by a resolution of the directors of each of the amalgamating corporations listed in item 10 below in accordance with Section 178 of the Canada Business Corporations Act. These articles of amalgamation are the same as the articles of incorporation of CHATEAU STORES OF CANADA LTD. - LES MAGASINS CHATEAU DU CANADA LTÉE.

9 - Name of the amalgamating corporation the by-laws of which are to be the by-laws of the amalgamated corporation.

CHATEAU STORES OF CANADA LTD.
LES MAGASINS CHATEAU DU CANADA LTÉE

10 - Name of Amalgamating Corporations

(a) CHATEAU STORES OF CANADA LTD. -
LES MAGASINS CHATEAU DU CANADA LTÉE
(b) DOMINATO FASHIONS INC. -
LES MODES DOMINATO INC.

Corporation Nos.

(a) 049380-5
(b) 185962-5

Date

March 31, 1987

(a) Signature

Nina Cherney

Nina Cherney

Description of Office

Secretary

Date

March 31, 1987

(b) Signature

Nina Cherney

Nina Cherney

Description of Office

Secretary

Corporation No. 217537-1

FILED: April 2, 1987

SCHEDULE 1

The Corporation is authorized to issue an unlimited number of Class A Subordinate Voting Shares, an unlimited number of Class B Voting Shares, an unlimited number of First Preferred Shares issuable in series, an unlimited number of Second Preferred Shares issuable in series, and an unlimited number of Third Preferred Shares issuable in series, as hereinafter provided.

SECTION I - DEFINITIONS

For the purposes of this Schedule:

1.1 "Associate" means in relation to a particular person:

1.1.1 any entity having juridical personality in which that particular person owns shares or securities currently convertible into shares carrying more than ten percent (10%) of the voting rights attaching to all the issued shares of said entity,

1.1.2 any partner of that person,

1.1.3 any trust or succession in which that person has a substantial ownership interest or to which he fulfills a function of a trustee or testamentary executor or similar functions,

1.1.4 the spouse of that person and his children, as well as his relatives and his spouse's relatives, if they share his residence;

1.2 "Beneficial Owner of shares of the Corporation" means for the purposes of subsection 2.5 hereof only:

1.2.1 a person who, or a body corporate which, is the registered and sole beneficial or real owner of shares of the Corporation, or

1.2.2 a person who, or a body corporate which, is the registered and sole beneficial or real owner of shares of another body corporate having attached thereto all voting rights attaching to the shares of such body corporate which itself is a Beneficial Owner of shares of the Corporation under the provisions of paragraph 1.2 hereof;

1.3 "business day" means a day upon which securities are traded on the floor of The Montreal Exchange (or if the Class A Shares are not then listed on The Montreal Exchange, on the principal stock exchange or "over-the-counter market" in Canada on which the Class A Shares are then listed or traded, as the case may be);

1.4 "Class A Shares" means the Class A Subordinate Voting Shares of the Corporation more fully described in Section II hereof;

1.5 "Class B Shares" means the Class B Voting Shares of the Corporation more fully described in Section II hereof;

1.6 "Conversion Period" means the period of time commencing on the first business day after the Offer Date with respect thereto and ending on the last date upon which holders of the Class B Shares may accept such Takeover Bid;

1.7 "Conversion Right" means the conversion right provided for in paragraph 2.4.1 hereof;

1.8 "Converted Shares" means Class B Shares resulting from the exercise of the Conversion Right;

1.9 "Exempt Offer" means:

1.9.1 an Offer which is also and contemporaneously made to purchase or to accept offers to sell Class A Shares outstanding on the Offer Date by the Offeror to all or substantially all the holders of the Class A Shares of record as of the close of business on the first business day prior to the Offer Date except to those holders of Class A Shares whose last respective addresses on the records of the Corporation are in the United States, which provides a consideration for each Class A Share at least equal in value to the consideration for each Class B Share pursuant to the Offer and otherwise on terms and conditions not less favourable than the terms and conditions contained in the Offer with respect to the Class B Shares, and which is for a percentage of the Class A Shares outstanding on the Offer Date at least equal to the percentage of Class B Shares for which the Offer is made; or

1.9.2 in the event that the Class B Shares are at the time listed on a recognized stock exchange an Offer to purchase any number of Class B Shares on a stock exchange in circumstances where a Stock Exchange Takeover Bid Notice is not required; or

1.9.3 an offer made to fourteen (14) or less holders of Class B Shares to purchase from them in the aggregate any number of Class B Shares for a consideration not more than one hundred and fifteen percent (115%) of their market value, as hereinafter determined; for the purposes hereof, the market value of the Class B Shares shall be the weighted average of their trading prices for the last thirty (30) business days prior to the Offer Date, if the Class B Shares are at the time listed on a recognized stock exchange in Canada or traded on an organized "over-the-counter" market in Canada; if the Class B Shares are not then so listed or traded, each Class B Share shall be deemed to have the same market value as a Class A Share and the market value of the Class A Shares shall be determined as aforesaid;

1.10 "First Preferred Shares" means the First Preferred Shares of the Corporation more fully described in Section III hereof;

1.11 "Offer" means an offer to purchase, a solicitation of an offer to sell or an invitation to make an offer to sell more than twenty percent (20%) of the Class B Shares outstanding on the Offer Date, made by the Offeror to all or substantially all the holders of the Class B Shares of record as of the close of business on the first business day prior to the Offer Date except to those whose last respective addresses on the records of the Corporation are in the United States and shall include:

1.11.1 any amended, supplemented or extended Offer,

1.11.2 in the event that the Class B Shares are at the time listed on any recognized stock exchange, any offer made through the facilities of a stock exchange which must, by virtue of the by-laws, regulations or policies of such stock exchange, be preceded and is preceded by a written notice (a "Stock Exchange Take-over Bid Notice") given by or upon the authority of the Offeror thereof notifying holders of Class B

Shares of the fact that such offer will be made through the facilities of such stock exchange and of the date and time at which it will be made, which offer when made will be capable of being accepted by such holders in accordance with applicable legislation and such by-laws, regulations and policies, and

1.11.3 any offer which is an Offer for twenty percent (20%) or less of the Class B Shares outstanding on the Offer Date, where the number of Class B Shares which are the subject of the Offer, together with the Class B Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by or on behalf of the Offeror, or any Associate of the Offeror, amounts in the aggregate to more than twenty percent (20%) of the Class B Shares then outstanding on the Offer Date;

1.12 "Offer Date" means:

1.12.1 with respect to a Takeover Bid which is not preceded by a Stock Exchange Takeover Bid Notice, the date that such Takeover Bid is made; and

1.12.2 with respect to a Takeover Bid which is preceded by a Stock Exchange Takeover Bid Notice, that date which is the second business day following the earlier of (i) the date upon which such Stock Exchange Takeover Bid Notice is first published in a newspaper of general circulation and (ii) the date upon which such Stock Exchange Takeover Bid Notice is first deposited in the Canadian mails for mailing to holders of Class B Shares; provided, however, that if no such publication or mailing is required or occurs, the "Offer Date" shall mean the date on which the Stock Exchange Takeover Bid Notice is accepted for filing by the applicable stock exchange;

1.13 "Offeror" means any person or company, other than an agent, who makes an Offer, including the Corporation, and shall include any persons or companies who make an Offer or Offers acting jointly or in concert;

1.14 "Second Preferred Shares" means the Second Preferred Shares of the Corporation more fully described in Section IV hereof;

1.15 "Segal" means Herschel H. Segal, now President of the Corporation;

1.16 "Stock Exchange Takeover Bid Notice" has the meaning ascribed thereto in paragraph 1.11.2 hereof;

1.17 "Takeover Bid" means an Offer which is not an Exempt Offer; and

1.18 "Third Preferred Shares" means the Third Preferred Shares of the Corporation more fully described in Section V hereof;

1.19 "Transfer Agent" means that party appointed pursuant to subsection 2.7 hereof.

SECTION II - CLASS A SHARES AND CLASS B SHARES

The Class A Shares and the Class B Shares shall carry the following rights, privileges, restrictions and conditions:

2.1 Dividends

2.1.1 Subject to any preference existing at the time in favour of the holders of First Preferred Shares, Second Preferred Shares or Third Preferred Shares and subject to the provisions of the Canada Business Corporations Act, the holders of Class A Shares shall be entitled, if, as and when declared by the board of directors out of the moneys of the Corporation properly applicable to the payment of dividends, to a non-cumulative preferential dividend in each fiscal year equal to five cents ($0.05) per share.

2.1.2 After the non-cumulative preferential dividend of five cents ($0.05) per share shall have been paid in any fiscal year to the holders of Class A Shares, but subject to the preference existing at the time in favour of the holders of the First Preferred Shares, the Second Preferred Shares or the Third Preferred Shares and subject to the provisions of the Canada Business Corporation Act, the holders of Class B Shares shall be entitled, if, as and when declared by the directors out of the moneys of the Corporation properly applicable to the payment of dividends, to a non-cumulative preferential dividend in such fiscal year equal to five cents ($0.05) per share.

2.1.3 After the non-cumulative preferential dividend of five cents ($0.05) per share shall have been paid in any fiscal year to the holders of Class B Shares, any further dividends declared in such fiscal year shall be declared and paid in equal amounts per share on all the Class A Shares and all the Class B Shares then outstanding without preference or distinction.

2.1.4 The board of directors may, in declaring any or all such further dividends in addition to the non-cumulative preferential dividend of five cents ($0.05) per share on the Class A Shares and the non-cumulative preferential dividend of five cents ($0.05) per share on the Class B Shares, provide for payment thereof, in whole or in part, by way of a stock dividend of fully paid and non-assessable shares of any class of the Corporation (other than Class B Shares) provided that the directors may pay cash in lieu of any fractional interest in shares that may occur on any such stock dividend.

2.2 Voting Rights

2.2.1 Subject to paragraphs 2.2.3 and 2.2.4 hereof, each holder of Class A Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except class meetings of the holders of other classes of shares, and at all such meetings shall be entitled to one (1) vote in respect of each Class A Share held by him.

2.2.2 Subject to paragraph 2.2.3 hereof, each holder of Class B Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except class meetings of the holders of other classes of shares, and at all such meetings shall be entitled to ten (10) votes in respect of each Class B Share held by him.

2.2.3 The holders of Class A Shares and the holders of Class B Shares shall be entitled to vote separately as a class on matters requiring the approval of shareholders only if such matter affects the Class A Shares in a manner different from the manner in which it affects the Class B Shares.

2.2.4 Notwithstanding any of the foregoing provisions, each holder of Class A Shares shall be entitled to ten (10) votes in respect of each Class A Share held by him on any vote taken by the shareholders to consider any of the following matters:

2.2.4.1 if the Corporation proposes to sell, lease, exchange or otherwise dispose of all or substantially all of its assets;

2.2.4.2 if the Corporation proposes to distribute its assets for the purpose of winding-up its affairs.

2.3 Liquidation, Dissolution or Winding-up

2.3.1 In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of the Class A Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among holders of any other class of shares but subject to any preference existing at the time in favour of First Preferred Shares, Second Preferred Shares or Third Preferred Shares, all preferential dividends declared thereon and still unpaid. After the payment of such amount shall have been made to the holders of the Class A Shares, the holders of the Class B Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of any other shares but subject to any preference existing in favour of First Preferred Shares, Second Preferred Shares or Third Preferred Shares, all preferential dividends declared thereon and still unpaid. Thereafter, but subject always to any preference in favour of the First Preferred Shares, the Second Preferred Shares or the Third Preferred Shares, the holders of the Class A Shares and the holders of the Class B Shares shall be entitled to share equally, share for share, in all further distributions of the assets of the Corporation.

2.4 Conversion Rights - Class A Shares - Takeover Bid

2.4.1 If there shall be a Takeover Bid, then, every director of the Corporation shall be obliged to forthwith inform the Corporation thereof and to supply without restriction to the Corporation any material received from the Offeror, and the Corporation shall forthwith cause all such material to be supplied to the Transfer Agent. From the Offer Date, subject to paragraphs 2.4.2 and 2.4.8 hereof, and during the Conversion Period applicable to such Takeover Bid, each Class A Share shall be convertible at the option of the holder thereof into a Class B Share on the basis of one Class B Share for each Class A Share so converted solely for the purpose of effecting a sale of the Converted Share pursuant to such Takeover Bid as provided in paragraph 2.4.8 hereof. The holder of Class A Shares desiring to convert such Class A Shares, or

part thereof, into Class B Shares on the basis and for the purpose aforesaid, shall deliver to the Transfer Agent during such Conversion Period the share certificate or share certificates representing the Class A Shares which the holder desires to convert accompanied by a written notice, duly executed by such holder or his attorney duly authorized in writing, which notice shall state that such holder elects to convert all or part of the Class A Shares represented by such share certificate or share certificates into Class B Shares, pursuant to the provisions of this subsection 2.4. Such holder shall, in addition, comply with such other reasonable requirements as the Transfer Agent may prescribe with respect to such conversion. As promptly as practicable after the receipt of such notice of election to convert, the delivery of such share certificate or share certificates and compliance with all such other reasonable requirements, the Corporation shall cause the Transfer Agent to issue in the name of the Transfer Agent, for the purpose of effecting such sale as hereinafter in paragraph 2.4.8 provided, a share certificate or share certificates representing the number of Class B Shares into which such Class A Shares have been converted in accordance with the provisions of this paragraph 2.4.1. Subject to paragraph 2.4.8 hereof, such conversion shall be deemed to have been made as and when all conditions precedent to the conversion of such Class A Shares have been fulfilled, and the Transfer Agent shall be deemed to have become at such time the holder of record of the Class B Shares represented thereby, but for and as agent of the holder of the Class A Shares so converted as provided in paragraph 2.4.8 hereof; provided, however, that if the transfer books of the Corporation for Class B Shares shall be closed at such time, the Corporation shall not be required to issue Class B Shares upon such conversion until the time at which such transfer books shall be re-opened and the Transfer Agent shall not be deemed to have become the holder of record of such Class B Shares on behalf of such holder of Class A Shares as aforesaid until the time at which such transfer books shall be re-opened. There shall be no payment or adjustment on account of any unpaid dividends on the Class A Shares converted or on account of any dividends on the Class B Shares resulting from such conversion. In the event that part only of the Class A Shares represented by any share certificate shall be so converted, a share certificate representing such Class A Shares as are not being converted shall be delivered without charge to the converting holder of Class A Shares.

2.4.2 In the case of a Takeover Bid, the Conversion Right shall not come into effect if such Takeover Bid is not completed in accordance with its terms or is abandoned or withdrawn or if not more than twenty percent (20%) of the Class B Shares are taken up and paid for by the Offeror pursuant to the Takeover Bid.

2.4.3 Forthwith upon the expiration of a Takeover Bid, the Transfer Agent shall issue a certificate setting forth the number of Class B Shares, excluding Converted Shares, with respect to which the Takeover Bid has been accepted.

2.4.4 As soon as reasonably possible after any certification by the Transfer Agent pursuant to the preceding paragraph 2.4.3, the Corporation shall cause to be sent to the holders of the Class A Shares notice of and a brief description of the effect of the certification pursuant to said paragraph 2.4.3.

2.4.5 As soon as reasonably possible after the Offer Date, the Corporation shall forward to the Transfer Agent, to each holder of record of Class A Shares and to each other holder of any securities of the Corporation which are convertible into, or exchangeable for, or which carry the right to purchase, Class A Shares (except to those holders whose last respective addresses on the records of the Corporation are in the United States), together with any document which it is obliged by law or otherwise to forward to the holders of Class A Shares or Class B Shares as a result of the Takeover Bid, a copy of the Takeover Bid and all other material furnished by or on behalf of the Offeror, to the holders of Class B Shares in connection with the Takeover Bid unless the Takeover Bid and such other material have already been forwarded to each such holder by or on behalf of the Offeror; the Corporation shall also forward to all such holders a description of the rights of such holders under this subsection 2.4.

2.4.6 In the event that at any time there is more than one Takeover Bid outstanding or if there shall be successive Takeover Bids, then the Conversion Rights attaching to the Class A Shares under this subsection 2.4 shall be determined independently with respect to each of such Takeover Bids, and no right acquired under one of such Takeover Bids shall accrue with respect to any other of such Takeover Bids unless and to the extent such right arises independently under such other Takeover Bid.

2.4.7 In the event that the Offeror or any agent of the Offeror does not provide the information required by the Transfer Agent to determine whether the certification called for by the preceding paragraph 2.4.3 can be given, the Corporation shall be entitled to treat the Offeror as not being, for the purposes of the Canada Business Corporations Act, a bona fide purchaser of any shares taken up and paid for under the Takeover Bid, and neither the Corporation nor the Transfer Agent shall in such circumstances register a transfer of any shares acquired or purported to have been acquired by such Offeror.

2.4.8 The conversion of all Class A Shares delivered to the Transfer Agent pursuant to paragraph 2.4.1 hereof for conversion and sale shall be subject to the provisions of this paragraph 2.4.8 and the Corporation shall make all arrangements with the Transfer Agent as are requisite to give effect to this paragraph 2.4.8. All Class A Shares delivered for conversion and sale pursuant to paragraph 2.4.1 of this subsection 2.4 shall, unless withdrawn by the holder of such Class A Shares within the delays provided by applicable law (in which case the Class A Shares forwarded to the Transfer Agent for conversion shall be deemed never to have been converted and shall be returned to such withdrawing shareholder), be converted subject to their being sold pursuant to the Takeover Bid the making of which gave rise to the Conversion Right, and no share certificates for Converted Shares shall be delivered except pursuant to this paragraph 2.4.8. The Transfer Agent shall, for and as agent of the respective holders of such Class A Shares, do and punctually perform all such acts as are necessary so that such Takeover Bid will have been accepted by the Transfer Agent (but for and on behalf of such holders) in consequence of such acts and so that Converted Shares will have been taken up by the Offeror thereunder in respect of the maximum number of the Converted Shares as is possible in accordance with the terms of such Takeover Bid, including, but without limiting the generality of the foregoing, tendering pursuant to such Takeover Bid a certificate or certificates representing all of the Converted Shares if such a tendering is required in order to accept such Takeover Bid, and shall do such acts as are necessary in order to complete the sale by the Transfer Agent (but for and on behalf of such holders) of such of the Converted Shares as are taken up pursuant to such Takeover Bid. In the event that the number of Converted Shares so sold pursuant to such Takeover Bid is less than the total number of Converted Shares resulting from such conversions, the number of such Converted Shares so sold shall be deemed to have been sold by

the Transfer Agent for the account of such holders on a _pro rata_ basis (calculated to the nearest whole Converted Share), in proportion to the number of Converted Shares issued to or on behalf of each holder of Class A Shares as a result of such conversions, and in such event, the Conversion Right shall be deemed never to have been effective as regards those Class A Shares which were converted into unsold Converted Shares and all such unsold Converted Shares shall be reconverted into Class A Shares with effect from the respective times that such Converted Shares were issued. Upon completion of such Takeover Bid, the Transfer Agent shall deliver to the respective holders entitled thereto all consideration paid for the Converted Shares by the Offeror who made the Takeover Bid, less the amount of any reasonable direct out-of-pocket expenses incurred by the Transfer Agent in accepting the Takeover Bid and completing the respective sales on behalf of such holders, and shall deliver to such holders share certificates registered in their names representing the number of their respective Class A Shares, if any, as regards which the Conversion Right was not effective in consequence of all of the Converted Shares not having been sold pursuant to the Takeover Bid. If the Takeover Bid is not completed in accordance with its terms and/or not more than twenty percent (20%) of the Class B Shares, excluding Converted Shares, are taken up and paid for by the Offeror, the Conversion Right shall be deemed never to have been effective and all Class A Shares which were so converted into Converted Shares shall be re-converted into Class A Shares with effect from the respective times that such Converted Shares were issued. All Converted Shares taken up and paid for by the Offeror shall from the moment that they are so taken up and paid for, be Class B Shares for all purposes.

2.4.9 In order to give full effect to paragraph 2.4.8, all Converted Shares shall be issued of record in the name of the Transfer Agent, who shall hold them in its name and deal with them and the share certificates representing them, for and as agent of the respective holders of the Class A Shares having been so converted, subject to and in accordance with, and for the purposes of giving effect to, the provisions of paragraph 2.4.8 and paragraph 2.4.10.

2.4.10 Only one-tenth (1/10) of the Converted Shares shall be voted at any meeting of shareholders of the Corporation at which such shares may be voted for so long as such Converted Shares remain registered in the name of the Transfer Agent pursuant to the provisions of this subsection 2.4 and, for such period of time none of such Converted Shares shall be

voted except by or in accordance with the written instructions of the respective persons who according to the records of the Transfer Agent are the beneficial owners thereof. In order to implement the provisions of this paragraph 2.4.10, all proxies empowering persons to vote such Converted Shares at any meeting of the shareholders of the Corporation, which the Transfer Agent may grant upon the written instructions of a beneficial owner of such Converted Shares, shall be limited so that such persons may not vote, in the aggregate, more than one-tenth (1/10) of the total number of Converted Shares which, according to the records of the Transfer Agent, are held by it on behalf of such beneficial owner.

2.5 Conversion Rights - Class A Shares - Change of Control

2.5.1 If at any time Segal ceases to be the Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation, with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares, then all Class A Shares shall forthwith be converted into Class B Shares in accordance with the provisions of paragraph 2.5.2 hereof. Segal will furnish to the Transfer Agent a certificate in the form of an affidavit addressed to such Transfer Agent acting on behalf of all the holders of the Class A Shares in the period between January 15 and February 15 in each year, commencing in 1984, to the effect that he is the Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares and setting forth the particulars of the number and class of shares owned. In the event that on February 15 in any year, commencing in 1984, the Transfer Agent has not received the certificate required under the provisions of this paragraph 2.5.1 for a period from January 15 to such February 15, then the Transfer Agent shall forthwith notify Segal of such failure on his part to furnish the certificate contemplated by the provisions of this paragraph 2.5.1 by way of written notice which the Transfer Agent shall deliver or cause to be delivered to Segal at his address as same shall appear in the director's register of the Corporation; such notice shall also state that unless Segal furnishes the required certificate in the

form required hereunder on or before the expiration of fifteen (15) days following delivery of such notice, the provisions of paragraph 2.5.2 hereof will apply and all Class A Shares then outstanding will be converted into Class B Shares. In addition to the certificate required under the provisions of this paragraph 2.5.1, Segal will furnish to the Transfer Agent (i) copies of every insider report which he is obligated to file pursuant to the provisions of the Securities Act (Québec), the Securities Act (Ontario) and/or the Canada Business Corporations Act and (ii) a certificate in the form of an affidavit, whenever such circumstances may arise, stating that he no longer is the Beneficial Owner of shares of the Corporation, having attached thereto more than fifty percent (50%) of the voting rights attached to all outstanding shares of the Corporation at the time with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares.

2.5.2 If (i) at any time when required to do so Segal cannot furnish the certificate required under the provisions of paragraph 2.5.1 hereof because the matter required to be certified therein cannot then be truthfully so certified or (ii) Segal fails, after the notice contemplated in paragraph 2.5.1 hereof, to furnish such certificate within the stipulated delay, or (iii) the Transfer Agent has determined pursuant to an examination of the insider report of Segal furnished to it pursuant to the provisions of paragraph 2.5.1 hereof and the share register of the Corporation that Segal no longer is Beneficial Owner of shares of the Corporation, having attached thereto in the aggregate more than fifty percent (50%) of all voting rights attached to all outstanding shares of the Corporation with full, absolute and unrestricted power to exercise in all circumstances all voting rights attaching to such shares or (iv) the Transfer Agent receives from Segal the certificate, in the required form, contemplated in clause (ii) of the last sentence of paragraph 2.5.1 hereof, then forthwith upon the occurrence of any such event, all Class A Shares shall be, for all purposes and forever thereafter, converted into Class B Shares and the Transfer Agent and the Corporation shall become bound to do the following:

2.5.2.1 the Transfer Agent shall, at the expense of the Corporation, send or cause to be sent to all registered holders of Class A Shares at their respective addresses as they appear in the share register of the Corporation a notice stating that all Class A Shares

have been converted into Class B Shares on a one for one basis and that certificates representing Class A Shares may be sent to the Transfer Agent which will issue certificates representing the number of Class B Shares into which the Class A Shares represented by such certificates have been converted upon payment by the holder of such certificate(s) of any applicable governmental or other taxes or conversion fee and of the reasonable expenses of the Transfer Agent incurred in effecting the issue of the certificates representing the Class B Shares, provided, however, that the failure by any holder of Class A Shares to surrender his certificate or certificates representing Class A Shares shall not in any way limit his rights as, and from the occurrence of the aforementioned event, to be treated as, and to be for all purposes, a holder of Class B Shares; and

2.5.2.2 the Corporation shall forthwith take all necessary steps to cause the Class B Shares to be listed on The Montreal Exchange, or if the Class A Shares are not at the time listed on The Montreal Exchange, on The Toronto Stock Exchange or on such exchange or exchanges in Canada on which the Class A Shares are then listed, or if the Class A Shares are no longer listed, then on the "over-the-counter" market on which the Class A Shares are then traded.

2.6 Conversion Rights Class B Shares

2.6.1 Until such time as all Class A Shares have been converted into Class B Shares pursuant to the provisions of subsections 2.4 or 2.5 hereinabove, each holder of a Class B Share shall be entitled, at his option, at any time and from time to time, (subject as hereinafter provided) to convert all or any number of the Class B Shares held by him on the basis of one (1) Class A Share for each Class B Share in respect of which the conversion right is exercised. The conversion right provided for in this subsection 2.6 shall be exercised by notice in writing given to the Transfer Agent accompanied by the certificate representing the Class B Shares which the holder desires to convert. The holder shall pay any governmental or other tax imposed on, or in respect of, such conversion. Upon receipt by the Transfer Agent of such notice and certificate, the Corporation shall issue, or

cause to be issued, to the holder so exercising the conversion right in respect of Class B Shares, a certificate representing Class A Shares on the basis above prescribed and in accordance with the provisions hereof. If less than all of the Class B Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the number of Class B Shares represented by the original certificate which are not being converted.

2.7 <u>Transfer Agent</u>

2.7.1 Prior to the issue of any Class A Shares, the Corporation will appoint a third party with whom it deals at arm's length and which has offices in Montreal and Toronto, to act as transfer agent with respect to the Class A Shares and Class B Shares, and such party will have agreed to perform such duties as are normally performed by a transfer agent and in addition to perform the duties specifically contemplated under subsections 2.4, 2.5 and 2.6 hereinabove. At all times the Transfer Agent for the Class A Shares and the Transfer Agent for the Class B Shares shall be the same party.

2.8 <u>Anti-Dilution Provisions</u>

2.8.1 Except for the issue of Class B Shares upon the conversion of any Class A Shares pursuant to the provisions of subsections 2.4 and 2.5 hereof, no Class B Shares of the Corporation may be issued at any time without the prior approval of the holders of the Class A Shares given by a simple majority of the votes cast at a meeting of the holders of the Class A Shares called for such purpose.

2.8.2 In the event that the Class A Shares or the Class B Shares are at any time subdivided or consolidated, appropriate adjustments shall be made to the rights, privileges, restrictions and conditions attaching to the Class B Shares or the Class A Shares so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes. However, if the number of outstanding shares of any of said classes is subdivided or consolidated prior to the exercise of any conversion right from one class to another, the number of shares of a class into which the share of the other class may be converted shall be proportionately increased or reduced, as the case may be, but no fractions of

shares shall be issued, and in any such case, the Corporation shall issue or cause to be issued in respect of any fraction or fractions a warrant or warrants, transferable by delivery, entitling the holder thereof and of other similar warrants aggregating one (1) full share, upon surrender of such warrants at such place as may be designated therein, to obtain a full share and to receive a share therefor. Such warrants shall be in such forms and terms and shall be subject to such conditions as the directors of the Corporation may determine, and may provide that the holder thereof shall not be a shareholder or be entitled to receive dividends or enjoy any other rights of a shareholder.

2.8.3 Nothing contained in the foregoing provisions shall be deemed in any way to limit or restrict the rights of the Corporation from time to time to take such proceedings as it may deem advisable to increase or reduce its share capital with respect to the Class A Shares or Class B Shares or otherwise in any manner change or deal with the capital of the Corporation or the shares thereof, subject to the provisions made in paragraphs 2.8.1 and 2.8.2.

2.9 <u>Amendments</u>

2.9.1 In addition to the relevant provisions of the Canada Business Corporations Act, if a proposed amendment to the rights, privileges, conditions or restrictions attaching to the Class A Shares or the Class B Shares would affect the rights of the holders of either class of shares in a manner different from that in which the rights of the holders of the other class of shares are affected, such amendment must then, in addition to the approval of shareholders in accordance with the above, be approved by two-thirds (2/3) of the votes cast at a meeting of the holders of the Class A Shares and two-thirds (2/3) of the votes cast at a meeting of the holders of the Class B Shares, voting separately as classes.

SECTION III - FIRST PREFERRED SHARES

The First Preferred Shares shall, as a class, carry and be subject to the rights, privileges, restrictions and conditions hereinafter set forth:

3.1 <u>Shares Issued in Series</u>

3.1.1 The First Preferred Shares may be issued at any time and from time to time in one or more series, each series to

consist of such number of First Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

3.2 Rights, Privileges, Restrictions, Conditions

3.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the First Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

3.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

3.2.1.2 the rights of the Corporation, if any, to purchase or redeem the First Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

3.2.1.3 provisions, if any, with respect to the rights of the holders of the First Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

3.2.1.4 the conversion rights, if any, save that First Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

3.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the First Preferred Shares of such series; and

3.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the First Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

3.3 Ranking of Series

3.3.1 The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to priority in payment of dividends and return of capital by way of the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the First Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full in accordance with their respective terms, and on any such return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

3.4 Dividends, Liquidation, Winding-up, Dissolution

3.4.1 The First Preferred Shares shall be entitled to preference over the Class A Shares, the Class B Shares, the Second Preferred Shares and the Third Preferred Shares of the Corporation with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the First Preferred Shares as may be fixed in the case of each such series.

3.5 Conversion Rights Series A

3.5.1 The holders of First Preferred Shares Series A shall have the right to convert any or all of the First Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 3.2.1.

3.6 Conversion Rights Series B

3.6.1 The holders of First Preferred Shares Series B shall have the right to convert any or all of the First Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 3.2.1.

3.6.2 No First Preferred Shares Series B may be issued at any time without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

3.7 Voting

3.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of First Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

SECTION IV - SECOND PREFERRED SHARES

The Second Preferred Shares shall, as a class, carry and be subject to the preferences, rights, privileges, restrictions and conditions hereinafter set forth:

4.1 Shares Issued in Series

4.1.1 The Second Preferred Shares may be issued at any time and from time to time in one or more series, each series to consist of such number of Second Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

4.2 Rights, Privileges, Restrictions, Conditions

4.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the Second Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

4.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

4.2.1.2 the rights of the Corporation, if any, to purchase or redeem the Second Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

4.2.1.3 provisions, if any, with respect to the rights of the holders of the Second Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

4.2.1.4 the conversion rights, if any, save that Second Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

4.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the Second Preferred Shares of such series; and

4.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the Second Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

4.3 Ranking of Series

4.3.1 Each series of Second Preferred Shares shall rank on a parity with every other series of Second Preferred Shares with respect to priority in payment of dividends and return of capital, by way of the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any of such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the Second Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full

in accordance with their respective terms, and on any return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

4.4 Dividends, Liquidation, Winding-up, Dissolution

4.4.1 The Second Preferred Shares shall be entitled to preference over the Class A Shares, the Class B Shares and the Third Preferred Shares of the Corporation with respect to payment of dividends and payment on return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the Second Preferred Shares as may be fixed in the case of each such series.

4.5 Conversion Rights Series A

4.5.1 The holders of Second Preferred Shares Series A shall have the right to convert any or all of the Second Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 4.2.1.

4.6 Conversion Rights Series B

4.6.1 The holders of Second Preferred Shares Series B shall have the right to convert any or all of the Second Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 4.2.1.

4.6.2 No Second Preferred Shares Series B may be issued at any time without the prior approval of the holders of the

Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

4.7 <u>Voting</u>

4.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of Second Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

<u>SECTION V - THIRD PREFERRED SHARES</u>

The Third Preferred Shares shall, as a class, carry and be subject to the preference, rights, privileges, restrictions and conditions hereinafter set forth:

5.1 <u>Shares Issued in Series</u>

5.1.1 The Third Preferred Shares may be issued at any time and from time to time in one or more series, each series to consist of such number of Third Preferred Shares as may, before the issue thereof, be determined by resolution passed by the board of directors of the Corporation. The number of shares of any series may from time to time be increased by the board of directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

5.2 <u>Rights, Privileges, Restrictions, Conditions</u>

5.2.1 The board of directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the Third Preferred Shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the Third Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

5.2.1.1 the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of

fully paid shares (other than Class B Shares) of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

5.2.1.2 the rights of the Corporation, if any, to purchase or redeem the Third Preferred Shares of such series, the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

5.2.1.3 provisions, if any, with respect to the rights of the holders of the Third Preferred Shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

5.2.1.4 the conversion rights, if any, save that Third Preferred Shares which are convertible into Class B Shares may not be issued without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

5.2.1.5 the terms and conditions of any share purchase plan or sinking fund with respect to the Third Preferred Shares of such series; and

5.2.1.6 the restrictions, if any, respecting payment of dividends on any other shares of the Corporation ranking junior to the Third Preferred Shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the Third Preferred Shares of such series and the issue of a certificate of amendment in respect thereof.

5.3 <u>Ranking of Series</u>

5.3.1 Each series of Third Preferred Shares shall rank on a parity with every other series of Third Preferred Shares with respect to priority in payment of dividends and return of capital, by way of the distribution of assets in the event of

the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that when in the case of any of such shares any fixed cumulative dividends or amounts payable on return of capital are not paid in full in accordance with their respective terms, the Third Preferred Shares of all series shall participate rateably in respect of such dividends (including all unpaid accumulated dividends which for such purpose shall be calculated as if the same were accruing up to the date of payment) to the extent of the sums which would be payable on said shares if all such dividends were declared and paid in full in accordance with their respective terms, and on any return of capital to the extent of the sums which would be payable on such return if all sums so payable were paid in full in accordance with their respective terms, and provided further that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the said shares with respect to return of capital shall be first paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends as aforesaid.

5.4 Dividends, Liquidation, Winding-up, Dissolution

5.4.1 The Third Preferred Shares shall be entitled to preference over the Class A Shares and the Class B Shares of the Corporation with respect to payment of dividends and payment on return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to the extent fixed in the case of each series, and may also be given such other preferences over any other class of shares of the Corporation ranking junior to the Third Preferred Shares as may be fixed in the case of each such series.

5.5 Conversion Rights Series A

5.5.1 The holders of Third Preferred Shares Series A shall have the right to convert any or all of the Third Preferred Shares Series A held by them into Class A Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 5.2.1.

5.6 Conversion Rights Series B

5.6.1 The holders of Third Preferred Shares Series B shall have the right to convert any or all of the Third Preferred Shares Series B held by them into Class B Shares on such terms and conditions as shall be fixed by resolution passed by the board of directors of the Corporation pursuant to paragraph 5.2.1.

5.6.2 No Third Preferred Shares Series B may be issued at any time without the prior approval of the holders of the Class A Shares given by simple majority of the votes cast at a meeting of the holders of the Class A Shares called for this purpose.

5.7 Voting

5.7.1 Subject to the provisions of the Canada Business Corporations Act, the holders of Third Preferred Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

SCHEDULE 2

1. Without in any way limiting the powers conferred upon the Corporation and its directors by the Canada Business Corporations Act, the board of directors of the Corporation may from time to time on behalf of the Corporation:

1.1 borrow money upon the credit of the Corporation and limit or increase the amount to be borrowed;

1.2 issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness, guarantees or securities of the Corporation, whether secured or unsecured;

1.3 to the extent permitted by the Canada Business Corporations Act, give guarantees on behalf of the Corporation to secure performance of any obligation of any person or give, directly or indirectly, financial assistance to any person on behalf of the Corporation by means of a loan, guarantee or otherwise;

1.4 hypothecate, mortgage, pledge or otherwise create a security interest in all or any of the real or personal, movable or immovable, present or future, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any present or future debt obligations or any money borrowed or other debt, liability or obligation of the Corporation, including any bonds, debentures, notes, debenture stock, other evidences of indebtedness, guarantees or securities of the Corporation which it is by law entitled to issue and constitute the hypothec, mortgage or pledge above mentioned, by trust deed, in accordance with the applicable provisions of the Special Corporate Power Act (R.S.Q. 1977, c.P-16), or in any other manner; and

1.5 delegate to one or more of the directors or officers of the Corporation all or any of the powers conferred by the foregoing provisions to such extent and in such manner as the board of directors shall determine at the time of each such delegation.

Industry Canada Industrie Canada

Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

CHATEAU STORES OF CANADA LTD.
LES MAGASINS CHATEAU DU CANADA LTEE

217537-1

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the above-named corporation were amended

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

(b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares; ☐

(c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment; ☒

(d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization. ☐

Je certifie que les statuts de la société susmentionnée ont été modifiés :

a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;

b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;

d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes.

Director - Directeur

September 2, 1997/le 2 septembre 1997
Date of Amendment - Date de modification

Canada

Industry Canada — Industrie Canada

Canada Business Corporations Act — Loi canadienne sur les sociétés par actions

FORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 177)

FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLES 27 OU 177)

1. — Name of corporation — Dénomination de la société	2. — Corporation No. — N° de la société
CHÂTEAU STORES OF CANADA LTD. LES MAGASINS CHÂTEAU DU CANADA LTÉE	217537-1

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

The Articles of the Corporation are amended by adding the following thereto:

The directors may at any time appoint, without exceeding the maximum number of directors provided by the Articles, one or more directors who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one-third (⅓) of the number of directors elected at the previous annual meeting of shareholders.

Date	Signature	Title — Titre
August 28, 1997	[signature]	Director

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Filed — Déposée

SEP - 2 1997

Industry Canada — Industrie Canada

Certificate of Amendment — **Certificat de modification**

Canada Business Corporations Act — **Loi canadienne sur les sociétés par actions**

LE CHÂTEAU INC.	**217537-1**
Name of corporation-Dénomination de la société	Corporation number-Numéro de la société

I hereby certify that the articles of the above-named corporation were amended:		Je certifie que les statuts de la société susmentionnée ont été modifiés:
a) under section 13 of the *Canada Business Corporations Act* in accordance with the attached notice;	☐	a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;
b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares;	☐	b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;
c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment;	☑	c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;
d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization;	☐	d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes;

	July 6, 2000 / le 6 juillet 2000
Director - Directeur	Date of Amendment - Date de modification

Canada

Industry Canada | Industrie Canada

Canada Business Corporations Act | Loi canadienne sur les sociétés par actions

FORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 177)

FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLES 27 OU 177)

1 - Name of corporation - Dénomination de la société	2 - Corporation No. - N° de la société
CHATEAU STORES OF CANADA LTD. LES MAGASINS CHATEAU DU CANADA LTÉE	2175371

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

Section 1 of the articles of amalgamation be and the same is hereby deleted and replaced by the following:

1 -Name of the Corporation

LE CHÂTEAU INC.

Date	Signature	Title - Titre
2000-07-05	Sidney Horn	Director

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JUL 07 2000

Canada