



Certificate of Amendment

Certificat de modification

Canada Business
Corporations Act

Loi régissant les sociétés
par actions de régime fédéral

GRUPE TRANSCONTINENTAL G.T.C. LTEE
G.T.C. TRANSCONTINENTAL GROUP LTD.

028293-6

Name of Corporation - Dénomination de la société

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 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'indiqué dans
les clauses modificatrices ci-jointes
désignant une série d'actions;

(c) under Section 177 of the
Canada Business Corporations
Act as set out in the attached
Articles of Amendment;

(c) en vertu de l'article 177 de la
Loi régissant les sociétés par actions
de régime fédéral tel qu'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'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'indiqué dans
les clauses d'arrangement ci-jointes.

Le directeur

Glenn M. Collins

March 30, 1992/le 30 mars 1992

Director

Date of Amendment - Date de la 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 ci-haut mentionnée 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, are hereby again amended by the creation of 2,666,667 Cumulative Retractable Convertible Redeemable First Preferred Shares, Series B 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, and 2,666,667 Cumulative Retractable Convertible Redeemable First Preferred Shares, Series B without nominal or par value constitute the second 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.

March 27, 1992	Signature <i>M. Bolduc</i>	Description of Office - Description du poste Secretary
CCA 1387 (02-89) 46		FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT Filed - Déposée MAR 30 1992

SCHEDULE 1

In addition to the special rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the Cumulative Retractable Convertible Redeemable First Preferred Shares, Series B (the "Series B Preferred Shares") shall have attached thereto the following further rights, privileges, restrictions and conditions:

1. Dividends

1.1 The holders of record of the Series B Preferred Shares shall be entitled to receive in each financial year of the corporation if, as and when declared by the Directors of the corporation, fixed, preferential, cumulative dividends in lawful money of Canada at the rate of \$0.375 per share per annum and no more, payable quarterly by equal consecutive instalments of \$0.09375 per share on January 15, April 15, July 15 and October 15 of each year, except that the amount payable on April 15, 1992, the first dividend payment date, will be \$0.015 per share, or if the Series B Preferred Shares are issued after March 31, 1992, the amount per share to be paid as determined by the board of directors will be calculated at the annual rate of \$0.375 per share, accruing daily, based on a 365-day year, from the date of issue until April 15, 1992. Dividends on the Series B Preferred Shares shall accrue from and include the date of issue thereof or the last dividend payment date in respect of which dividends have been paid or made available for payment, whichever is the later. The Series B Preferred Shares shall not otherwise participate in the profits or assets of the corporation.

1.2 If, on any dividend payment date, dividends payable on that date are not paid in full on all the Series B Preferred Shares then issued and outstanding, such dividends, or the unpaid part thereof, shall be paid on the first subsequent date on which the corporation shall have sufficient monies properly applicable to the payment of said dividends.

1.3 Each Series B Preferred Share, if converted whether at the option of the holder or at the option of the corporation, as the case may be, will entitle the holder thereof to the accrued and unpaid dividends thereon, whether or not declared, up to the date of conversion.

1.4 The amount of a dividend for any period, which is less than a full quarter year with respect to any Series B Preferred Share:

- (i) which is issued, converted, retracted, redeemed or purchased during a quarter; or
- (ii) where assets of the corporation are distributed to the holders of the Series B Preferred Shares during a quarter;

shall be equal to the amount (rounded to the nearest 1/100th of one cent) calculated by multiplying \$0.09375 by a fraction of which the numerator is the number of days in such quarter that such share has been outstanding (including the date of issue or the dividend payment date at the beginning of such quarter if such share was outstanding on that date and excluding the date of redemption, conversion, purchase or distribution or the dividend payment date at the end of such quarter if such share was outstanding on that date) and the denominator is the number of days in such quarter (including the dividend payment date at the beginning thereof and excluding the dividend payment date at the end thereof).

1.5 Dividends on Series B Preferred Shares will be paid by sending by prepaid mail, addressed to each holder of Series B Preferred Shares entitled thereto, at his address as it appears in the registers of the corporation or, in the case of joint holders, at the address of the holder whose name appears first in the registers of the corporation as one of such joint holders, a cheque drawn on a Canadian chartered bank and payable in lawful money of Canada at par at any branch in Canada of such bank, to the order of the holder or, in the case of joint holders, to the order of such joint holders, unless they have given notice to the contrary. The mailing of a cheque will constitute payment of the dividends up to the amount the cheque represents, unless such cheque be not paid upon presentation. Any dividend on Series B Preferred Shares will be paid to holders registered in the registers of the corporation as at the close of business on a date (which will be within thirty (30) days preceding the date fixed for payment of such dividend) to be chosen from time to time by the Directors.

1.6 As of December 31, 1995, the holders of Series B Preferred Shares who shall not have exercised their conversion privilege provided for in section 3 hereof shall not be entitled to receive any dividend other than accrued and unpaid dividends, whether or not declared, calculated up to but not including December 31, 1995.

2. Retraction privilege

2.1 Subject to applicable law, the holders of Series B Preferred Shares shall be entitled to have all but not less than all of their Series B Preferred Shares redeemed by the corporation on December 31, 1995 at a price of \$7.50 per share, plus an amount equal to all dividends accrued thereon, whether or not declared, and remaining unpaid up to the date of payment (the "Retraction Price"). Any holder of Series B Preferred Shares who elects to exercise his retraction privilege must, at least fifteen (15) days prior to December 31, 1995, deposit the certificate or certificates representing the Series B Preferred Shares of which he is the registered holder, together with a notice in the prescribed form, with the transfer agent. The deposit will thereupon be irrevocable except where the corporation fails to redeem shares so deposited. The corporation shall make payment of the Retraction Price by sending by prepaid mail, addressed to each holder of Series B Preferred Shares entitled thereto at his address as it appears in the registers of the corporation or, in the case of joint holders, at the address of the holder whose name appears first in the registers of the corporation as one of such joint holders, a cheque drawn on a Canadian chartered bank and payable in lawful money of Canada at par at any branch in Canada of such bank, to the order of the holder or, in the case of joint holders, to the order of such joint holders, unless they have given notice to the contrary. The mailing of a cheque will constitute payment of the Retraction Price up to the amount the cheque represents, unless such cheque be not paid upon presentation.

2.2 If the redemption of all Series B Preferred Shares required to be redeemed by the corporation on December 31, 1995 would be contrary to applicable law, the corporation will redeem prorata the maximum number of shares (rounded downward to the nearest multiple of 1,000 shares) it is authorized to redeem, not including fractions of shares. Thereafter, at the end of each quarter of each financial year of the corporation, the corporation will redeem prorata the Series B Preferred Shares (rounded downward to the nearest multiple of 1,000 shares) that it will then be authorized to redeem, not including fractions of shares, until all such shares have been redeemed. In such a case, the holders will be entitled to receive, at the expense of the corporation, a new certificate representing the Series B Preferred Shares which are not to be redeemed, as evidenced by the certificate or certificates deposited in accordance with this section.

2.3 Upon payment in full of the Retraction Price by the corporation to the holders of the Series B Preferred Shares redeemed in accordance with this section 2, the Series B Preferred Shares so redeemed will be cancelled and cannot be reissued.

3. Conversion Privilege

3.1 Upon and subject to the terms and conditions hereinafter set forth, each holder of Series B Preferred Shares shall have the right to convert the Series B Preferred Shares held by such holder, in whole or in part, at any time, into fully paid and non-assessable Class A Subordinate Voting Shares at a conversion price per share of \$7.50. Upon conversion of any Series B Preferred Shares pursuant to this section 3.1, the corporation will pay to the holder thereof all accrued and unpaid dividends thereon, whether or not declared, up to the date of conversion.

3.2 Adjustment of Conversion Price

3.2.1 If the corporation (i) subdivides its outstanding Class A Subordinate Voting Shares into a greater number of shares, (ii) consolidates its outstanding Class A Subordinate Voting Shares into a smaller number of shares, or (iii) issues Class A Subordinate Voting Shares (or securities convertible or exchangeable into Class A Subordinate Voting Shares) to the holders of its outstanding Class A Subordinate Voting Shares by way of a stock dividend (other than an issue of Class A Subordinate Voting Shares in lieu of cash dividends declared payable in the ordinary course by the corporation on its Class A Subordinate Voting Shares), the conversion price in effect on the effective date of such subdivision or consolidation or on the record date for such issue of Class A Subordinate Voting Shares (or securities convertible or exchangeable into Class A Subordinate Voting Shares) by way of a stock dividend, as the case may be, shall be adjusted immediately after the effective date for such subdivision or consolidation or on the record date for such dividend, as the case may be, so that it shall equal the price determined by multiplying the conversion price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of Class A Subordinate Voting Shares outstanding on such effective date or record date, as the case may be, before giving effect to such subdivision, consolidation or dividend, and the denominator of which shall be the number of Class A Subordinate Voting Shares outstanding after giving effect to such subdivision, consolidation or dividend (including in both the numerator and denominator of such fraction, in the case of securities convertible or exchangeable into Class A

Subordinate Voting Shares, the number of such shares that would have been outstanding had such securities been converted or exchanged on the effective date or record date, as the case may be). Such adjustment shall be made successively whenever any event referred to in this section 3 shall occur. For the purposes of this section 3, "dividends declared payable in the ordinary course" shall mean dividends paid on the Class A Subordinate Voting Shares in any financial year of the corporation, whether in (1) cash, (2) securities of the corporation, including rights, options or warrants to purchase any securities of the corporation or property or other assets of the corporation, or (3) property or other assets of the corporation, to the extent that the amount or value of such dividend together with the amount or value of all dividends theretofore paid during such financial year (any such securities, property or other assets so distributed to be valued at the fair market value of such securities, property or other assets, as the case may be, as determined by the Directors, which determination shall be conclusive) does not exceed the greater of: (i) 150% of the aggregate amount or value of dividends paid by the corporation on the Class A Subordinate Voting Shares in the period of 12 consecutive months ended immediately prior to the first day of such financial year; or (ii) 100% of the consolidated net income of the corporation before extraordinary items for the period of 12 consecutive months ended immediately prior to the first day of such financial year less the amount of all dividends payable in respect of such consecutive 12 month period on all shares ranking prior to or on a parity with the Class A Subordinate Voting Shares in respect of the payment of dividends (such consolidated net income, extraordinary items and dividends to be shown in the audited consolidated financial statements of the corporation for such period of 12 consecutive months or if there are no audited consolidated financial statements for such period, computed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the most recent audited consolidated financial statements of the corporation; or (iii) 30% of the arithmetic mean of the aggregate amount and/or value of the dividends paid by the corporation on the Class A Subordinate Voting Shares during the period of each of the three 12 months periods comprising the 36 consecutive months ended immediately prior to the first day of such financial year.

3.2.2 If and whenever the corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Class A Subordinate Voting Shares entitling them, for a

period expiring not more than 45 days after such record date, to subscribe for or purchase Class A Subordinate Voting Shares (or securities convertible into or exchangeable for Class A Subordinate Voting Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Value of a Class A Subordinate Voting Share on such record date, the conversion price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the conversion price in effect on such record date by a fraction, of which the numerator shall be the total number of Class A Subordinate Voting Shares outstanding on such record date plus a number of Class A Subordinate Voting Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Class A Subordinate Voting Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Value of a Class A Subordinate Voting Share, and of which the denominator shall be the total number of Class A Subordinate Voting Shares outstanding on such record date plus the total number of additional Class A Subordinate Voting Shares offered for subscription or purchase (or into which the convertible or exchangeable securities so offered are convertible or exchangeable); any Class A Subordinate Voting Shares owned by or held for the account of the corporation or any direct or indirect subsidiary of the corporation shall be deemed not to be outstanding for the purpose of any such computation; to the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the conversion price shall be readjusted to the conversion price which would then be in effect if such record date had not been fixed or to the conversion price which would then be in effect based upon the number of Class A Subordinate Voting Shares (or securities convertible into or exchangeable for Class A Subordinate Voting Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

3.2.3 If and whenever the corporation shall issue or distribute to all or substantially all the holders of its outstanding Class A Subordinate Voting Shares (i) shares of the corporation of any class other than Class A Subordinate Voting Shares, (ii) rights, options or warrants, (iii) evidences of indebtedness or (iv) any other assets, and if such issuance or distribution does not constitute any of the issuances or distributions referred to in sections 3.2.1 and 3.2.2, the conversion price in effect on the record date at

which the holders of Class A Subordinate Voting Shares are determined for purposes of such issuance or distribution shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the conversion price in effect on such record date by a fraction, of which the numerator shall be the difference between (x) the product of the number of Class A Subordinate Voting Shares outstanding on such record date and the Current Market Value of the Class A Subordinate Voting Shares on such date; and (y) the fair market value to the holders of Class A Subordinate Voting Shares as determined by the auditors of the corporation, of the shares, rights, options, warrants, evidences of indebtedness or other assets issued or distributed by the corporation, and the denominator shall be the product of the number of Class A Subordinate Voting Shares outstanding on such record date and the Current Market Value of the Class A Subordinate Voting Shares; to the extent that such distribution of shares, rights, options, warrants, evidences of indebtedness or other assets is not so made, the conversion price shall be readjusted to be the conversion price which would then be in effect if such record date had not been fixed or to the conversion price which would then be in effect based on such shares, rights, options, warrants, evidences of indebtedness or assets actually distributed, as the case may be.

3.2.4 In the case of any reclassification of or other change in the outstanding Class A Subordinate Voting Shares, or in the event of any amalgamation of the corporation with, or merger of the corporation into, any other corporation, the right of each holder of Series B Preferred Shares to receive Class A Subordinate Voting Shares upon conversion shall be adjusted immediately after the effective date for such reclassification or other change, amalgamation or merger so that such holders of Series B Preferred Shares shall be entitled to receive upon a conversion after such reclassification, or other change, amalgamation or merger such kind of shares as they would have received had such Series B Preferred Shares been converted into Class A Subordinate Voting Shares of the corporation immediately prior to such reclassification or other change, amalgamation or merger becoming effective. In any case in which this section shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the corporation may defer, until the occurrence of such event, issuing to the holder of any Series B Preferred Shares converted after such record date and before the occurrence of such event the additional Class A Subordinate Voting Shares issuable upon such conversion by reason of the adjustment required by such event in addition to the Class A Subordinate Voting Shares

issuable upon such conversion before giving effect to such adjustment, provided, that the corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Class A Subordinate Voting Shares upon the occurrence of the event requiring such adjustment.

3.2.5 All adjustments provided for herein shall be cumulative and shall apply to successive events requiring adjustments; provided, however, no adjustment in the conversion price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price, provided, however, that any adjustments which are not so required to be made shall be carried forward and taken into account in any subsequent adjustment. If any question shall at any time arise with respect to adjustments in the amount of the conversion price, such question shall be conclusively determined by the auditors from time to time of the corporation and shall be binding upon the corporation and all holders, transfer agents and registrars of Series B Preferred Shares and Class A Subordinate Voting Shares. Forthwith after the occurrence of any adjustment in the conversion price pursuant to this section 3, the corporation shall file with the transfer agent and registrar of the corporation for the Series B Preferred Shares a certificate certifying as to the amount of such adjustment and the event requiring and the manner of computing such adjustment. The corporation shall also at such time give written notice to the holders of Series B Preferred Shares of the conversion price following such adjustment.

3.3 Notice of Conversion

The conversion right herein provided for may be exercised by notice in writing given to the Chief Financial Officer or the Secretary of the corporation at its principal place of business, accompanied by the certificate or certificates representing the Series B Preferred Shares that the holders wish to convert into Class A Subordinate Voting Shares (with the transfer panel on such certificate or certificates duly endorsed in blank or, in the alternative, with a duly completed stock transfer power of attorney accompanying such certificate or certificates). Such notice (a "Notice of Conversion") shall be substantially in the form of Schedule A hereto, shall be signed by such holder or his agent, shall specify the number of Series B Preferred Shares that the holders wish to convert into Class A Subordinate Voting Shares and shall set forth the date proposed by the holder on which the conversion is to be effected (such date,

subject as hereinafter in this section provided, being the "Date of Conversion"), which date shall be a Trading Day which falls at least 60 days and not more than 90 days after the date of sending of such notice and the certificates representing such Series B Preferred Shares. If only a part of the Series B Preferred Shares represented by the certificate accompanying the notice are to be converted, the holder is entitled to receive, at the expense of the corporation, new certificates representing the Series B Preferred Shares evidenced by the certificate delivered in accordance with this subsection and which are not to be converted.

The signature of such holder on such Notice of Conversion and on such certificate or certificates shall be guaranteed by a Canadian chartered bank or member of a recognized Canadian stock exchange or in such other manner as may be satisfactory to the corporation and such Notice of Conversion shall be accompanied by payment to the corporation of any transfer tax which may be payable by reason thereof. Any such notice, once given, may not thereafter be revoked by the holder.

For the purposes of this section 3, the following expressions have the following meanings:

"Current Market Value of the Class A Subordinate Voting Shares" at any date means the weighted average price (expressed in Canadian dollars) at which the Class A Subordinate Voting Shares have traded on The Montreal Exchange during the 20 Trading Days (on each of which at least 100 Class A Subordinate Voting Shares were traded in at least one board lot) immediately preceding the second Trading Day before such date (or if the Class A Subordinate Voting Shares are not then listed on The Montreal Exchange, on such stock exchange on which such shares are listed as may be selected for such purpose by the Directors acting in good faith) and, if the Class A Subordinate Voting Shares are not then listed on any stock exchange, in the over-the-counter market; provided that if the Class A Subordinate Voting Shares are not so listed or traded, the "Current Market Value of the Class A Subordinate Voting Shares" shall be the fair market value of the Class A Subordinate Voting Shares as determined by the auditors of the corporation (or, if such auditors are unable or unwilling to act, by a national firm of chartered accountants selected by the Directors), and approved by

the Directors acting in good faith (and the result of any such determination shall be communicated by the corporation to each holder of Series B Preferred Shares as soon as practicable after such determination is made in each case).

"Trading Day" means a day on which the relevant stock exchange (or over-the-counter market) referred to in the definition herein of "Current Market Value of the Class A Subordinate Voting Shares" is opened for business.

3.4 Conversion Procedure

As promptly as practicable after the Date of Conversion, the corporation shall issue or cause to be issued and deliver or cause to be delivered to the holder who has exercised the conversion right in respect of all Series B Preferred Shares, or on his written order, a certificate or certificates in the name or names of the person or persons specified in writing by such holder to the corporation (or, in the absence of such specification, in the name of such holder) for the number of Class A Subordinate Voting Shares deliverable upon the conversion of such Series B Preferred Shares and provision shall be made in respect of any fraction of a Class A Subordinate Voting Shares as provided below. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Date of Conversion and at such time the rights of the holder as a holder of Series B Preferred Shares shall cease and the person or persons in whose name or names any certificate or certificates for Class A Subordinate Voting Shares shall be deliverable upon such conversion shall be deemed to have thereupon become the holder or holders of record of the Class A Subordinate Voting Shares represented thereby.

3.5 Avoidance of Fractional Shares

The corporation shall not issue fractional shares in satisfaction of the conversion rights herein provided for but in lieu thereof may, in respect of any fractional interest resulting in the exercise of conversion rights, pay a cash adjustment. The amount of any cash adjustments shall equal the Current Market Value of a Class A Subordinate Voting Share of such fractional interest.

3.6 Treatment of Converted Shares

Series B Preferred Shares surrendered upon the exercise of the conversion privilege shall be cancelled by

the Transfer Agent and Registrar and shall not be restored to the status of authorized but unissued Series B Preferred Shares.

4. Conversion at the option of the corporation

4.1 The corporation cannot force the conversion of the Series B Preferred Shares before December 31, 1997. On December 31, 1997, the corporation may, at its option, after having given notice as provided in section 4.2, force the conversion of all but not less than all of the Series B Preferred Shares into fully paid and non-assessable Class A Subordinate Voting Shares at a conversion price per share equal to the "Current Market Value of the Class A Subordinate Voting Shares", as defined in section 3.3. Upon conversion of the Series B Preferred Shares, pursuant to this section 4.1, the corporation will pay to each holder thereof all accrued and unpaid dividends thereon, whether or not declared, up to but not including December 31, 1995.

4.2 In order to force the conversion of the Series B Preferred Shares, the corporation shall, no later than December 15, 1997, give a written notice of its intention to convert all but not less than all of the Series B Preferred Shares to each holder thereof. This notice shall be validly given if delivered to a holder of Series B Preferred Shares or sent prepaid by first class mail to a holder of Series B Preferred Shares at its address on the books of the corporation. However, the accidental default or omission to give this notice to one or several holders shall not affect the validity of the conversion. As promptly as practicable after December 31, 1997, the corporation shall issue or cause to be issued and delivered or cause to be delivered to the holders of Series B Preferred Shares, a certificate or certificates in the name of such holders for the number of Class A Subordinate Voting Shares deliverable upon the conversion of such Series B Preferred Shares and provision shall be made in respect of any fraction of a Class A Subordinate Voting Shares as provided in section 3.5. Such conversion shall be deemed to have been effected immediately prior to the close of business on December 31, 1997 and at such time the rights of the holder as a holder of Series B Preferred Shares shall cease and the person or persons in whose name or names any certificate or certificates for Class A Subordinate Voting Shares shall be deliverable upon such conversion shall be deemed to have thereupon become the holder or holders of record of the Class A Subordinate Voting Shares represented thereby.

5. Automatic Redemption

5.1 Unless all but not less than all the Series B Preferred Shares have either been retracted or converted at the option of the holders thereof or unless the corporation has pursuant to section 4.2 sent a notice exercising its right to force the conversion of all the Series B Preferred Shares, the Series B Preferred Shares outstanding on December 31, 1997 shall be, subject to applicable law, automatically redeemed by the corporation on December 31, 1997 or as soon as legally possible thereafter at a price per share equal to the amount of the consideration received for each Series B Preferred Share, plus an amount equal to all dividends accrued thereon and remaining unpaid, whether declared or not, up to but not including December 31, 1995 (the "Redemption Price"). The holders of such Series B Preferred Shares shall after December 31, 1995 have no rights in or against the corporation and no other rights except to receive payment of the Redemption Price on presentation and surrender of the certificate or certificates representing the Series B Preferred Shares so redeemed. From and after their redemption and the payment in full of the Redemption Price by the corporation to the holders of the Series B Preferred Shares so redeemed, the Series B Preferred Shares so redeemed shall be cancelled and cannot be reissued.

5.2 A redemption notice will be given by the corporation to each registered holder of Series B Preferred Shares at least thirty days prior to the date on which the Series B Preferred Shares are to be called for automatic redemption. Such notice will be validly given if delivered to the holders of the Series B Preferred Shares or sent by prepaid first-class mail addressed to the registered holders of the Series B Preferred Shares at the address appearing in the registers of the corporation. However, the failure or accidental omission to give such notice to one of such holders will not affect the validity of the redemption.

5.3 If the corporation fails to pay the Redemption Price on presentation and surrender of the certificate or certificates representing the Series B Preferred Shares so redeemed, the holders of Series B Preferred Shares shall be entitled, in accordance with the procedures set forth in sections 3.3, 3.4 and 3.5 hereof, to convert at any time the Series B Preferred Shares held by such holders which have not been redeemed by the corporation into fully-paid and non-assessable Class A Subordinate Voting Shares at the "Conversion Price" in effect at the Date of Conversion. Upon conversion of the Series B Preferred Shares, pursuant to this section 5.3, the corporation will pay to each holder thereof all accrued and unpaid dividends thereon, whether or not declared, up to but not including December 31, 1995.

For the purposes of this section 5, "Conversion Price" means, at any date, 95% of the "Current Market Value of the Class A Subordinate Voting Shares" determined at such date, or 90% of the "Current Market Value of the Class B Shares" if the Class A Subordinate Voting Shares are not listed on a recognized Canadian stock exchange at the Date of Conversion; and "Current Market Value of the Class A Subordinate Voting Shares" means, at any date, the weighted average price (expressed in Canadian dollars) at which the Class A Subordinate Voting Shares have traded on The Montreal Exchange during the 20 Trading Days (on each of which at least 100 Class A Subordinate Voting Shares were traded in at least one board lot) immediately preceding the second Trading Day before such date (or if the Class A Subordinate Voting Shares are not then listed on The Montreal Exchange, on such stock exchange on which such shares are listed as may be selected for such purpose by the Directors acting in good faith); and "Current Market Value of the Class B Shares" at any date means the weighted average price (expressed in Canadian dollars) at which the Class B Shares have traded on The Montreal Exchange during the 20 Trading Days (on each of which at least 100 Class B Shares were traded in at least one board lot) immediately preceding the second Trading Day before such date (or if the Class B Shares are not then listed on The Montreal Exchange, on such stock exchange on which such shares are listed as may be selected for such purpose by the Directors acting in good faith) and, if the Class B Shares are not then listed on any stock exchange, in the over-the-counter market; provided that if the Class B Shares are not so listed or traded, the "Current Market Value of the Class B Shares" shall be the fair market value of the Class B Shares as determined by the auditors of the corporation (or, if such auditors are unable or unwilling to act, by a national firm of chartered accountants selected by the Directors), and approved by the Directors acting in good faith (and the result of any such determination shall be communicated by the corporation to each holder of Series B Preferred Shares as soon as practicable after such determination is made in each case); and "Trading Day" means a day on which the relevant stock exchange (or over-the-counter market) referred to in the definition herein of "Current Market Value of the Class B Shares" is opened for business.

6. Voting Rights

In connection with any action to be taken by the corporation which requires the approval of the holders of the Series B Preferred Shares as a series, each Series B Preferred Share shall entitle the holder thereof to one vote for such purpose.

In connection with any action to be taken by the corporation which requires the approval of the holders of the First Preferred Shares as a class or the approval of the holders of two or more series of the First Preferred Shares, including the Series B Preferred Shares, voting together, each holder of Series B Preferred Shares entitled to vote thereon shall have at least as many votes in respect of each one dollar, or its equivalent in a foreign currency at the date of issuance, of the issue price of each such Series B Preferred Share as any holder of shares of any other series of First Preferred Shares has in respect of each equivalent amount of issue price of each such other First Preferred Share.

7. Amendment

The rights, privileges, restrictions and conditions attaching to the Series B Preferred Shares may not be repealed, altered, modified, amended or varied in whole or in part without the prior approval of the holders of the Series B Preferred Shares given by written resolution signed by all the holders of the outstanding Series B Preferred Shares or by the affirmative vote of at least 66 2/3% of the votes cast by the holders of the Series B Preferred Shares who voted in respect of that resolution at a meeting of the holders of the Series B Preferred Shares duly called for that purpose.

8. Restriction on Dividend, Retirement and Issuance of Shares

Without the approval of the holders of the outstanding Series B Preferred Shares given as set forth in section 7 hereof:

- (a) the corporation shall not declare, pay or set apart for payment any dividends (other than stock dividends in shares of the corporation ranking junior to the Series B Preferred Shares) on any shares of the corporation ranking junior to the Series B Preferred Shares;
- (b) the corporation shall not call for redemption, redeem, purchase for cancellation or otherwise retire for value or make any capital distribution on or in respect of any shares of the corporation ranking junior to the Series B Preferred Shares (except for redemptions, purchases, retirements or capital distributions out of the net cash

proceeds of a substantially concurrent issue of shares of the corporation ranking junior to the Series B Preferred Shares);

- (c) the corporation shall not call for redemption, redeem, purchase for cancellation or otherwise retire for value any other shares of the corporation ranking on a parity with the Series B Preferred Shares; and
- (d) the corporation shall not issue any additional shares ranking prior to or on a parity with the Series B Preferred Shares;

unless, in each such case, all cumulative, preferential dividends accruing on outstanding Series B Preferred Shares and on all other shares of the corporation ranking on a parity with the Series B Preferred Shares up to and including the dividend payable on the last preceding dividend payment date shall have been declared and paid; and unless, in each such case, the corporation has redeemed all of the Series B Preferred Shares held by a holder of such shares who has exercised his retraction privilege in accordance with section 2.1 or, if the provisions of section 5 are applicable, the corporation has redeemed all of the Series B Preferred Shares outstanding on December 31, 1997.

SCHEDULE A

to the Provisions Attaching to the Cumulative Retractable Convertible Redeemable First Preferred Shares, Series B of G.T.C. Transcontinental Group Ltd.

NOTICE OF CONVERSION

TO: G.T.C. Transcontinental Group Ltd.

This notice is given pursuant to Section 3/Section 5 of the provisions (the "Share Provisions") attaching to the Cumulative Retractable Convertible Redeemable First Preferred Shares, Series B ("Series B Preferred Shares") of G.T.C. Transcontinental Group Ltd. (the "Corporation") and all capitalized words and expressions used herein which are defined in the Share Provisions have the meanings ascribed to such words and expressions in such Share Provisions.

The undersigned, being the registered holder of Series B Preferred Shares, hereby:

1. notifies the Corporation that the undersigned wishes to exercise conversion rights in accordance with Section 3 /Section 5 of the Share Provisions in respect of (state number) Series B Preferred Shares;
2. notifies the Corporation that the Date of Conversion shall be (to be determined in accordance with the requirements of section 3.3 of the Share Provisions);
3. confirms that share certificates number , and representing the Series B Preferred Shares in respect of which the undersigned is entitled and desires to exercise such right of conversion are enclosed herewith and the transfer panels on such certificates have been duly endorsed in blank (or, in the alternative, a duly completed stock transfer power of attorney accompanies such certificates), and the signatures thereon have been guaranteed in accordance with the requirements of section 3.3 of the Share Provisions; and
4. directs that any Class A Subordinate Voting Shares to be issued upon conversion of any Series B Preferred Shares forming the subject matter of this Notice of Conversion shall be registered as follows: (in the absence of instructions to the contrary, such shares shall be registered in the name of the undersigned).

DATED this day of , .

(NAME OF HOLDER)

by: _____
Authorized Officer

by: _____
Authorized Officer