



**Certificate
of Amendment**

**Canada Business
Corporations Act**

**Certificat
de modification**

**Loi régissant les sociétés
par actions de régime fédéral**

**GROUPE TRANSCONTINENTAL G.T.C. LTEE
G.T.C. TRANSCONTINENTAL GROUP LTD.**

028293-6

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 régissant les sociétés par actions de régime fédéral*, 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 régissant les sociétés par actions de régime fédéral*, 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 régissant les sociétés par actions de régime fédéral*, 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 régissant les sociétés par actions de régime fédéral*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes;

(e) under section 192 of the *Canada Business Corporations Act* as set out in the attached articles of arrangement.

e) en vertu de l'article 192 de la *Loi régissant les sociétés par actions de régime fédéral*, tel qu'il est indiqué dans les clauses d'arrangement ci-jointes.

Director - Directeur

October 7, 1994/le 7 octobre 1994

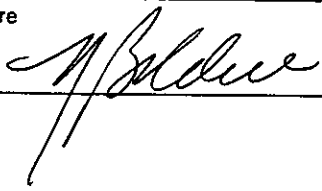
Date of Amendment - Date de modification



1 - Name of corporation — Dénomination de la société G.T.C. TRANSCONTINENTAL GROUP LTD. GROUPE TRANSCONTINENTAL G.T.C. LTEE	2 - Corporation No. — N° de la société 028293-6
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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 provisions of the authorized capital of the corporation contained in Schedule 1 referred to in item 3 of the Restated Articles of Incorporation, dated October 7, 1988, as amended by Certificate and Articles of Amendment on August 15, 1990 and on March 30, 1992, are hereby again amended by the creation of 1,600,000 Cumulative Redeemable First Preferred Shares, Series C carrying the rights, privileges, restrictions and conditions set out in Schedule 1 annexed hereto to form part hereof, so that the authorized share capital of the corporation shall hereafter consist of an unlimited number of First Preferred Shares without nominal or par value, issuable in one or more series, of which 19 Cumulative Redeemable Convertible Auction Perpetual First Preferred Shares, Series A without nominal or par value constitute the first series, 2,666,667 Cumulative Retractable Convertible Redeemable First Preferred Shares, Series B without nominal or par value constitute the second series and 1,600,000 Cumulative Redeemable First Preferred Shares, Series C without nominal or par value constitute the third series, of an unlimited number of Second preferred Shares without nominal or par value, issuable in one or more series, of an unlimited number of Class A Subordinate Voting Shares, without nominal or par value, and of an unlimited number of Class B Shares, without nominal or par value.

October 4, 1994	Signature 	Title — Titre Vice President, Legal Affairs & Secret
7530-21-936-1387 (01-93) 46		FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT Filed - Déposée OCT 11 1994

G.T.C. TRANSCONTINENTAL GROUP LTD.

SCHEDULE 1

**PROVISIONS ATTACHING TO THE CUMULATIVE
REDEEMABLE FIRST PREFERRED SHARES, SERIES C
OF G.T.C. TRANSCONTINENTAL GROUP LTD.
(the "Corporation")**

The Series C of First Preferred Shares of the Corporation shall be designated as Cumulative Redeemable First Preferred Shares, Series C (the "First Preferred Share Series C") and shall consist of 1,600,000 shares and, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

Issue Price

The Issue Price of the First Preferred Shares Series C shall be \$24.00.

Dividends

The holders of First Preferred Shares Series C will be entitled to receive and the Corporation shall pay thereon cumulative preferential cash dividends, if, as and when declared by the Board of Directors of the Corporation, payable quarterly on or about the 15th day of January, April, July and October in each year (the "Dividend Payment Date") at a quarterly rate of \$0.46875 per share. The initial dividend shall be deemed to accrue from the date of issue of the First Preferred Share Series C, and, if declared, shall be payable on January 15, 1995 and, based on the anticipated issue date of October 12, 1994, shall amount to \$0.4880.

If on any Dividend Payment Date the dividend payable on such date is not paid in full on all the First Preferred Shares Series C then issued and outstanding, such dividend or the unpaid part thereof shall accrue day by day from and including the date of initial issue or the last Dividend Payment Date for which payment in full is made, whichever is later, and the dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the Board of Directors of the Corporation on which the Corporation shall have sufficient monies properly applicable to the payment thereof. The holders of the First Preferred Shares Series C shall not be entitled as such to any other dividends in excess of the preferential dividends for which provision is expressly made herein. Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada, at such time, shall be issued in respect of the said dividends (less any tax required to be deducted) and the mailing of such a cheque in a prepaid envelope to any holder shall constitute payment of the dividend represented thereby unless the cheque be not paid on presentation thereof on or after the applicable Dividend Payment Date.

Redemption

The First Preferred Shares Series C will not be redeemable prior to November 1, 1999. On and after November 1, 1999, but subject to the provisions of the *Canada Business Corporations Act* and to the provisions described under "Restrictions on Dividends and Retirement of Shares" below, the Corporation may redeem at any time all or from time to time, any part of the outstanding First Preferred Shares Series C, at the Corporation's option, by either:

- (a) the payment of an amount in cash of \$25.00 for each such share so redeemed, together with accrued and unpaid dividends, whether or not declared, thereon to the date set for redemption; or
- (b) subject to the prior approval of the Montreal and Toronto stock exchanges, the conversion of each First Preferred Share Series C to be redeemed into that whole number of fully paid and freely tradeable Class A subordinate voting shares of the Corporation (the "Subordinate Shares") to be determined by dividing \$25.00, together with accrued and unpaid dividends, whether or not declared, thereon to the date set for redemption, by the greater of \$2.00 (the "Reference Price") and 95% of the weighted average trading price of such Subordinate Shares on the Montreal and Toronto stock exchanges for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date specified for redemption.

Notice of any redemption will be given by the Corporation not more than 60 days and not less than 35 days prior to the date set for redemption by mailing, to each person who at the close of business on the business day preceding the date of mailing is a registered holder of First Preferred Shares Series C to be redeemed, a notice in writing of the intention of the Corporation to redeem such shares. Such notice shall be mailed in a prepaid envelope addressed to each such shareholder at his address as it appears in the books of the Corporation or in the event of the address of any such shareholder not so appearing then at the last known address of such shareholder, provided, however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of such redemption.

Where a part only of the then outstanding First Preferred Shares Series C is at any time to be redeemed, the First Preferred Shares Series C to be redeemed shall be selected by lot in such manner as the Board of Directors of the Corporation determines or, if the Board of Directors of the Corporation so decides, may be redeemed pro rata, disregarding fractions.

The notice of redemption shall set out whether the redemption shall be in the form of cash or by conversion into Subordinate Shares, the redemption price or the basis upon which the number of Subordinate Shares will be calculated, as the case may be, the place at which the redemption is to be made and the date on which redemption is to take place, and, if less than

all of the shares held by the person to whom such notice is addressed are to be redeemed, the number thereof so to be redeemed. If the redemption is to be made in cash, on or before the date so specified for redemption, the Corporation shall deposit the redemption price of the shares to be redeemed with the transfer agent and registrar for the First Preferred Shares Series C to be paid without interest to or to the order of the respective holders of such shares upon presentation and surrender to such agent of the certificates representing the same. If the redemption is to be made by conversion into Subordinate Shares, the Corporation shall deposit certificates representing an appropriate number of Subordinate Shares with the transfer agent and registrar for the First Preferred Shares Series C to be issued to the respective holders of such shares upon presentation and surrender to such agent of the certificates representing the same. Provided such deposit shall have been made, such shares so called for redemption shall, on the date specified for redemption, be and be deemed to be redeemed and no longer outstanding. If a part only of the shares represented by any certificate are to be redeemed, a new certificate for the part not redeemed shall be issued at the expense of the Corporation. Provided such deposit shall have been made, the shares so called for redemption shall from and after the date specified for redemption cease to be entitled to dividends, and the holders shall not be entitled to exercise any of the other rights of shareholders in respect thereof, and their rights shall be limited to receiving, without interest, their proportionate part of the total redemption price so deposited against presentation and surrender of the certificates held by them respectively. If the deposit as aforesaid shall not have been made, the rights of the holders of the shares so called for redemption shall remain unaffected.

On any redemption of First Preferred Shares Series C by way of conversion into Subordinate Shares, the share certificate representing the Subordinate Shares resulting therefrom shall be issued in the name of the holder of the First Preferred Shares Series C converted. The right of the Corporation to redeem the First Preferred Shares Series C shall be deemed to have been exercised, and the holder of First Preferred Shares Series C to be converted shall be deemed to have become a holder of Subordinate Shares for all purposes, on the relevant conversion date, notwithstanding any delay in the delivery of the certificate representing the Subordinate Shares into which such First Preferred Shares Series C have been converted.

A redemption of First Preferred Share Series C will be effected by the holder depositing certificates representing the First Preferred Shares Series C to be redeemed at the principal transfer office of Montreal Trust Company in Montreal and Toronto. Fractional shares will not be issued on any redemption but in lieu thereof, the Corporation will make cash payments. Cheques of the Corporation payable in lawful money of Canada at any branch of the Corporation's bankers in Canada, at such time, shall be issued in respect of said cash payment and the mailing of such cheque in a prepaid envelope to such holder with the certificate representing said Subordinate Shares shall constitute payment unless the cheque is not honoured on presentation thereof.

Conversion into Subordinate Shares at the Option of the Holder

On and after November 1, 1999, each First Preferred Share Series C will be convertible at the option of the holder on the 15th day of each of January, April, July and October in each year on at least 45 days written notice before the date set for conversion into that number of fully paid and freely tradeable Subordinate Shares determined by dividing \$25.00, together with accrued and unpaid dividends, whether or not declared, thereon to the date of conversion, by the greater of the Reference Price and 95 % of the weighted average trading price of such Subordinate Shares on the Montreal and Toronto stock exchanges for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date of conversion.

The conversion privilege herein provided for may be exercised by notice in writing given to the transfer agent for the First Preferred Shares Series C at its principal office in Montreal and Toronto at least 45 days prior to the conversion date by completing and signing the conversion panel on the certificate and surrendering the certificate or certificates representing the First Preferred Shares Series C in respect of which the holder thereof desires to exercise such conversion privilege; such panel shall be signed by such holder or by his duly authorized representative and shall specify the number of First Preferred Shares Series C which the holder desires to have converted; if less than all the First Preferred Shares Series C represented by any certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the First Preferred Shares Series C comprised in the certificate or certificates surrendered as aforesaid which are not to be converted. Upon any conversion of First Preferred Shares Series C, the share certificate representing the Subordinate Shares resulting therefrom shall be issued in the name of the holder of the First Preferred Shares Series C converted or, subject to payment by the holder of any security transfer tax or other applicable taxes, in such name or names as such holder may direct in writing.

Subject to the Corporations's right described below, the right of a holder of First Preferred Shares Series C to convert the same into Subordinate Shares shall be deemed to have been exercised, and the holder of First Preferred Shares Series C to be converted shall be deemed to have become a holder of Subordinate Shares for all purposes, on the relevant conversion date, notwithstanding any delay in the delivery of the certificate representing the Subordinate Shares into which such First Preferred Shares Series C have been converted.

Each registered holder of First Preferred Shares Series C on a record date set by the Board of Directors for any dividend declared payable on the First Preferred Shares Series C shall be entitled to such dividend notwithstanding that any First Preferred Shares Series C held by such holder has been converted on the Dividend Payment Date (but only where such conversion did not occur prior to such record date).

The Corporation shall, so long as any of the First Preferred Shares Series C are outstanding, reserve out of its unissued Subordinate Shares in respect of the conversion rights herein granted to the holders of the First Preferred Shares Series C, a sufficient number of unissued Subordinate Shares to enable all the First Preferred Shares Series C outstanding to be converted upon the basis and upon the terms and conditions herein provided.

The Corporation, subject to the provisions of the *Canada Business Corporations Act* and the provisions described under "Restrictions on Dividends and Retirement of Shares", as applicable, may, by notice given not later than the 24th business day prior to the date set for conversion to all holders who have given a conversion notice and to the transfer agent for the First Preferred Shares Series C, either: (i) redeem on the day set for conversion all but not less than all of the First Preferred Shares Series C forming the subject matter of the conversion notices; or (ii) cause the holders of such First Preferred Shares Series C to sell on the day set for conversion such First Preferred Shares Series C to another purchaser or purchasers if a purchaser or purchasers willing to purchase all but not less than all of such First Preferred Shares Series C is or are found. Any such redemption or purchase shall be made by the payment, on the date set for conversion, of an amount in cash of \$25.00 per share, together with accrued and unpaid dividends thereon, whether or not declared, to the date set for conversion. The First Preferred Shares Series C to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice unless the redemption price or the purchase price has not been paid in full on the date set for conversion.

Fractional Subordinate Shares will not be issued on any conversion of First Preferred Shares Series C but in lieu thereof the Corporation will make cash payments. Cheques of the Corporation payable in lawful money of Canada at any branch of the Corporation's bankers in Canada, at such time, shall be issued in respect of said cash payment and the mailing of such cheque in a prepaid envelope to such holder with the certificate representing said Subordinate Shares shall constitute payment unless the cheque is not honoured on presentation thereof.

Conversion into Another Series of Preferred Shares at the Option of the Holder

The Corporation may, by notice given at least 45 days prior to November 1, 1999, advise the holders of the First Preferred Shares Series C of their right to convert, at their option, on November 1, 1999, their First Preferred Shares Series C into fully paid and non-assessable new first preferred shares (the "New Preferred Shares") on a share for share basis. The Corporation will ensure that such New Preferred Shares will not, if issued, be or be deemed to be "term preferred shares" within the meaning of the *Income Tax Act* (Canada).

The notice shall be sent by prepaid first-class mail or delivered to each person who at a record date set by the Board of Directors is a registered holder of First Preferred Shares Series C and be sent to each stock exchange on which the First Preferred Shares Series C are then listed and posted for trading. The notice shall (i) specify the manner in which the

conversion right may be exercised, (ii) the date by which the certificate representing the First Preferred Shares Series C must be received by Montreal Trust Company, and (iii) contain a full and complete summary of the attributes of the New Preferred Shares into which the First Preferred Shares Series C may be converted. Holders of the First Preferred Shares Series C electing to convert such shares will be required to deposit certificates representing First Preferred Shares Series C to be converted duly completed for such purpose at the principal office of Montreal Trust Company in Montreal and Toronto on or before a date 10 days prior to the conversion date set out in the conversion notice.

Conversion upon exercise of a Subordinate Share Purchase Warrant

The holders of First Preferred Shares Series C have the right, at any time up to and including November 1, 1997, upon the exercise of a Subordinate Share Purchase Warrant (the "Warrant") issued under the Warrant Indenture between the Corporation and Montreal Trust Company, as warrant agent, and in lieu of paying the entire exercise price of the Warrant in cash, to convert First Preferred Shares Series C into Subordinate Shares in the following manner. The number of First Preferred Shares Series C which may be so converted upon the exercise of Warrants shall be equal to the number obtained by dividing (i) the aggregate exercise price of the Warrants to be exercised in connection with such conversion by (ii) an amount equal to \$25.00 plus any accrued and unpaid dividends, whether or not declared, per First Preferred Shares Series C. A conversion of First Preferred Shares Series C will be effected by the holder depositing certificates representing the Warrants and the certificate(s) representing First Preferred Shares Series C to be converted duly completed for such purpose with the transfer agent at the principal transfer office of Montreal Trust Company in Montreal or Toronto. No fractional Subordinate Share will be issued on such conversion. No cash payment will be made by the Corporation should the aggregate value of the First Preferred Shares Series C so converted exceed the aggregate exercise price. Should the aggregate exercise price exceed the aggregate value of the First Preferred Shares Series C so converted, the holder shall make a cash payment for such difference. If a part only of the shares represented by any certificate are to be converted, a new certificate for the part not converted shall be issued at the expense of the Corporation.

On any conversion of First Preferred Shares Series C in connection with the exercise of a Warrant, the share certificate representing the Subordinate Shares resulting therefrom shall be issued in the name of the holder of the First Preferred Shares Series C converted. The right of a holder of First Preferred Shares Series C to convert the same into Subordinate Shares upon the exercise of the Warrants shall be deemed to have been exercised, and the holder of First Preferred Shares Series C to be converted shall be deemed to have become a holder of Subordinate Shares for all purposes, on the relevant conversion date, notwithstanding any delay in the delivery of the certificate representing the Subordinate Shares into which such First Preferred Shares Series C have been converted.

Purchase for Cancellation

Subject to the *Canada Business Corporations Act*, the Corporation may at any time purchase for cancellation any First Preferred Shares Series C by private contract or in the open market or by tender at a price or prices to be determined by the Board of Directors of the Corporation but not exceeding \$25.00 per share plus an amount equal to all accrued and unpaid dividends, whether or not declared, thereon up to the date of purchase.

In the case of the purchase of First Preferred Shares Series C by tender, the Corporation shall give notice of its intention to invite tenders to all the registered holders of First Preferred Shares Series C by mailing such notice in a prepaid envelope addressed to each holder at his address as it appears on the books of the Corporation or, failing any such address, then to the last known address of such shareholder, and if more First Preferred Shares Series C are tendered at a price or price(s) acceptable to the Corporation, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices and, if more shares are tendered at any such price than the Corporation is prepared to purchase, the shares tendered at that price shall be purchased as nearly as may be pro rata according to the number of First Preferred Shares Series C so tendered by each of the holders who submitted tenders at that price.

Any First Preferred Shares Series C purchased for cancellation shall not be reissued and shall be cancelled.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the First Preferred Shares Series C shall be entitled to receive \$25.00 per First Preferred Share Series C, together with all accrued and unpaid dividends thereon, whether nor not declared, to and including the date of payment, before any amount shall be paid or any assets of the Corporation distributed to the holders of any shares ranking junior to the First Preferred Shares Series C. The holders of First Preferred Shares Series C shall not be entitled to participate in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement of Shares

For so long as any of the First Preferred Shares Series C are outstanding, the Corporation shall not, without the prior approval of the holders of such First Preferred Shares Series C given as specified under "Shareholder Approvals":

- (a) declare or pay or set aside for payment any dividends on any shares of any class or series of shares of the Corporation ranking junior to the First Preferred Shares Series C (other than stock dividends on shares ranking junior to the First Preferred Shares Series C);
- (b) call for redemption or redeem, call for purchase or purchase, or otherwise retire or reduce or make any return of capital in respect of shares of any class or series of shares of the Corporation ranking junior to the First Preferred Shares Series C;
- (c) otherwise retire or reduce or make any return of capital in respect of any shares of any class or series of shares of the Corporation ranking *pari passu* with the First Preferred Shares Series C, except in satisfaction of an obligation to purchase or obligation in respect of a sinking fund, of a right of retraction or of any other mandatory redemption provision of any given series of any preferred shares;
- (d) create or issue any additional series of First Preferred Shares or other shares ranking on a parity with the First Preferred Shares Series C and which provide for the payment of any dividend.

unless all dividends accrued up to and including the dividend payment date for the last completed period for which dividends are payable shall have been declared and paid or set aside for payment in respect of each series of cumulative First Preferred Shares (including the First Preferred Shares Series C) then issued and outstanding and on all other shares entitled to cumulative dividends and ranking on a parity with the First Preferred Shares Series C and there shall have been paid or set aside for payment all declared dividends in respect of each series of non-cumulative First Preferred Shares ~~Series C~~ then issued and outstanding and on all other non-cumulative shares ranking on a parity with the First Preferred Shares.

Amendments to the First Preferred Shares Series C

The Corporation will not without, but may from time to time with the approval of the holders of the First Preferred Shares Series C given as specified under "Shareholder Approvals" below, delete or vary in any way any rights, privileges, restrictions and conditions attaching to the First Preferred Shares Series C.

Shareholder Approvals

Subject to the provisions of applicable law, the approval of the holders of First Preferred Shares Series C with respect to any matter which may be required to be approved by them may be given by a resolution carried by the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of holders of First Preferred Shares Series C at which a majority of the outstanding First Preferred Shares Series C is represented in person or by proxy or, if no

quorum is present at such meeting, at any adjourned meeting at which no quorum would apply. At any meeting of the holders of the First Preferred Shares Series C, each holder will be entitled to one vote in respect of each First Preferred Shares Series C held.

Voting Rights

Subject to applicable law and the Articles of the Corporation, the holders of the First Preferred Shares Series C as such will not have any voting rights nor will they be entitled to receive notice of or attend shareholders' meetings, except as set forth under "Entitlement to Representation on the Board of Directors in the Event of Default of Payment of Dividends".

Election under the Income Tax Act (Canada)

The Corporation shall elect under subsection 191.2(1) of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, and take all other necessary action under such Act, to pay tax under section 191.1 of such Act, or any successor or replacement provision of similar effect at a rate such that no holder of the First Preferred Shares Series C will be required to pay tax on dividends received on the First Preferred Shares Series C under Section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect. Such election shall be made in the manner prescribed by such Act and shall be filed within the time provided under paragraph 191.2(1)(a) of such Act.

Entitlement to Representation on the Board of Directors in the Event of Default of Payment of Dividends

Subject to the issuance of a further certificate of amendment which would amend the voting rights' provisions attaching to the First Preferred Shares, as a class, to give effect to the following entitlement, the holders of the First Preferred Shares Series C, shall then be entitled, in the event that the Corporation fails to pay an aggregate of six quarterly dividends, whether or not consecutive, on its First Preferred Shares Series C, on the dates on which such dividends should have been paid under the Corporation's Articles of Incorporation and any amendments thereto, whether declared or not, and for so long as any dividends on the First Preferred Shares Series C are in arrears (the "Dividend Arrears"), to be represented by one person on the Board of Directors of the Corporation (the "Preferred Shareholder Representative"). The Corporation shall take all steps necessary to create one new position on the Board of Directors for the Preferred Shareholder Representative to be elected as set out below.

The election of the Preferred Shareholder Representative shall be made by the holders of the First Preferred Shares Series C, by a resolution duly passed by a majority of the holders of such shares present, in person or by proxy, at and expressed at a meeting of such holders called by the Corporation for such purpose. The meeting shall take place at the Corporation's next scheduled shareholders' meeting following the Corporation's failure to pay an aggregate of six quarterly dividends, whether consecutive or not, and at which at least 15 %

of the holders of outstanding First Preferred Shares Series C, shall be represented, in person or by proxy. The meeting shall be called and conducted according to the by-laws of the Corporation with respect to the meetings of the holders of the voting shares of the Corporation.

Until such time as the Corporation has paid the Dividends Arrears, the Preferred Shareholders Representative shall remain on the Board of Directors of the Corporation. When the Corporation has paid the Dividend Arrears, the right of the holders of First Preferred Shares Series C to be represented on the Board of Directors shall be extinguished and the Preferred Shareholder Representative shall resign immediately after being presented with a certificate from the Corporation's auditors that all Dividend Arrears have been paid in full.

Adjustment

In the case of any share capital reorganization including, without limitation, a subdivision of the Subordinate Shares a distribution of Subordinate Shares by way of a stock dividend, a reclassification or other change made on the outstanding Subordinate Shares (a "Reorganization") which reduces the price of the Subordinate Shares below the Reference Price, the Corporation shall make such necessary adjustment to the Reference Price, so that a holder of First Preferred Shares Series C receives such number of Subordinate Shares which he would otherwise have been entitled to were it not for the Reference Price being \$2.00.