



# **BOMBARDIER**

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- **Notice of  
Special and Annual  
Meeting  
of Shareholders**
  
- and
  
- **Management  
Proxy Circular**

**1998**



## **BOMBARDIER INC.**

### **Notice of Special and Annual Meeting of the holders of Class A shares (multiple voting) and of the holders of Class B shares (subordinate voting)**

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NOTICE IS HEREBY GIVEN that the Special and Annual Meeting of the holders of Class A shares (multiple voting) (the "Class A shares") and of the holders of Class B shares (subordinate voting) (the "Class B subordinate shares") of Bombardier Inc. (the "Corporation") will be held at Le Centre Sheraton (Salle de Bal), 1201 René-Lévesque Blvd. West, Montréal, Province of Québec, on Monday, the 22<sup>nd</sup> day of June 1998, at 11:00 in the morning (Montréal time), for the purposes of :

1. Considering and, if deemed advisable, adopting a Special Resolution (the translation of the full text of which is reproduced as Exhibit "A" to the accompanying management proxy circular) authorizing the Corporation to apply for a Certificate of Amendment under the Canada Business Corporations Act (the "Act") to amend the Articles of the Corporation
  - 1.1 by subdividing each Class A share, issued and unissued, into two Class A shares; and
  - 1.2 by subdividing each Class B subordinate share, issued and unissued, into two Class B subordinate shares;
2. Considering and, if deemed advisable, adopting a Special Resolution (the translation of the full text of which is reproduced as Exhibit "B" to the accompanying management proxy circular) authorizing the Corporation to apply for a Certificate of Amendment under the Act to amend the attributes of the Class A shares and the Class B subordinate shares;
3. Receiving the consolidated financial statements of the Corporation for the year ended January 31, 1998, the Auditors' report thereon, and the report of the Directors to the Shareholders;
4. Electing Directors;
5. Appointing Auditors and authorizing the Directors to fix their remuneration; and
6. Transacting such other business as may properly be brought before the Meeting.

Shareholders having the right to vote on item 2 above have the right to dissent (within the meaning of Section 190 of the Act) in this regard. Pursuant to the provisions of Section 190 of the Act, a dissenting shareholder is entitled to be paid the fair value of the Class A shares and of the Class B subordinate shares held by such shareholder if he objects to the Special Resolution and if such Special Resolution is adopted and brought into force by the issue of a Certificate of Amendment. A summary of the procedure to be followed under Section 190 by a dissenting shareholder is set forth on page 7 of the accompanying management proxy circular.

For the purpose of item 2 above, the special meeting of shareholders, as permitted by the articles of the Corporation, will constitute, concurrently, a meeting of the holders of Class A shares and of the holders of Class B subordinate shares and a meeting of holders of Class B subordinate shares.

Montréal, Canada, this 19<sup>th</sup> day of May 1998.

By Order of the Board of Directors,

Roger Carle  
Corporate Secretary

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Note : Shareholders who are unable to be present in person at the Meeting are requested to complete, sign, date and return to the Secretary of the Corporation, in the envelope provided for that purpose, the enclosed form of proxy for Class A shares if they hold any such Class A shares and the enclosed form of proxy for Class B subordinate shares if they hold any such Class B subordinate shares.

# **BOMBARDIER INC.**

## **Management Proxy Circular**

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### **Solicitation of Proxies**

**This Management Proxy Circular (the “Circular”) is issued in connection with the solicitation by the Management of Bombardier Inc. (the “Corporation”) of proxies for use at the Special and Annual Meeting of Shareholders of the Corporation (the “Meeting”) to be held on Monday, June 22, 1998, at the place and time and for the purposes set forth in the foregoing Notice of said Meeting and at any and all adjournments thereof. For the purposes mentioned in the Notice of Meeting, the Meeting, as permitted by the articles of the Corporation, will constitute concurrently a meeting of the holders of Class A shares (multiple voting) and of the holders of Class B shares (subordinate voting) and a meeting of the holders of Class B shares (subordinate voting); the proxies will be used accordingly. The solicitation is made by mail. The cost of solicitation is borne by the Corporation.**

**Directors, officers or regular employees of the Corporation may also solicit proxies personally or by telephone. In addition, the Corporation has retained the services of the Transfer Agent for all the shares of the Corporation, Montréal Trust Company, for the purpose of soliciting proxies for the Meeting. The Corporation will pay, for such services, a remuneration which cannot be determined at present but which will not be significant.**

### **Right of Revocation**

**A shareholder giving a proxy may revoke the proxy by instrument in writing executed by the shareholder or by his representative authorized in writing or, if the shareholder is a corporation, by an officer or representative thereof authorized in writing, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of such Meeting on the day of the Meeting or any adjournment thereof.**

### **Appointment of Proxyholders**

**The persons named as proxyholders in the accompanying forms of proxy are Directors or Officers of the Corporation. A shareholder has the right to appoint as proxyholder a person other than those whose names are printed as proxyholders in the accompanying forms of proxy, by striking out said printed names and inserting the name of his chosen proxyholder in the blank space provided for that purpose in the form of proxy. In either case, the completed proxy shall be delivered to the Secretary of the Corporation prior to the meeting at which it is to be used. A person acting as proxyholder need not be a shareholder of the Corporation.**

## **Voting Shares and Principal Holders Thereof**

The Class A shares (multiple voting) of the Corporation (designated herein as "Class A shares") and the Class B shares (subordinate voting) of the Corporation (designated herein as "Class B subordinate shares") are restricted shares (under Canadian securities regulations), in view of the fact that their voting rights are unequal. Each Class A share entitles the holder thereof to 10 votes and each Class B subordinate share entitles the holder thereof to one vote, on a ballot.

Each Class B subordinate share carries the right to a preferential but non-cumulative dividend at the rate of \$0.00625 per annum.

Each Class A share is convertible at any time, at the option of the holder, into one Class B subordinate share. Each Class B subordinate share will become convertible into one Class A share in the event the majority shareholder, namely the Bombardier family, accepts a purchase offer for Class A shares or in the event the majority shareholder ceases holding more than 50% of the outstanding Class A shares of the Corporation.

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business, Montréal time, on May 12, 1998 (the "Record Date"), will be entitled to vote at the Meeting and any adjournment thereof if present or represented by proxy thereat. The transferee of Class A shares or Class B subordinate shares, as the case may be, acquired after the Record Date is entitled to vote those shares at the Meeting and at any adjournment thereof if he produces properly endorsed share certificates for such shares or if he otherwise establishes that he owns the shares and demands, not later than ten days before the Meeting, that his name be included on the list of shareholders entitled to receive the Notice of Meeting, such list having been prepared as of the Record Date.

As at April 15, 1998, the Corporation had outstanding 88,549,627 Class A shares and 251,032,097 Class B subordinate shares.

To the knowledge of the Directors and Officers of the Corporation, the only persons who, as at April 15, 1998, beneficially owned or exercised control or direction over shares carrying more than 10% of the voting rights attached to all the shares of the Corporation were Mrs. Janine Bombardier and Mr. J.R. André Bombardier, both Directors of the Corporation, and Mrs. Claire Bombardier Beaudoin and Mrs. Huguette Bombardier Fontaine who controlled indirectly through holding companies 70,539,488 Class A shares, representing in the aggregate 79.66% of the outstanding Class A shares of the Corporation or 62.07% of all the voting rights attached to all the shares of the Corporation.

As at April 15, 1998, the Directors of the Corporation (with the exception of Mrs. Janine Bombardier and Mr. J. R. André Bombardier) and the Officers of the Corporation, as a group, owned beneficially, directly or indirectly, 1,292,566 Class A shares and 1,843,556 Class B subordinate shares, representing 1.46% and 0.73%, respectively, of the outstanding shares of each such class.

**Amendments to Articles of the Corporation**  
***Subdivision of Shares***

The Special Resolution (the translation of the full text of which is reproduced as Exhibit "A" to this Circular) has the effect

- (a) of subdividing each of the Class A shares, issued and unissued, into two Class A shares, and
- (b) of subdividing each of the Class B subordinate shares, issued and unissued, into two Class B subordinate shares.

The Board of Directors of the Corporation believes that the subdivision will permit a larger distribution of the shares of the Corporation. The rate of the priority dividend on the Class B subordinate shares will be, as a direct and necessary consequence of the subdivision of the shares, changed from \$0.00625 to \$0.003125. But, as the holder of a Class B subordinate share will hold two such shares after the subdivision, the holder is not penalized : his position with respect to this priority dividend remains exactly the same.

The amendments to the Articles of the Corporation do not have any tax consequences for the shareholders.

The Corporation expects that these amendments to its Articles will be effective on Friday, July 10, 1998.

As soon as possible thereafter, the Corporation will mail to its shareholders registered as of the close of business on Friday, July 10, 1998, the certificates representing the additional shares to which such shareholders are entitled following the subdivision.

THE SHARE CERTIFICATES FOR THE CLASS A SHARES AND THE SHARE CERTIFICATES FOR THE CLASS B SUBORDINATE SHARES PRESENTLY OUTSTANDING MUST BE RETAINED BY THE HOLDERS AND MUST NOT BE SENT TO THE CORPORATION OR THE TRANSFER AGENT.

THIS SPECIAL RESOLUTION MUST BE APPROVED BY AT LEAST TWO-THIRDS OF THE VOTES CAST BY THE HOLDERS OF THE CLASS A SHARES AND OF THE CLASS B SUBORDINATE SHARES, VOTING TOGETHER.

**Amendments to the Articles of the Corporation**  
***Rights, privileges, conditions and restrictions attached to shares***

Since the Class B subordinate shares were created in 1980, Canadian regulation with respect to multiple voting shares and subordinate voting shares, on the one hand, and practices with respect to, among other things, take-over bids, on the other hand, have undergone constant change.

In addition, during this period of time, the Stock Exchanges have published prototype "coattail" provisions designed to protect the holders of subordinate voting shares in the case of a take-over bid made only to the holders of multiple voting shares. This publication by the stock exchanges, however, has not affected the Corporation and other companies which already had "coattail" provisions designed to protect the holders of their subordinate voting shares

The new Civil Code of Québec, which came into force in 1994, also introduced a concept of “trust” that was new in Québec. This definition of “trust” is such that an amendment to the Articles of the Corporation is now considered necessary to validate the holding of shares through a trust.

Lastly, under the current Articles of the Corporation, a take-over bid made by a third party and accepted by the Majority Holder, the Bombardier family, would trigger the mechanism whereby the Class B subordinate shares would be converted into Class A shares, but could later be abandoned or withdrawn by the offeror, whether for personal reasons or further to government or judicial intervention. The Articles, however, do not specify whether the Class A shares could then be reconverted into Class B subordinate shares. The Board of Directors of the Corporation believes, in accordance with the policies of the stock exchanges, that it would be fair to clearly specify that, if a take-over bid is so abandoned or withdrawn, the Class A shares resulting from such conversion of Class B subordinate shares can be reconverted into Class B subordinate shares.

Indeed, the Class B subordinate shares currently carry a conversion privilege into Class A shares only in order

- (a) to allow the holders of such shares to participate in an offer made only to the holders of Class A shares and accepted by the Bombardier family, and
- (b) to protect the holders of Class B subordinate shares if said Majority Holder ceases to be the Majority Holder.

As a result of the changes described in the foregoing paragraphs, changes within the Bombardier family itself and the reorganization of certain family matters within the Bombardier family, the Board of Directors of the Corporation is recommending to shareholders that the “coattail” provisions to protect the holders of subordinate voting shares be modernized and updated.

The update does not entail any changes in substance. It clarifies several important points and contains an amended description of the Bombardier family that more closely reflects current circumstances.

The Special Resolution, the full translation of which is reproduced as Exhibit “B” to this Circular, authorizes the Corporation to apply for a Certificate of Amendment under the Canada Business Corporations Act (the “Act”) to amend the attributes of the Class A shares and the Class B subordinate shares.

The purpose of the amendments is, among other things, to specify clearly that Class B subordinate shares that are converted into Class A shares in the context of an offer made to the holders of Class A shares are to be converted back into Class B subordinate shares

- (a) if the offer triggering the initial conversion is abandoned or withdrawn,
- (b) if the Majority Holder, namely, the Bombardier family, exercises its right of withdrawal with respect to its Class A shares previously deposited pursuant to such offer,
- (c) if the Class A shares resulting from the conversion of Class B subordinate shares are not ultimately acquired by the person making the offer, or



- (d) in the case of a holder of Class B subordinate shares, if such holder exercises his right of withdrawal with respect to the Class A shares resulting from the conversion of his Class B subordinate shares previously deposited pursuant to such offer.

In the Special Resolution, the time allowed for the Majority Holder to decide to accept or refuse the offer is also extended.

At present, if the Majority Holder ceases to be the Majority Holder, the Class B subordinate shares then become convertible into Class A shares. This will happen if the Bombardier family ceases to “own” more than 50% of the outstanding Class A shares. Under the Special Resolution, this basic concept would remain, but the notion of “ownership” would be extended by adding the notions of “control” and “direction”. The definition of the Bombardier family would also be enlarged to include the spouse of a member of the Bombardier family who becomes the liquidator, trustee or testamentary executor of such member of the Bombardier family for the benefit of other members (children, brothers, sisters) of the Bombardier family.

A number of consequential amendments have also been made and certain clarifications have been added.

The full translation of the attributes of the Class A shares and the Class B subordinate shares, after giving effect to the amendments contained in the Special Resolution, is reproduced as Exhibit “B”.

The proposed amendments will not of themselves entail tax consequences for the shareholders of the Corporation.

In addition, it should be noted that if the Class B subordinate shares are converted into Class A shares, there will be no tax consequences for holders of Class B subordinate shares who hold such shares as capital property.

Furthermore, if Class B subordinate shares which are converted into Class A shares are thereafter reconverted into Class B subordinate shares as provided for under the proposed amendments, such reconversion will not entail any tax consequences for shareholders who hold Class A shares as capital property.

THIS SPECIAL RESOLUTION MUST BE APPROVED BY AT LEAST TWO-THIRDS OF THE VOTES CAST

- (a) BY THE HOLDERS OF CLASS A SHARES AND BY THE HOLDERS OF CLASS B SUBORDINATE SHARES, VOTING TOGETHER,
- (b) BY THE HOLDERS OF CLASS A SHARES, VOTING SEPARATELY, AND
- (c) BY THE HOLDERS OF CLASS B SUBORDINATE SHARES, VOTING SEPARATELY.

As indicated in the Notice of Meeting of the holders of Class A shares and of the holders of Class B subordinate shares, any shareholder having the right to vote on the Special Resolution, the full text of which is reproduced as Exhibit “B” to this Management Proxy Circular, is entitled to be paid the fair value of his shares, in accordance with Section 190 of the Act, if he objects to the Special Resolution and if such Special Resolution is adopted and comes into force upon the issue of a Certificate of Amendment (“right of dissent”). The procedure to be followed by a dissenting shareholder is set forth in Section 190 of the Act and

any shareholder wishing to exercise the rights afforded thereby should refer thereto. The following is a brief summary of Section 190 of the Act:

- (a) the dissenting shareholder is required to send a written objection to the Special Resolution to the Corporation at or before the Meeting;
- (b) within 10 days after the Special Resolution is adopted by the holders of Class A shares and the holders of Class B subordinate shares, the Corporation must so notify the dissenting shareholder;
- (c) such shareholder is required, within 20 days after receipt of such notice, to demand payment of the fair value of his shares from the Corporation and must send the certificate or certificates representing his shares to the Corporation or transfer agent within 30 days of such demand for payment;
- (d) the Corporation is then required, upon the coming into force of the Special Resolution, to determine the fair value of the shares held by the dissenting shareholder and to make a written offer to pay such amount to the dissenting shareholder; and
- (e) if such offer is not made or is not accepted, either party may apply to the court to fix the fair value of the shares and the dissenting shareholder will be entitled to be paid the amount fixed by the court; a shareholder who votes in favor of the Special Resolution is not entitled to dissent with respect to such Special Resolution.





### **Election of Directors**

The Articles of the Corporation provide that the Board of Directors shall consist of not less than five and not more than 20 Directors. The Directors are elected annually. It is proposed by the Management of the Corporation that 14 Directors be elected for the current year. The term of office of each Director so elected expires upon the election of his successor unless he shall resign his office or his office shall become vacant by death, removal or other cause.

Except where authority to vote on the election of Directors is withheld, the persons named in the accompanying forms of proxy will vote for the election of the nominees whose names are hereinafter set forth, all of whom are now Directors of the Corporation except for Mr. Yvan Allaire and Mr. Jean C. Monty.

The Management of the Corporation does not contemplate that any of the nominees will be unable, or for any reason will become unwilling, to serve as a Director but, if that should occur for any reason prior to the election, the persons named in the accompanying forms of proxy reserve the right to vote for another nominee in their discretion unless the shareholder has specified in the form of proxy that his shares are to be withheld from voting on the election of Directors.

**A**pproximate number of shares of the Corporation beneficially owned by the nominee or which are subject to his or her control or direction as of April 15, 1998

	Class A shares	Class B subordinate shares	Series 2 preferred shares	
 <p>Vice Chairman of the Corporation Director since 1975 */***</p> <p><b>J.R. ANDRÉ BOMBARDIER</b></p>		(3) 15,326	0	
 <p>Executive Vice-President, Strategy and Corporate Affairs of the Corporation</p> <p><b>YVAN ALLAIRE (1)</b></p>		2,432	54,800	0
 <p>President and Governor J. Armand Bombardier Foundation, charitable organization Director since 1984</p> <p><b>JANINE BOMBARDIER</b></p>		(4)	0	0
 <p>President, Chairman and Chief Executive Officer of the Corporation Director since 1975 */***</p> <p><b>LAURENT BEAUDOIN, c.c., FCA (2)</b></p>		120,640	880,096	0

\* Member of the Executive Committee  
\*\* Member of the Audit Committee  
\*\*\* Member of the Compensation Committee









(1) Mr. Yvan Allaire is a new candidate to the Board of Directors of the Corporation. He is Executive Vice-President, Strategy and Corporate Affairs of the Corporation since May 1st, 1996; previously, as co-founder of a Canadian strategic planning consulting firm, he was an advisor to the executive management of several large Canadian corporations including, from 1985, to the Chairman and Chief Executive Officer of Bombardier Inc.

(2) Mrs. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls (either directly or in concert with J.R. André Bombardier, Janine Bombardier and Huguette Bombardier Fontaine), control or direction over 17,555,872 Class A shares of the Corporation.

(3) Mr. J.R. André Bombardier, exercises, through holding corporations which he controls (either directly or in concert with Claire Bombardier Beaudoin, Janine Bombardier and Huguette Bombardier Fontaine), control or direction over 18,271,872 Class A shares of the Corporation.






(4) Mrs. Janine Bombardier, exercises, through holding corporations which she controls (either directly or in concert with Claire Bombardier Beaudoin, J.R. André Bombardier and Huguette Bombardier Fontaine), control or direction over 17,555,872 Class A shares of the Corporation.

**A**pproximate number of shares of the Corporation beneficially owned by the nominee or which are subject to his or her control or direction as of April 15, 1998

	Class A shares	Class B subordinate shares	Series 2 preferred shares	
 President and Co-Chief Executive Officer Power Corporation of Canada, holding and management corporation Director since 1985*** <b>ANDRÉ DESMARAIS</b>	0	6,900	0	 Lawyer and Company Director Director since 1982 ** <b>L'hon. JEAN-PIERRE GOYER, P.C., O.C.</b>
 Senior Partner Ogilvy Renault, Barristers and Solicitors Director since 1975 ***/***	0	31,600	0	 <b>PIERRE LEGRAND, O.C.</b>
 Vice Chairman of the Corporation Director since 1975 */** <b>JEAN-LOUIS FONTAINE (5)</b>	1,792	0	0	 <b>PIERRE LEGRAND, O.C.</b>
 Senior Partner Bennett Jones Verchere, Barristers and Solicitors Director since 1986 <b>L'hon. PETER LOUGHEED, P.C., C.C., O.C.</b>	1,024,368	16,184	0	 <b>L'hon. PETER LOUGHEED, P.C., C.C., O.C.</b>
* Member of the Executive Committee ** Member of the Audit Committee *** Member of the Compensation Committee	0	1,600	0	

(5) Mrs. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls (either directly or in concert with Claire Bombardier Beaudoin, J.R. André Bombardier and Janine Bombardier), control or direction over 17,155,872 Class A shares of the Corporation.

**A**pproximate number of shares of the Corporation beneficially owned by the nominee or which are subject to his or her control or direction as of April 15, 1998

	Class A shares	Class B subordinate shares	Series 2 preferred shares
 <p>Chairman Sedgwick Limited, insurance broker Director since 1987</p> <p><b>DONALD C. LOWE</b></p>	0	133,000	0
 <p>Chairman and Chief Executive Officer Exsultate Inc., holding company Director since 1976 */***</p> <p><b>WILLIAM I. M. TURNER, JR., C.M.</b></p>	97,800	8,000	0
 <p>President and Chief Operating Officer of BCE Inc, Chairman and Chief Executive Officer of Bell Canada</p> <p><b>JEAN C. MONTY (6)</b></p>	0	0	0
 <p>Timken Professor of Business Administration Graduate School of Business Administration Harvard University Director since 1983</p> <p><b>HUGO UYTERHOEVEN</b></p>	0	0	0
 <p>President and Chief Executive Officer Canadian National, transportation company Director since 1997</p> <p><b>PAUL TELLIER</b></p>	0	2,000	0

\* Member of the Executive Committee  
 \*\* Member of the Audit Committee  
 \*\*\* Member of the Compensation Committee

(6) Mr. Jean C. Monty is a new candidate to the Board of Directors of the Corporation. Prior to becoming President and Chief Operating Officer of BCE Inc., on October 1st, 1997, and Chairman and Chief Executive Officer of Bell Canada on February 28, 1998, he had joined Nortel (Northern Telecom Limited) in October 1992 as President and Chief Operating Officer and had been appointed President and Chief Executive Officer in March 1993, and then Vice-Chairman and Chief Executive Officer in February 1997.

## Statement of Corporate Governance Practices

It is a requirement of the Montréal and Toronto stock exchanges that listed Canadian incorporated companies disclose their approach to corporate governance in the context of the Guidelines for Improved Corporate Governance in Canada of the Montréal and Toronto stock exchanges (the “Guidelines”). A description of the Corporation's corporate governance practices and of the mandate of the Board of Directors and the Committees of the Board follows.

### Mandate of the Board

The Canada Business Corporations Act provides that the business of the Corporation shall be managed under the direction of its Board of Directors. After discussion with the members of Senior Management, the Chief Executive Officer makes recommendations to the Board of Directors with respect to matters of corporate policy. The Board of Directors then takes the decisions which it deems appropriate and supervises with the Chief Executive Officer the execution of such decisions and reviews the results obtained. The duties of the Board of Directors also comprise the review on an annual basis of the five-year strategic plan for each operating group of the Corporation, a discussion of such plans with the Chief Executive Officer and an assessment of the risks identified. The Board of Directors takes an interest in Management succession planning, reviews statutory disclosure documents to shareholders and assesses the internal controls and management information systems.

### Composition of the Board of Directors

The Board of Directors is composed of 14 persons. Of the 14 directors, nine are “unrelated” under the Guidelines and the five others are either senior officers of the Corporation or persons who have a business relationship with the Corporation. In addition, one of the nine “unrelated” directors is related to the majority shareholders. Hence, in addition to a majority of “unrelated” directors, the Board is composed of eight directors who have no business interests with the Corporation or with the majority shareholders. The composition of the Board of Directors fairly reflects, therefore, the investment in the Corporation by the shareholders other than the majority shareholders.

The Chief Executive Officer of the Corporation is also President and Chairman of the Board of Directors. While there are no formal structures in place to ensure that the Board can function independently of Management, the Board of Directors of the Corporation is free to ask one or more members of Management to withdraw during certain discussions and the directors of the Corporation would not hesitate to meet without the presence of the members of Management who are also directors, including the Chairman of the Board, if the circumstances were to so require.

### Committees

The Board of Directors oversees the following four committees:

The **Audit Committee** is composed of three outside directors, one of whom is “related”, and one inside director, who is Vice Chairman of the Corporation. The Board of Directors of the Corporation believes that the presence of a member of Management on the Audit Committee facilitates the understanding by the remaining members of the Committee of given

situations. The roles and responsibilities of the Audit Committee have been specifically defined by the Audit Committee and approved by the Board of Directors and include the review of the annual and quarterly financial statements of the Corporation. The Audit Committee has direct communication channels with both the internal and external auditors to discuss and review specific issues as appropriate. The Audit Committee also has oversight responsibility of internal controls and Management information systems.

The **Compensation Committee** is composed of three outside directors, one of whom is “related” and two of whom are “unrelated”, and of two members of Management, being the President, Chairman and Chief Executive Officer and one of the Vice Chairmen of the Corporation. The Compensation Committee has the responsibility, upon the recommendation of the Chief Executive Officer, for defining salary classes and levels and extent of participation in the incentive program and in the stock option plan. The Compensation Committee also assesses the performance of the Chief Executive Officer and, in this connection, meets in the absence of the Chief Executive Officer; the Committee’s recommendations in this regard are then presented to the Board of Directors. When a vacancy on the Board of Directors needs to be filled, the Chief Executive Officer determines the person or persons whom he deems appropriate to fill the vacancy and submits his proposal to the Compensation Committee. The Compensation Committee can then endorse such recommendations, which, if endorsed, are presented to the Board of Directors.

The **Executive Committee** is composed of five directors, two being outside directors, one of whom is “related”, the other being “unrelated”, with the three other members of the Executive Committee being members of Senior Management of the Corporation. The Executive Committee can exercise all powers of the Board of Directors, subject to specific statutory exceptions, and does so in practice only between regularly scheduled Board meetings. Activities that are not in the ordinary course of business and that can be described as “fundamental changes” have always been decided upon by the Board of Directors.

The **Retirement Committees** are composed of six to eight members, including three directors, one of whom is “unrelated”. The Committee assists the Board of Directors in carrying out its responsibilities with respect to the various pension plans of the Corporation. More particularly, this Committee determines the appointment of outside professional advisors, including pension fund managers and actuaries, for the various pension funds of the Corporation. As well, this Committee recommends to the Board of Directors appropriate investment guidelines for the pension funds of the Corporation and receives and analyses reports as to conformity of the portfolios with such guidelines and as to the quality of the investments.

### **Decisions Requiring Prior Approval by the Board**

As stated above, activities that are not in the ordinary course of business and that can be described as “fundamental changes” have always been decided upon by the Board of Directors further to recommendations by the Chief Executive Officer. Decisions that are made by the Board of Directors in the course of approving the annual operating budget or during strategic planning sessions are not submitted again to the Board. However, certain decisions may be subject to internal approvals according to their nature and the amount involved. With respect to capital expenditures, even if the Board of Directors has approved a capital expenditure budget,

no capital expenditure is actually incurred without the approval of the proper level of authority which, in the case of capital expenditures exceeding a certain amount, would be the Board of Directors itself.

### **Recruiting New Directors and Assessing Board Performance**

As discussed earlier, the Chief Executive Officer submits to the Compensation Committee candidates to fill vacancies on the Board of Directors. If the candidacy is approved by the Compensation Committee, it then goes to the full Board. While there is no formal process for assessing directors on an ongoing basis, the directors feel free to discuss specific situations from time to time among themselves and/or with the Chief Executive Officer and, if need be, steps are taken to remedy the situation, which steps may include a request for resignation.

### **Shareholder Communications**

Shareholders have access to a service designed to provide prompt and accurate replies to requests for information that may be submitted. Management would promptly advise the Board, if any significant issues were to be raised by shareholders.

### **Board's Expectation of Management**

The corporate objectives which the Chief Executive Officer is responsible for meeting, with the rest of Management placed under his supervision, are in fact determined by the strategic plans and the budget as they are approved each year by the Board of Directors. Performance of the Chief Executive Officer and Management is assessed against the achievement of the strategic plans and the budget.

### **Remuneration of Directors**

Retainer fees paid to directors who are not officers of the Corporation are \$1,000 per month. Attendance fees are \$1,250 per Board or committee meeting.

### **Stock Option Plan for the Benefit of Non-Executive Directors**

A stock option plan for the benefit of non-executive directors of the Corporation (the "Directors' Plan") provides for the granting of non-transferable and non-assignable options to purchase a maximum of 1,000,000 Class B subordinate shares of the share capital of the Corporation. As at January 31, 1998, options for a total of 142,000 Class B subordinate shares had been granted and were outstanding.

The purchase price for the Class B subordinate shares, in respect of any option granted under the Directors' Plan, is the weighted average trading price of the Class B subordinate shares traded on the Montréal and Toronto stock exchanges on the five trading days immediately preceding the day of granting of such option. The purchase price is payable in full at the time of exercise of the option.

Each option shall be first exercisable at any time following the date of granting of such option until the expiration of the tenth year following the date of granting of such option, unless the Compensation Committee decides otherwise, provided, however, that an optionee shall not



have purchased more than 20% of the aggregate number of shares covered by his option at the expiration of the first year following the date of granting of such option, more than 40% of the aggregate number of shares covered by his option at the expiration of the second year following the date of granting of such option, more than 60% of the aggregate number of shares covered by his option at the expiration of the third year following the date of granting of such option and more than 80% of the aggregate number of shares covered by his option at the expiration of the fourth year following the date of granting of such option. However, a director who, at the date of statutory retirement as a director, will have been a director of the Corporation for at least five years, will then be entitled, during the period of six months following such retirement, to exercise his option with respect to all the shares for which such option will not then have been exercised.

During the financial year ended January 31, 1998, options for 55,000 Class B subordinate shares were granted at \$31.15 per share.

#### **Options Exercised in Last Completed Financial Year**

During the financial year ended January 31, 1998, 17,000 Class B subordinate shares have been purchased under the Directors' Plan by non-executive directors of the Corporation, at \$10.24 per share, pursuant to the exercise of options.

## Remuneration of Named Executive Officers

### Summary Compensation Table

The Summary Compensation Table shows certain compensation information for the President, Chairman and Chief Executive Officer and the four other most highly compensated executive officers (collectively, the “Named Executive Officers”) for services rendered in all capacities during the financial years ended January 31, 1998, 1997 and 1996. This information includes the base salaries, bonus awards, the number of stock options granted and certain other compensation, whether paid or deferred.

Name and Principal Position	As at January 31	Annual Compensation			Long-Term Compensation			All other Compensation (\$)
		Salary (\$)	Bonuses as at January 31 (\$)	Other Annual Compensation (\$) (1)	Awards		LTIP Payouts (\$)	
					Securities Under Options Granted (#)	Restricted Shares or Restricted Share Units (\$)		
Laurent Beaudoin President, Chairman and Chief Executive Officer	1998	1,000,000	1,049,400	105,024 (2)	—	—	—	—
	1997	1,000,000	1,351,000	156,227	1,000,000	—	—	—
	1996	900,000	525,420	130,897	—	—	—	—
Jean-Louis Fontaine Vice Chairman	1998	310,000	177,010	—	—	—	—	—
	1997	275,000	265,375	—	75,000	—	—	—
	1996	265,000	109,671	—	—	—	—	—
Yvan Allaire Executive Vice President, Strategy and Corporate Affairs	1998	425,000	425,000	—	—	—	—	—
	1997	300,000 (3)	289,500	—	150,000	—	—	—
	1996	—	—	—	—	—	—	—
Paul H. Larose Vice President, Finance	1998	310,000	310,000	—	—	—	—	—
	1997	290,083	279,930	—	50,000	—	—	—
	1996	235,000	97,995	—	—	—	—	—
Jean Rivard Vice President, Legal Services	1998	230,000	131,330	—	—	—	—	—
	1997	220,000	212,300	—	40,000	—	—	—
	1996	200,000	83,400	—	—	—	—	—

(1) The value of benefits not exceeding the lesser of \$50,000 or 10% of the sum of salary and bonuses has been omitted.

(2) This sum includes \$62,140 for personal use of the Company's aircraft.

(3) At the employment of the Corporation for 8 months in 1996.

### Stock Option Plan

The Stock Option Plan (the “Plan”) of the Corporation provides for the granting to key employees of the Corporation and its subsidiaries of non-assignable options to purchase an aggregate number of Class B subordinate shares which shall not exceed 19,000,000 outstanding Class B subordinate shares.

The option price is the weighted average trading price of the Class B subordinate shares traded on the Montréal and Toronto stock exchanges on the five trading days immediately preceding the day on which the option is granted. The option price is payable in full at the time of exercise of the option. Unless otherwise determined by the Board of Directors of the Corporation, the options are exercisable during periods commencing not earlier than two years following the date of granting and terminating not later than ten years after such date of granting.

Furthermore, an optionee shall not have purchased more than 25% of the aggregate number of shares covered by his option at the expiration of the third year following the date of granting of such option, more than 50% of the aggregate number of shares covered by his option at the expiration of the fourth year following the date of granting of such option and more than 75% of the aggregate number of shares covered by his option at the expiration of the fifth year following the date of granting of such option. As a general rule, the number of Class B subordinate shares granted to each key employee is based on a multiple of his salary, said multiple being directly related to the key employee's management level in the Corporation or one of its subsidiaries.

The following table sets forth the options granted during the financial year ended January 31, 1998.

<b>Date of Granting</b>	<b>Number of Shares Covered by Options</b>	<b>Option Price</b>	<b>Closing Price on the Date of Granting</b>
March 19, 1997	500,000	\$26.02	\$25.55
April 30, 1997	313,000	27.75	28.30
May 29, 1997	27,500	27.90	28.75
June 26, 1997	357,000	31.15	29.90
August 29, 1997	75,000	27.82	26.95
December 3, 1997	240,000	29.54	29.50

As at January 31, 1998, options for a total of 11,079,387 Class B subordinate shares had been granted and were outstanding.

### **Options exercised in last completed financial year**

During the financial year ended January 31, 1998, an aggregate number of 794,164 Class B subordinate shares have been purchased under the Plan by key employees of the Corporation pursuant to the exercise of options as follows:

40,000	shares purchased at an option price of	\$3.095
30,000	shares purchased at an option price of	\$3.54;
297,500	shares purchased at an option price of	\$5.045;
47,500	shares purchased at an option price of	\$6.68;
80,000	shares purchased at an option price of	\$7.0575;
135,500	shares purchased at an option price of	\$8.25;
17,000	shares purchased at an option price of	\$10.24;
132,964	shares purchased at an option price of	\$10.555; and
13,700	shares purchased at an option price of	\$12.29.

The aggregate net value (market prices on dates of purchase less option prices) for all the 794,164 Class B subordinate shares so purchased is \$17,081,308.

The following table summarizes for each of the Named Executive Officers the number of stock options exercised during the financial year ended January 31, 1998, the aggregate value realized upon exercise and the total number and value of unexercised options held at January 31, 1998.

Value realized upon exercise is the difference between the closing price of the Class B subordinate share on the exercise date and the exercise price of the option. Value of unexercised options at financial year end is the difference between the closing price of the Class B subordinate share on January 31, 1998 (\$28.00) and the exercise price.

Name	Shares Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year End		Value of Unexercised Options at Financial Year End	
			Exercisable(#)	Unexercisable(#)	Exercisable (\$)	Unexercisable (\$)
Laurent Beaudoin	—	—	2,800,000	1,000,000	63,820,000	7,470,000
Jean-Louis Fontaine	—	—	75,000	75,000	1,721,625	560,250
Yvan Allaire	—	—	—	150,000	—	1,315,500
Paul H. Larose	60,000	1,437,300	20,000	50,000	459,100	373,500
Jean Rivard	20,000	488,100	20,000	40,000	459,100	298,800

The numbers of shares indicated in the foregoing tables reflect, in part, adjustments following two-for-one stock splits which took place on October 24, 1986, July 10, 1987, January 31, 1992 and July 7, 1995.

The value of unexercised options, unlike the amounts set forth in the column "Aggregate Value Realized", has not been, and may never be, realized. The actual gains, if any, on exercise will depend on the value of the Class B subordinate shares of the Corporation on the date of exercise.

### Pension Plan

Senior employees, including the Named Executive Officers, participate in two non-contributory defined benefit pension plans. Benefits payable from the basic plan correspond to 2% of average salary in the three continuous years of service during which they were paid their highest salary (up to a maximum salary of \$86,111) times the number of years of credited service.

The supplemental plan provides (depending on the management level) for additional benefits of 1.5% or 2% of average salary in excess of \$86,111 times the number of years of credited service, or 2.25% of average salary times the number of year of credited service less the pension payable from the basic plan.

Benefits are reduced by 1/3 of 1% for each month between the date of early retirement and the date of a participant's 60th birthday or, if earlier, the date at which the participant's age

plus his or her years of service total 85. No benefits are payable from the supplemental plan if a participant has not completed 5 years of service.

The following table shows total annual benefits payable at age 60 from the basic plan and the supplemental plan computed on a percentage of 2%. Upon the death of a participant, the spouse will be entitled to a benefit equal to 60% of the benefit to which such participant was entitled. If the participant has no spouse at the time of retirement, the benefits will be paid, after death, to the designated beneficiary until such time as 120 monthly installments, in the aggregate, have been paid to the participant and to the designated beneficiary.

All benefits payable from these plans are in addition to government social security benefits. Only base salary is taken into consideration in calculating pension benefits.

### Annual Benefits Payable at the Normal Retirement Age of 60

Average remuneration	Years of Service			
	20	25	30	35
\$200,000	\$80,000	\$100,000	\$120,000	\$140,000
\$300,000	120,000	150,000	180,000	210,000
\$400,000	160,000	200,000	240,000	280,000
\$500,000	200,000	250,000	300,000	350,000
\$600,000	240,000	300,000	360,000	420,000
\$700,000	280,000	350,000	420,000	490,000
\$800,000	320,000	400,000	480,000	560,000
\$900,000	360,000	450,000	540,000	630,000
\$1,000,000	400,000	500,000	600,000	700,000
\$1,100,000	440,000	550,000	660,000	770,000
\$1,200,000	480,000	600,000	720,000	840,000

Years of credited service as at January 31, 1998 for each of the Named Executive Officers hereafter mentioned:

33 years and 10 months for Jean-Louis Fontaine  
 1 year and 9 months for Yvan Allaire  
 28 years and 5 months for Paul H. Larose  
 28 years and 8 months for Jean Rivard

At the normal retirement age of 60, the four Named Executive Officers whose names appear below will have the following number of years of credited service :

Jean-Louis Fontaine 35 years and 9 months  
 Yvan Allaire 5 years and 3 months  
 Paul H. Larose 35 years and 2 months  
 Jean Rivard 31 years and 3 months

Pursuant to the supplemental pension plan, the President, Chairman and Chief Executive Officer will be entitled, should he retire at age 60, to an allowance which, according to

pensionable earnings as of January 31, 1998 (an average of \$964,630), will be \$761,454 and could vary according to the evolution of his base salary. As at January 31, 1998, Laurent Beaudoin had 34 years and nine months of credited service; at the normal retirement age of 60, he will have 35 years and one month of credited service. Upon his death, his wife will be entitled to a benefit equal to 60% of the benefits to which he was entitled.

Only base salary is taken into consideration in calculating the pension benefits.

### **Report of the Compensation Committee**

As at January 31, 1998, the Compensation Committee consisted of five directors, two of whom are officers of the Corporation, namely, the President, Chairman and Chief Executive Officer, Laurent Beaudoin, and one of the Vice-Chairmen, J.R. André Bombardier, and three of whom are outside directors, namely André Desmarais, Pierre Legrand and William I.M. Turner, Jr. The committee meets at least three times a year.

The aggregate compensation of the senior officers of the Corporation, including the Named Executive Officers, consists of three components : base salary, the incentive (short-term) plan and the stock option plan.

The Compensation Committee has responsibility for defining compensation conditions, salary classes, the extent and levels of participation in the incentive (short-term) program and the stock option plan. The Committee monitors succession planning and determines the compensation of the senior officers in light of annual earnings.

To assist it in achieving its goals, the Committee calls on the services of compensation consultants who are responsible for gathering information on the policies in effect in companies comparable with the Corporation. The Corporation's policy is to offer its senior officers competitive salaries and to hire employees who are experts in their field at their market value in order to achieve annual financial performance targets. In addition to market surveys, the Compensation Committee takes into consideration the profitability of the Corporation. Thus, growth in base salary is a function of individual performance, the results obtained by the Corporation and comparisons with the industry in general.

In addition to the base salary, the Corporation offers an incentive plan which emphasizes the creation of economic value for the shareholders of the Corporation and which is linked to the performance objectives of each group or division. A bonus target is set as a percentage of the salary of a senior officer and the program allows for a maximum amount of bonuses for each group. The incentive plan encourages employees to try to outperform the earnings forecasts contained in annual operating budgets.

In the case of the senior officers at the corporate office, the incentive plan is based on the return obtained on the shareholders' equity during a given year. For the senior officers to earn a bonus, such return must have exceeded 12.5% at year-end. Any percentage point in excess is multiplied by a factor which is in turn based on the management level of the senior officer.

The performance of the Corporation and sustained growth in the value of its shares depend on striking a balance between short and long-term considerations. To this end a stock option plan was introduced in 1986 to allow options on Class B subordinate shares of the Corporation to be granted to key employees of the Corporation and its subsidiaries. This plan is described on page 16.

The Compensation Committee determines the number of stock options to be granted based, as a general rule, on a multiple of salary which is established according to the management level held by the employee in the Corporation or one of its subsidiaries. The application of the formula is flexible and the Compensation Committee takes into account all relevant circumstances when making its decisions. Barring circumstances involving an exceptional contribution or a promotion, the status of each key employee as regards stock options is reviewed every three years.

The determination of the base salaries of the President, Chairman and Chief Executive Officer and the other senior officers takes into account salary comparisons with positions involving similar responsibility and complexity, as per information obtained from outside consultants, and considerations of internal equity. With respect to the President, Chairman and Chief Executive Officer, his total compensation, during the last few years, has been established having regard to his particularly exceptional contribution to the growth and results of the Corporation.

In brief, all of the senior officers receive a compensation that is based on their individual performance, the performance of the Corporation and market forces.

Laurent Beaudoin

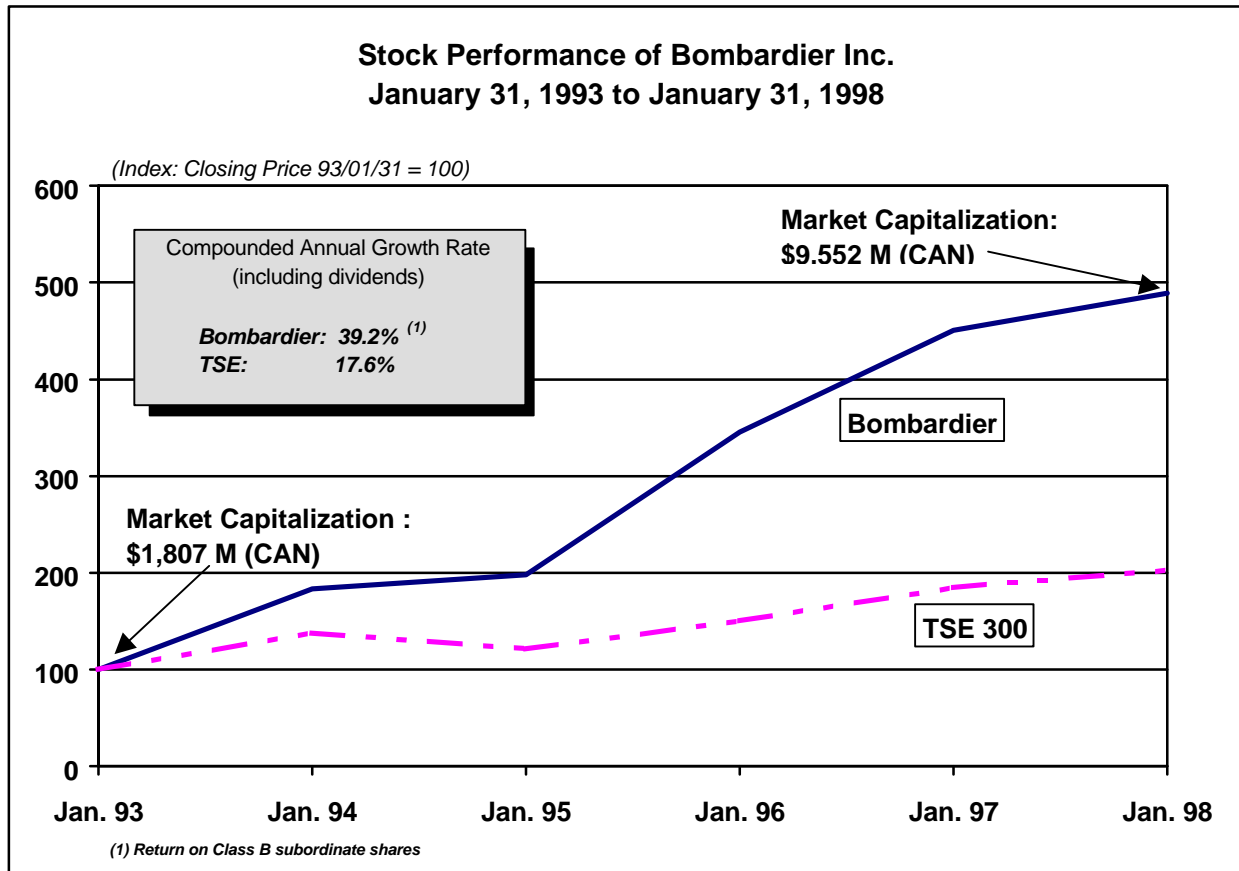
André Desmarais

J.R. André Bombardier

Pierre Legrand

William I.M. Turner, Jr.

## Performance Graph



### Directors' and Officers' Insurance

The Corporation purchases and maintains liability insurance for directors and officers. The current total amount of such insurance maintained is \$100 million at a cost of \$495,000 per annum. Under this insurance policy, the Corporation's maximum possible liability beyond the payment of premiums is \$150,000 for any particular claim.

### Appointment of Auditors

It is proposed by the Management of the Corporation that Ernst & Young, chartered accountants, be appointed as auditors of the Corporation and that the directors of the Corporation be authorized to fix their remuneration.



## **Voting of Shares Represented by Management Proxy**

The accompanying forms of proxy, subject to any specific directions given therein by any shareholder, confer discretionary voting authority upon those persons designated therein. If a direction is given in the accompanying form of proxy with respect to any matter for which a choice is provided therein, the shares represented thereby will, on any ballot that may be called for, be voted or withheld from voting in accordance with such direction. If no direction is given, the said shares will be voted in favor of the said matters.

Management of the Corporation knows of no amendments or variations to the matters identified in the Notice of Meeting and of no other business to come before the Meeting. If, however, any such amendments or variations or any other business properly come before the Meeting, the Management nominees designated in the forms of proxy shall vote the shares represented by such proxy in accordance with their best judgment.

## **Available Documentation**

The Corporation is a reporting issuer under the securities acts of certain provinces of Canada and is thereby required to file financial statements and Management Proxy Circulars with the various securities commissions in such provinces. The Corporation also files an annual information form annually with such securities commissions. Copies of the Corporation's latest annual information form, audited financial statements, interim financial statements filed since the date of the latest audited financial statements, and Management Proxy Circular may be obtained on request from the Public Relations department of the Corporation. The Corporation may require the payment of a reasonable charge when the request is made by someone other than a holder of securities of the Corporation, unless the Corporation is in the course of a distribution of its securities pursuant to a short form prospectus, in which case such documents will be provided free of charge.

## **Approval of Directors**

The contents and the sending of this Management Proxy Circular have been approved by the Directors of the Corporation.

Montréal, Canada, this 19<sup>th</sup> day of May, 1998.

Roger Carle  
Corporate Secretary

**EXHIBIT "A"**

**AMENDMENTS TO ARTICLES OF THE CORPORATION**

***SUBDIVISION OF CLASS A SHARES (MULTIPLE VOTING)  
AND OF CLASS B SHARES (SUBORDINATE VOTING)***

RESOLVED as a Special Resolution :

THAT the Corporation be and it is hereby authorized to apply for a Certificate of Amendment under Section 173 of the Canada Business Corporations Act to amend its Articles, effective at 5 o'clock p.m., Montréal time, on July 10, 1998,

- (a) by subdividing into two Class A shares (multiple voting) each Class A share (multiple voting), issued and unissued, and
- (b) by subdividing into two Class B shares (subordinate voting) each Class B share (subordinate voting), issued and unissued;

THAT the Articles of Amendment of the Corporation, which form part of this Special Resolution, as submitted to this Meeting, be and the same are hereby approved;

THAT notwithstanding that this Special Resolution has been duly adopted by the shareholders of the Corporation, the Board of Directors of the Corporation be and it is hereby authorized to revoke this Special Resolution before it is acted upon, without further approval of the shareholders; and

THAT any Director or any Officer of the Corporation be and he is hereby authorized to sign and deliver, for and on behalf of the Corporation, such Articles of Amendment and to sign and deliver such other notices and documents and to do such other acts and things as may be considered necessary or desirable to give effect to this Special Resolution.

**Articles of Amendment**

Section 3 of the Articles of the Corporation is amended as follows, effective at 5 o'clock p.m., Montréal time, on July 10, 1998 :

1. The first sentence of the preamble is modified by replacing therein the numbers "448,000,000" by the numbers "896,000,000", so that said sentence will henceforth read as follows :

"The shares of the Corporation shall consist of (i) an unlimited number of preferred shares without nominal or par value issuable in series (hereinafter called "Preferred Shares"), of which 1,600,000 have been designated as "Series 1 Cumulative Redeemable Preferred Shares" (hereinafter called "Series 1 Preferred Shares"), 12,000,000 have been designated as "Series 2 Cumulative Redeemable Preferred Shares" (hereinafter called "Series 2 Preferred Shares") and 12,000,000 have been designated as "Series 3 Cumulative Redeemable Preferred Shares" (hereinafter called "Series 3 Preferred Shares"), (ii) 896,000,000 Class A shares (multiple voting) and (iii) 896,000,000 Class B shares (subordinate voting) (such Class A

shares (multiple voting) and Class B shares (subordinate voting) being collectively called, where applicable, "Restricted Shares" and the rights, privileges, conditions and restrictions attaching to each such class or series of shares are as hereinafter set forth."

2. Section 3.3.9, which follows, is added to Section 3.3 :

"3.3.9 Subdivision

Each Class A share (multiple voting) issued and outstanding is changed into two Class A shares (multiple voting) and each Class B share (subordinate voting) issued and outstanding is changed into two Class B shares (subordinate voting) and the rate of the priority dividend per share per annum carried by the Class B shares (subordinate voting) is changed, in application of the second paragraph of Section 3.3.1 of these Articles, from \$0.00625 to \$0.003125."

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**EXHIBIT "B"**

**SPECIAL RESOLUTION**

**AMENDMENTS TO THE ARTICLES OF THE CORPORATION**

***CHANGES TO THE RIGHTS, PRIVILEGES,  
CONDITIONS AND RESTRICTIONS ATTACHED TO  
THE CLASS A SHARES (MULTIPLE VOTING) AND  
TO THE CLASS B SHARES (SUBORDINATE VOTING)***

RESOLVED as a Special Resolution:

THAT the Corporation be and it is hereby authorized to apply for a Certificate of Amendment under Section 173 of the Canada Business Corporations Act to amend its Articles by changing the rights, privileges, conditions and restrictions attached to the Class A shares (multiple voting) and to the Class B shares (subordinate voting);

THAT the Articles of Amendment of the Corporation, which form part of this Special Resolution, as submitted to the meeting, be and the same are hereby approved;

THAT notwithstanding that this Special Resolution has been duly adopted by the shareholders of the Corporation, the Board of Directors of the Corporation be and it is hereby authorized to revoke this Special Resolution before it is acted upon, without further approval of the shareholders; and

THAT any Director or any Officer of the Corporation be and he is hereby authorized to sign and deliver, for and on behalf of the Corporation, such Articles of Amendment and to sign and deliver such other notices and documents and to do such other acts and things as may be considered necessary or desirable to give effect to this Special Resolution.

**Articles of Amendment**

Section 3.3 of the Articles of the Corporation is amended and it will henceforth read as follows:

**3.3 Class A shares (multiple voting) and Class B shares (subordinate voting)**

The following rights, privileges, conditions and restrictions shall attach to the Class A shares (multiple voting) and to the Class B shares (subordinate voting):

**3.3.1 Dividends**

With respect to any dividend which may be declared, paid or set aside for payment in any financial year in respect of the Restricted Shares, the holders of Class B shares (subordinate voting) are entitled, in priority to the holders of Class A shares (multiple voting), to

non-cumulative dividends at the rate of \$0.00625 per share per annum; when dividends at said rate of \$0.00625 per share per annum have been declared and paid or set aside for payment in any financial year in respect of the Class B shares (subordinate voting), the Class A shares (multiple voting) and the Class B shares (subordinate voting) shall share equally, share for share, with respect to any additional dividends which may be declared, paid or set aside for payment in such financial year in respect of the Restricted Shares; all obligations of the Corporation in respect of undeclared dividends on the Restricted Shares with respect to any financial year of the Corporation shall be automatically extinguished by the mere fact of the expiry of such financial year.

In the event of a subdivision of the Class A shares (multiple voting) and of the Class B shares (subordinate voting), the rate of the prior dividend per share per annum carried by the Class B shares (subordinate voting) will be automatically changed in the same proportion as that of the subdivision and shall be read accordingly in this Section 3.3.1.

### 3.3.2 Subdivision or consolidation

Neither the Class A shares (multiple voting) nor the Class B shares (subordinate voting) shall be subdivided or consolidated unless at the same time the Class B shares (subordinate voting) or the Class A shares (multiple voting), as the case may be, are subdivided or consolidated in the same manner and, in such event, the rights, privileges, conditions and restrictions then attaching to the Class A shares (multiple voting) and to the Class B shares (subordinate voting) shall also attach to the Class A shares (multiple voting) and to the Class B shares (subordinate voting) as subdivided or consolidated.

### 3.3.3 Liquidation

In the event of the liquidation or winding-up of the Corporation or of any other distribution of its assets among its shareholders for the purpose of winding up its affairs, all of the assets of the Corporation available for payment or distribution to the holders of Restricted Shares shall be paid or distributed equally, share for share, to the holders of Class A shares (multiple voting) and to the holders of Class B shares (subordinate voting).

### 3.3.4 Conversion

3.3.4.1 Subject as provided in the following Sections, if there is an Offer, each Class B share (subordinate voting) shall become convertible, during the Conversion Period, at the option of its holder, into one Class A share (multiple voting), for the purpose of allowing the holder to accept the Offer.

3.3.4.2 The conversion right of the Class B shares (subordinate voting) provided for in Section 3.3.4.1 shall be exercisable by forwarding to the Corporation at its registered office, or to the transfer agent for the Class B shares (subordinate voting) at any office of the transfer agent where the transfer of Class B shares (subordinate voting) may be effected, the acceptance form provided with the Offer; such acceptance form

- (a) shall be accompanied by the certificate or certificates representing the Class B shares (subordinate voting) which the holder wishes to convert into Class A shares (multiple voting),

- (b) shall specify the number of Class B shares (subordinate voting) which the holder wishes to convert into Class A shares (multiple voting) and
- (c) shall be signed by the holder or his representative;

if part only of the Class B shares (subordinate voting) represented by the certificate or certificates accompanying the acceptance form provided with the Offer are to be converted, the holder shall have the right to receive, at the expense of the Corporation, a new certificate representing the Class B shares (subordinate voting) included in the certificate or certificates sent as aforementioned and which are not to be converted.

3.3.4.3 The transmittal by a holder of Class B shares (subordinate voting) of the acceptance form provided with the Offer, as mentioned in Section 3.3.4.2, shall constitute the transfer agent for the Class B shares (subordinate voting) the agent of such holder for the purposes of the Offer including, without limitation, the taking of any action necessary to complete the acceptance of the Offer in the name of such holder.

In addition, a holder of Class B shares (subordinate voting) shall have the right to give to the transfer agent for the Class B shares (subordinate voting), acting as such holder's agent, written instructions with respect to the exercise of any other right of said holder under the Offer, including the right to withdraw the tender of his shares pursuant to the Offer, as the case may be, and the right to accept or to reject any subsequent Offer.

3.3.4.4 Any payment of the price for Class A shares (multiple voting) resulting from the conversion of Class B shares (subordinate voting) received from an offeror under an Offer by the transfer agent for the Class B shares (subordinate voting), as agent for the holders of Class B shares (subordinate voting) who have converted their Class B shares (subordinate voting) into Class A shares (multiple voting), shall be remitted by the transfer agent to each such holder according to the number of Class A shares (multiple voting) resulting from the conversion which he requested and which have been paid for by the offeror.

3.3.4.5 Upon any conversion of Class B shares (subordinate voting) according to Section 3.3.4.1, the share certificate or certificates representing the Class A shares (multiple voting) resulting therefrom shall be issued in the name of the transfer agent for the Class B shares (subordinate voting).

3.3.4.6 The right of a holder of Class B shares (subordinate voting) to convert the same into Class A shares (multiple voting) according to Section 3.3.4.1 shall be deemed to have been exercised, and the holder of Class B shares (subordinate voting) to be converted shall be deemed to have become a holder of Class A shares (multiple voting), on the date or dates of surrender of the certificate or certificates representing the Class B shares (subordinate voting) to be converted accompanied by the acceptance form provided with the Offer as mentioned in Section 3.3.4.2, notwithstanding any delay in the issue of the certificate or certificates representing the Class A shares (multiple voting) into which such Class B shares (subordinate voting) have been converted, the whole subject to the other provisions of Section 3.3.4.

3.3.4.7 An election by a holder of Class B shares (subordinate voting) to exercise the right of conversion provided for in Section 3.3.4.1 shall be deemed to also constitute an irrevocable election by such holder to exercise the right to convert into Class B shares (subordinate voting), on a one-for-one basis, all the Class A shares

(multiple voting) of such holder resulting from the conversion of Class B shares (subordinate voting) pursuant to Section 3.3.4.1

3.3.4.7.1 if the Majority Holder exercises its right of withdrawal from the Offer; or

3.3.4.7.2 in respect of which such holder exercises his right of withdrawal from the Offer; or

3.3.4.7.3 which are not taken up and paid for by the offeror.

The conversion of Class A shares (multiple voting) into Class B shares (subordinate voting) in accordance with Section 3.3.4.7.1 shall become effective at the time the right of withdrawal is exercised by the Majority Holder.

The conversion of Class A shares (multiple voting) into Class B shares (subordinate voting) in accordance with Section 3.3.4.7.2 shall become effective at the time the right of withdrawal is exercised by the holder.

The conversion of Class A shares (multiple voting) into Class B shares (subordinate voting) in accordance with Section 3.3.4.7.3 shall become effective

- (a) in respect of an Offer which is completed, immediately following the time by which the offeror is required, by applicable legislation, to have taken up and paid for all shares to be acquired by the offeror under the Offer and
- (b) in respect of an Offer which is abandoned or withdrawn, at the time the Offer is abandoned or withdrawn.

3.3.4.8 In the event of a conversion of Class A shares (multiple voting) into Class B shares (subordinate voting) in accordance with Section 3.3.4.7, the transfer agent for the Class B shares (subordinate voting) shall cause each holder of Class B shares (subordinate voting) resulting from such conversion to receive a certificate or certificates representing the said Class B shares (subordinate voting) and shall make all the necessary entries in the records of the Corporation to give effect to the foregoing.

3.3.4.9 The right of conversion provided for in Section 3.3.4.1 shall not come into effect if:

3.3.4.9.1 prior to the time at which an Offer is made, there is delivered to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more of the individuals comprised in the Majority Holder and representing, in the aggregate, more than 50% of the number of Class A shares (multiple voting) for the time being outstanding, which certificate or certificates shall confirm, in the case of each such individual:

3.3.4.9.1.1 the number of Class A shares (multiple voting) which such individual directly or indirectly beneficially owns or controls or directs;

3.3.4.9.1.2 that such individual shall not make an Offer and is not an Associate or an Affiliate of, and is not acting jointly or in concert with, any Person proposing to make an Offer;

3.3.4.9.1.3 that no Class A shares (multiple voting) which such individual directly or indirectly beneficially owns or controls or directs will be tendered in acceptance of any Offer without a prior written notice of such acceptance or intended acceptance being given to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation at least seven days prior to the Expiry Date; and

3.3.4.9.1.4 that no Class A shares (multiple voting) which such individual directly or indirectly beneficially owns or controls or directs will be transferred, directly or indirectly, during the time during which any Offer is outstanding, without a prior written notice of such transfer or intended transfer being given to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation at least seven days prior to the Expiry Date; such notice shall state, if known to the transferor, the names of the transferees and the number of Class A shares (multiple voting) transferred or to be transferred to each transferee;

or

3.3.4.9.2 not later than the end of the seventh day after the Offer Date, there has been delivered to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more of the individuals comprised in the Majority Holder and representing, in the aggregate, more than 50% of the number of Class A shares (multiple voting) for the time being outstanding, which certificate or certificates shall confirm, in the case of each such individual:

3.3.4.9.2.1 the number of Class A shares (multiple voting) which such individual directly or indirectly beneficially owns or controls or directs;

3.3.4.9.2.2 that such individual is not making the Offer and is not an Associate or Affiliate of, or acting jointly or in concert with, any Person making the Offer;

3.3.4.9.2.3 that no Class A shares (multiple voting) which he directly or indirectly beneficially owns or controls or directs are or will be tendered in acceptance of the Offer, including any varied form of the Offer, without a prior written notice of such acceptance or intended acceptance being given to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation at least seven days prior to the Expiry Date; and

3.3.4.9.2.4 that no Class A shares (multiple voting) which he directly or indirectly beneficially owns or controls or directs are or will be transferred, directly or indirectly, between the date of the Offer and the Expiry Date without a prior written notice of such transfer or intended transfer being given to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation at least seven days prior to the Expiry Date; such notice shall state, if known to the transferor, the names of the transferees and the number of Class A shares (multiple voting) transferred or to be transferred to each transferee;

or



3.3.4.9.3 not later than the end of the seventh day after the Offer Date, a combination of certificates that comply with either Section 3.3.4.9.1 or 3.3.4.9.2 from or on behalf of one or more of the individuals comprised in the Majority Holder and representing, in the aggregate, more than 50% of the number of Class A shares (multiple voting) for the time being outstanding has been delivered to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation.

A certificate delivered to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation pursuant to Section 3.3.4.9.1 may be withdrawn at any time before the end of the seventh day after the Offer Date.

3.3.4.10 If a notice of acceptance or intended acceptance or of transfer or intended transfer is given as provided for in Section 3.3.4.9.1.3, 3.3.4.9.1.4, 3.3.4.9.2.3 or 3.3.4.9.2.4 and the conversion right provided for in Section 3.3.4.1 has not come into effect, the transfer agent for the Class B shares (subordinate voting) shall either forthwith upon receipt of the notice or forthwith after the seventh day following the Offer Date, whichever is later, determine the number of Class A shares (multiple voting) in respect of which there are subsisting certificates that comply with either Section 3.3.4.9.1 or 3.3.4.9.2.

For the purpose of this determination,

- (a) certificates covering shares in respect of which such a notice has been filed shall not be regarded as subsisting,
- (b) the transfer that is the subject of any notice referred to in Section 3.3.4.9.1.4 or 3.3.4.9.2.4 shall be deemed to have already taken place at the time of the determination and
- (c) the transferee, in the case of any notice referred to in Section 3.3.4.9.1.4 or 3.3.4.9.2.4, shall be deemed to be a Person from whom the transfer agent for the Class B shares (subordinate voting) does not have a subsisting certificate or a Person who is not a member of the Majority Holder unless the transfer agent for the Class B shares (subordinate voting) is otherwise notified either by such notice or by the transferee in writing.

If the number of Class A shares (multiple voting) so determined does not exceed 50% of the number of Class A shares (multiple voting) for the time being outstanding, the provisions of Section 3.3.4.9 shall cease to apply and the conversion right provided for in Section 3.3.4.1 shall be in effect for the remainder of the Conversion Period.

3.3.4.11 As soon as reasonably possible after the seventh day after the Offer Date, the Corporation shall send to each holder of Class B shares (subordinate voting) a notice advising the holders as to whether they are entitled to convert their Class B shares (subordinate voting) into Class A shares (multiple voting) and giving them a summary of the reasons therefor. If such notice discloses that the holders of Class B shares (subordinate voting) are not so entitled but it is subsequently determined that they are so entitled, by virtue of Section 3.3.4.10 or otherwise, the Corporation shall forthwith send another notice to them advising them of that fact and giving them a summary of the reasons therefor.

If a notice referred to in this Section 3.3.4.11 discloses that the right of conversion provided for in Section 3.3.4.1 has come into effect, the notice shall set out substantially the provisions of Sections 3.3.4.1 to 3.3.4.10 and be accompanied by a copy of the Offer and all other material sent to the holders of Class A shares (multiple voting) in respect of the Offer; as soon as reasonably possible after any additional material, including a notice of variation, is sent to the holders of Class A shares (multiple voting) in respect of the Offer, the Corporation shall send a copy of such additional material to each holder of Class B shares (subordinate voting). Prior to or forthwith after sending any notice referred to in this Section 3.3.4.11, the Corporation shall cause a press release to be issued summarizing the contents of the notice.

Any notice which, under this Section 3.3.4.11, must be sent to the holders of Class B shares (subordinate voting) must also be sent to the holders (whose address appears on the records of the Corporation) of all other securities of the Corporation which are convertible into or which carry the right to acquire Class B shares (subordinate voting).

3.3.4.12 Notwithstanding any other provisions of Section 3.3.4, each Class B share (subordinate voting) shall become convertible at the option of its holder into one Class A share (multiple voting) if and from the date the Majority Holder ceases to be the Majority Holder; promptly after such date, the former Majority Holder shall deliver to the transfer agent for the Class B shares (subordinate voting) and to the Secretary of the Corporation a certificate of the former Majority Holder to the effect that the former Majority Holder is no longer the Majority Holder; promptly thereafter, the Corporation shall forward to the holders of Class B shares (subordinate voting) and the holders (whose address appears on the records of the Corporation) of all other securities of the Corporation which are convertible into or which carry the right to acquire Class B shares (subordinate voting), a notice of the fact that there is no longer a Majority Holder and that each Class B share (subordinate voting) is convertible, at the option of its holder, into one Class A share (multiple voting). The certificate of the former Majority Holder for the purposes of this Section 3.3.4.12 shall be properly executed if executed by any two individuals comprised in the definition of "Majority Holder".

3.3.4.13 The conversion right of the Class B shares (subordinate voting) provided for in Section 3.3.4.12 shall be exercisable by written notice sent to the Corporation at its registered office or to the transfer agent for the Class B shares (subordinate voting) at any office of the transfer agent where the transfer of Class B shares (subordinate voting) may be effected, and such notice shall be accompanied by the certificate or certificates representing the Class B shares (subordinate voting) which the holder wishes to convert into Class A shares (multiple voting); such notice shall be signed by the holder or his representative and shall specify the number of Class B shares (subordinate voting) which the holder so wishes to convert into Class A shares (multiple voting); if part only of the Class B shares (subordinate voting) represented by the certificate or certificates accompanying the notice are to be converted, the holder shall have the right to receive, at the expense of the Corporation, a new certificate representing the Class B shares (subordinate voting) included in the certificate or certificates sent as aforementioned and which are not to be converted.

3.3.4.14 On any conversion of Class B shares (subordinate voting) according to Section 3.3.4.12, the share certificate or certificates representing the Class A shares (multiple voting) resulting therefrom shall be issued in the name of the holder of the Class B shares (subordinate voting) converted or in such name or names as such

holder may direct in writing (either in the notice referred to in Section 3.3.4.13 or otherwise) provided that such holder shall pay any applicable security transfer taxes.

3.3.4.15 The right of a holder of Class B shares (subordinate voting) to convert the same into Class A shares (multiple voting) according to Section 3.3.4.12 shall be deemed to have been exercised, and the holder of Class B shares (subordinate voting) to be converted (or any person or persons in whose name or names such holder of Class B shares (subordinate voting) shall have directed a certificate or certificates representing Class A shares (multiple voting) to be issued as provided in Section 3.3.4.14) shall be deemed to have become a holder of Class A shares (multiple voting) for all purposes, on the date or dates of surrender of the certificate or certificates representing the Class B shares (subordinate voting) to be converted accompanied by notice in writing as referred to in Section 3.3.4.13, notwithstanding any delay in the delivery of the certificate or certificates representing the Class A shares (multiple voting) into which such Class B shares (subordinate voting) have been converted.

3.3.4.16 The Class B shares (subordinate voting) converted into Class A shares (multiple voting) according to Section 3.3.4.1 or 3.3.4.12 shall become issued Class A shares (multiple voting).

3.3.4.17 In this Section 3.3.4:

3.3.4.17.1 “Affiliate” of any specified Person means any other Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, such specified Person;

for the purposes of this definition of Affiliate only, “control”, when used with respect to any specified Person, means the power to direct the management and affairs of such Person, directly or indirectly, whether through ownership of Voting Securities, by contract or otherwise; the terms “controlling” and “controlled” have meanings correlative to the foregoing;

3.3.4.17.2 “Associate” has the meaning ascribed by the Canada Business Corporations Act as amended from time to time;

3.3.4.17.3 “Conversion Period” means the period of time commencing on the eighth day after the Offer Date and terminating on the Expiry Date;

3.3.4.17.4 “Expiry Date” means the last date upon which the holders of Class A shares (multiple voting) may accept an Offer;

3.3.4.17.5 “Majority Holder” means any one or more of the following individuals, namely, Janine Bombardier, Claire Bombardier, Huguette Bombardier, André Bombardier and their respective descendants, born and to be born, so long as at all times after November 28, 1980 more than 50% of the number of Class A shares (multiple voting) of the Corporation for the time being outstanding are:

- (a) directly or indirectly beneficially owned by any such individuals; or
- (b) controlled or directed in any manner whatsoever by:
  - (i) any of such individuals; or
  - (ii) a trust or trusts whose beneficiaries as to capital comprise any or some or all of the aforementioned individuals while

they are alive, but only to the extent of the number of Class A shares (multiple voting) of which the aforementioned individuals are capital beneficiaries as such or as members of the class of capital beneficiaries; or

- (iii) a trust or trusts whose right and power to manage and dispose of the assets held in trust resides or is vested with one or more members of the Majority Holder.

“Majority Holder” also includes the individual who is or was at the time of death of an aforementioned individual, the spouse of such aforementioned individual if such spouse acts as liquidator, testamentary executor or in any other representative capacity of one of such individuals, or as trustee of one or more of the trusts referred to in (ii) or (iii) above.

3.3.4.17.6 Without restricting the generality of the definition of Majority Holder, Class A shares (multiple voting) are controlled or directed by an individual or a trust if:

- (a) the individual or the trust is the registered holder thereof;
- (b) the individual or the trust controls a corporation
  - (i) directly through holding of shares of such corporation carrying voting rights under all circumstances sufficient to allow the individual or the trust to elect at least the majority of the directors of such corporation; or
  - (ii) indirectly through so controlled interposed corporations, in whose name such Class A shares (multiple voting) are registered;
- (c) the individual alone or together with other members of the Majority Holder has or have the right and power to manage and dispose of assets held by a partnership or an entity holding such Class A shares (multiple voting) or an entity which controls directly or indirectly through interposed controlled corporations or entities an entity holding such Class A shares (multiple voting).

3.3.4.17.7 “Offer” means an offer to acquire Class A shares (multiple voting) which is made or which must, by reason of then applicable securities legislation or the by-laws, regulations or policies of a stock exchange on which the Class A shares (multiple voting) are listed, be made to all holders of Class A shares (multiple voting) whose last address on the records of the Corporation is in a province of Canada;

it is understood that an Offer made to all the holders of Class A shares (multiple voting) (the “**Class A Offer**”) concurrently with an Offer which is made to all the holders of Class B shares (subordinate voting) (the “**Class B Offer**”) and which

- (a) is not less favorable than the Class A Offer in terms of price per share, nature of consideration per share and percentage of outstanding shares to be taken up (exclusive of shares owned,

immediately prior to the Class A Offer and the Class B Offer, by the offeror, its Associates, its Affiliates and persons acting jointly or in concert with the offeror) and in all other material respects (other than the conditions which may be attached to the Class A Offer) and

- (b) has no condition attached other than the right not to take up and pay for Class B shares (subordinate voting) tendered pursuant to the Class B Offer if no Class A shares (multiple voting) are purchased pursuant to the Class A Offer,

is not an Offer within the meaning of this Section 3.3.4.17.7;

it is also understood that a variation made to the Class A Offer (other than with respect to the conditions which may be attached to the Class A Offer) shall be deemed to constitute the making of a new Offer unless a corresponding variation is made concurrently to the Class B Offer;

it is also understood, for greater certainty, that an Issuer Bid by the Corporation is not an Offer within the meaning of this Section 3.3.4.17.7;

3.3.4.17.8 “Offer Date” means the date an Offer is sent;

3.3.4.17.9 “Person” means any individual, corporation, partnership, association, trust or unincorporated organization;

3.3.4.17.10 “Voting Security” means any security, other than a debt security, carrying full voting rights either under all circumstances or under some circumstances that have occurred and are continuing;

3.3.4.17.11 Any reference to a share certificate or similar expression means reference to an instrument issued by the Corporation that is

- (a) in bearer, order or registered form,
- (b) of a type commonly dealt in on securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment,
- (c) one of a class or series or by its terms divisible into a class or series of instruments, and
- (d) evidence of a share, participation or other interest in a corporation;

3.3.4.18 Each Class A share (multiple voting) issued and outstanding may, at any time, at the option of the holder, be converted into one Class B share (subordinate voting); such right of conversion shall be exercised in the manner provided for in Sections 3.3.4.13, 3.3.4.14 and 3.3.4.15, *mutatis mutandis*, and the Class A shares (multiple voting) converted into Class B shares (subordinate voting) shall become issued Class B shares (subordinate voting).

3.3.4.19 Upon the conversion of Class A shares (multiple voting) into Class B shares (subordinate voting) and vice versa,

3.3.4.19.1 the number of shares outstanding of the class of shares tendered for conversion shall be thereby reduced by the number of shares so tendered for

conversion, and the number of shares outstanding of the other class shall be thereby increased by the number of shares issued at the time of conversion; and

3.3.4.19.2 the number of authorized shares of each class shall remain the same and, for this purpose, the number of shares unissued (and available for issue) of the class of shares tendered for conversion shall be increased by the number of shares tendered for conversion, and the number of unissued shares of the other class shall be reduced by the number of shares issued at the time of such conversion, but no conversion of itself shall have the effect of reducing or increasing the authorized number of Class A shares (multiple voting) or Class B (subordinate voting) of the Corporation.

3.3.4.20 The Corporation shall not issue any Class A shares (multiple voting) or any Class B shares (subordinate voting) if, after such issue, the number of Class A shares (multiple voting) or Class B shares (subordinate voting), as the case may be, authorized but unissued, shall be insufficient to permit the exercise of the conversion rights provided for in Sections 3.3.4.1, 3.3.4.12 and 3.3.4.18 in the event that all of the outstanding shares of the other class were to be converted into Class A shares (multiple voting) or Class B shares (subordinate voting), as the case may be, pursuant to the provisions of the said Sections 3.3.4.1, 3.3.4.12 and 3.3.4.18, respectively.

### 3.3.5 Voting

The holders of Class A shares (multiple voting) and the holders of Class B shares (subordinate voting) shall be entitled to receive notice of any meeting of shareholders of the Corporation and to attend and vote thereat, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote; the Class A shares (multiple voting) shall carry ten (10) votes per share and the Class B shares (subordinate voting) shall carry one (1) vote per share. Provided, however, that if the Corporation proposes to

- (a) amalgamate with any corporation other than one or more wholly-owned subsidiaries of the Corporation, or
- (b) sell, lease or transfer or otherwise dispose of its properties and assets substantially as an entirety to a corporation other than one or more wholly-owned subsidiaries of the Corporation or
- (c) voluntarily liquidate, dissolve or wind up or distribute its assets among its shareholders for the purpose of winding up its affairs,

the holders of Class B shares (subordinate voting), in addition to any other approval that may be required, shall be entitled to vote separately as a class upon the proposal.

The holders of Class A shares (multiple voting) and the holders of Class B shares (subordinate voting) do not have the right to vote separately as a class with respect to amendments to the Articles of the Corporation by virtue of subparagraphs (a), (b) and (e) of paragraph (1) of Section 176 of the Act.

### 3.3.6 Rank

Except as otherwise provided in this Section 3.3, each Class A share (multiple voting) and each Class B share (subordinate voting) shall have the same rights, shall be equal in all respects and shall be treated by the Corporation as if they were shares of one class only.

### 3.3.7 Amendments

Any amendment to the Articles of the Corporation to delete or vary any of the rights, privileges, conditions or restrictions attaching to the Class A shares (multiple voting) or the Class B shares (subordinate voting), respectively, may be authorized by at least two-thirds of the votes cast at a meeting of the holders of the Class A shares (multiple voting) and the Class B shares (subordinate voting), duly held for that purpose; provided, however, that if the holders of the Class A shares (multiple voting), as a class, or the holders of the Class B shares (subordinate voting), as a class, shall be affected in a manner different from the other class of shares, such amendment shall, in addition, be authorized by at least two-thirds of the votes cast at a meeting of the holders of the class of shares so differently affected, which may be held concurrently with the aforesaid meeting of the holders of the Class A shares (multiple voting) and the Class B shares (subordinate voting). The formalities to be observed with respect to the giving of notice of any meeting of the holders of the Class A shares (multiple voting) and/or of the Class B shares (subordinate voting) and the conduct thereof and the quorum therefor shall, *mutatis mutandis*, be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of holders of voting shares.

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