

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

06-18-2003



102477004

To the Honorable Commissioner of Patents and Trademarks: Please record the:

1. Name of conveying party(ies):

6.16.03

Prime Restaurant Licensing, Inc.

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other Corporation of Canada

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)

Name: Prime Restaurants of Canada Inc.

Internal Address: Emerald Business Centre

Street Address: 10 Kingsbridge Garden Circle suite 600

City: Mississauga State: Ontario, Canada Zip: L5R 3K6

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other Corporation of Canada

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other Amalgamation

Execution Date: 07/22/02

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1968508, 2091415,

2075581, 1534777, 1802958

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Robert W. Sacoff

Internal Address: Pattishall, McAuliffe, Newbury, Hilliard & Geraldson

Street Address: 311 S. Wacker

Suite 5000

City: Chicago State: IL Zip: 60606

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41): \$ 140.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

16-0650

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9. Signature.

Cindy L. Buithuis Name of Person Signing

Cindy L. Buithuis Signature

06/10/03 Date

Total number of pages including cover sheet, attachments, and document:

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

**IN THE UNITED STATES PATENT & TRADEMARK OFFICE
POST REGISTRATION DIVISION**

Registrant: Prime Restaurants of Canada Inc.
(by amalgamation with Prime Restaurant Licensing Inc.)

Mark: LIFE, LIBERTY AND THE PURSUIT OF PASTA

Reg. No. 1,968,508

Reg. Date: April 16, 1996

Int'l Class: 42

**DESIGNATION OF DOMESTIC REPRESENTATIVE AND
SUBSTITUTE POWER OF ATTORNEY**

Commissioner of Trademarks
ATTN: BOX POST REG
2900 Crystal Drive
Arlington, VA 22202-3513

Designation of Domestic Representative

Prime Restaurants of Canada Inc. hereby appoints Pattishall, McAuliffe, Newbury, Hilliard & Geraldson, 311 S. Wacker Drive, Suite 5000, Chicago, Illinois 60606 as its domestic representative upon whom notice or process in proceedings affecting the mark may be served.

Substitute Power of Attorney

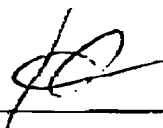
Prime Restaurants of Canada Inc. hereby revokes all previous powers of attorney and appoints the law firm of Pattishall, McAuliffe, Newbury, Hilliard & Geraldson as its attorneys to prosecute this registration with full power of substitution and revocation, to transact all business in the Patent & Trademark Office in connection herewith, and to receive all post-registration communications.

Please address all future communication to:

Robert W. Sacoff
Pattishall, McAuliffe, Newbury, Hilliard & Geraldson
311 S. Wacker Drive
Suite 5000
Chicago, Illinois 60606
(312) 554-8000 – telephone
(312) 554-8015 – facsimile
rsacoff@pattishall.com

PRIME RESTAURANT LICENSING INC.

By: _____


H. Ross R. Bain
Vice-President of Administration, Secretary
and Legal Counsel

Date: 17 October 2002

12-24-2002

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings ⇨ ⇨ ⇨ ▼



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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): 12-11-02 Prime Restaurant Licensing, Inc. [] Individual(s) [] Association [] General Partnership [] Limited Partnership [] Corporation-State [x] Other Corporation of Canada

2. Name and address of receiving party(ies) Name: Prime Restaurants of Canada Inc. Internal Address: Emerald Business Centre Street Address: 10 Kingsbridge Garden Circle suite 600 City: Mississauga State: Ontario, Canada Zip: L5R 3K6 [] Individual(s) citizenship [] Association [] General Partnership [] Limited Partnership [] Corporation-State [x] Other Corporation of Canada

Additional name(s) of conveying party(ies) attached? [] Yes [x] No

3. Nature of conveyance: [] Assignment [] Merger [] Security Agreement [] Change of Name [x] Other Amalgamation Execution Date: 07/22/02

If assignee is not domiciled in the United States, a domestic representative designation is attached: [x] Yes [] No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? [] Yes [x] No

4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark Registration No.(s) 1968508, 2091415, 2075581, 1534777, 1802958 Additional number(s) attached [] Yes [x] No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Robert W. Sacoff Internal Address: Pattishall, McAuliffe, Newbury Hilliard & Geraldson Street Address: 311 S. Wacker Suite 5000 City: State: Zip:

6. Total number of applications and registrations involved: 5 7. Total fee (37 CFR 3.41): \$ 140.00 [] Enclosed [x] Authorized to be charged to deposit account 8. Deposit account number: 16-0650

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9. Signature. Cindy L. Bulthuis Name of Person Signing Cindy L. Bulthuis Signature 12/05/02 Date

Total number of pages including cover sheet, attachments, and document: []

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

12/23/2002 LMUELLER 00000198 160650 1968508 01 FC:852: 40.00 CH 02 FC:852: 100.00 CH

TRADEMARK REEL: 002756 FRAME: 0940

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise: Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société :

There shall be no restrictions on the business the Corporation may carry on or on the powers the Corporation may exercise.

7. The classes and any maximum number of shares that the corporation is authorized to issue: Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

- (a) an unlimited number of shares designated as a class as "Class A Preferred Shares";
- (b) an unlimited number of shares designated as a class as "Class B Preferred Shares";
- (c) an unlimited number of shares, issuable in series, designated as a class as "Class C Preferred Shares";
- (d) an unlimited number of shares designated as a class as "Common Shares";
- (e) an unlimited number of shares designated as a class as "Class A Common Shares".

Document prepared by
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Toronto, Ontario

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8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

8.1 DEFINITIONS

For the purposes of these share provisions:

- (a) "Act" means the Business Corporations Act (Ontario) as amended and replaced from time to time;
- (b) "Aggregate Deposit" when used with respect to any particular redemption of a class or series of shares means at a particular time the product obtained by multiplying the Applicable Redemption Price by the number of shares of the applicable class or series to be redeemed at such time, but for which certificates representing such shares have not been surrendered to the Corporation;
- (c) "A Junior Shares" means any shares in the capital of the Corporation ranking after or subordinate to the Class A Preferred Shares as to the payment of declared non-cumulative dividends, accumulated but unpaid cumulative dividends, as to capital on a redemption or upon Liquidation, and includes, without limitation, the Class B Preferred Shares (with respect to a return of capital on Liquidation only), the Class C Preferred Shares (and each series thereof), the Common Shares and the Class A Common Shares in the capital of the Corporation;
- (d) "Applicable Redemption Amount" means when used with reference to a particular class or series of shares, the redemption amount for one (1) share of the particular class or series as determined in accordance with the provisions applicable to the particular class or series, and for greater certainty shall mean when used with reference to:
 - (i) the Class A Preferred Shares, the Class A Preferred Share Redemption Amount;
 - (ii) the Class B Preferred Shares, the Class B Preferred Share Redemption Amount;
 - (iii) the First Series Class C Preferred Shares, the First Series Share Redemption Amount;
 - (iv) the Second Series Class C Preferred Shares, the Second Series Share Redemption Amount;
 - (v) the Third Series Class C Preferred Shares, the Third Series Share Redemption Amount;

- (o) "**Third Series Share Redemption Amount**" has the meaning ascribed to that term in the provisions setting out the Preferences that are specific to the Third Series Class C Preferred Shares, which for greater certainty are the Preferences that are in addition to the Class C Attributes;
- (p) "**Fourth Series Share Redemption Amount**" has the meaning ascribed to that term in the provisions setting out the Preferences that are specific to the Fourth Series Class C Preferred Shares, which for greater certainty are the Preferences that are in addition to the Class C Attributes of the Class C Preferred Shares;
- (q) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets or property of the Corporation among shareholders for the purpose of winding-up its affairs;
- (r) "**Preferences**" means preferences, rights, conditions, restrictions, limitations and prohibitions (if any);
- (s) "**Prime Group**" means Prime Restaurant Group Inc., a predecessor of the Corporation;
- (t) "**Prime Rate**" means the annual rate of interest announced from time to time by Royal Bank of Canada at its principal office in Toronto as of the close of business on the applicable day as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans made in Canada;
- (u) "**ranking as to capital**" means ranking or priority with respect to the distribution of assets in the event of a Liquidation;
- (v) "**Rate**" when used with respect to a particular series or class of shares means the percentage to be applied against the Applicable Redemption Amount (or other specified base) to determine the dividend payable for a financial year (or other specified period) in respect of one (1) share of the particular class or series and for greater certainty when used with reference to the Class A Preferred Shares means the "**Class A Preferred Rate**" (as defined in section 8.2(d));
- (w) "**Redemption Date**" with respect to a particular redemption of a share of any class or series of shares, at the option of the Corporation, means the date set out in the applicable Redemption Notice as the date upon which the particular redemption is to occur;
- (x) "**Redemption Notice**" with respect to a share of any particular class or series of shares means a notice in writing sent by the Corporation pursuant to which the Corporation, *inter alia*, advises the shareholder of the Corporation's intent to redeem shares of the particular class or series held by the shareholder;

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(b) Voting Rights with respect to Class A Preferred Shares

The holders of the Class A Preferred Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and shall have one (1) vote for each Class A Preferred Share held at all such meetings.

(c) Dividends in kind

Dividends on the Class A Preferred Shares shall be payable in cash; provided that if all holders of Class A Preferred Shares consent in writing, dividends may be paid in kind. Nothing shall prevent the Corporation from declaring and distributing stock dividends on the Class A Preferred Shares.

(d) Dividends

For the purposes hereof "Class A Preferred Rate" for any particular month shall mean the product obtained by multiplying point seven (0.7) by the Prime Rate as at the close of business on the last day of the immediately preceding month and dividing such product by twelve (12).

The holders of the Class A Preferred Shares shall be entitled to receive and the Corporation shall pay thereon, non-cumulative dividends. The maximum such dividend that may be declared on the Class A Preferred Shares in respect of any month shall be equal to the product obtained by multiplying the Applicable Redemption Amount by the Rate for such month. Such dividends may be payable monthly in arrears, if, as and when declared by the Board, and out of the monies of the Corporation properly applicable to the payment of dividends. The Board shall be entitled to declare and pay part of the said preferential non-cumulative dividends in respect of any month notwithstanding that such dividends for such month shall not be declared in full. If, within three hundred and sixty-five (365) days after the expiration of any month the Board in its discretion shall not declare the full amount of the dividend or dividends on the Class A Preferred Shares for such month, then the rights of the holders of the shares of the Class A Preferred Shares to dividends for such month to the extent that such dividend has not been declared shall be forever extinguished. The holders of the Class A Preferred Shares shall not be entitled to any dividends other than or in excess of the non-cumulative dividends hereinbefore provided.

(e) Redemption at the Option of the Corporation

Subject to the Act, the Corporation may, upon giving notice as hereinafter provided, redeem at any time, the whole or from time to time any part of the then outstanding Class A Preferred Shares on payment for each share to be redeemed of the Applicable Redemption Price thereof. In the case of redemption of the Class A Preferred Shares under the provisions of this section, the Corporation shall at least one (1) day before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of the Class

A Preferred Shares only pursuant to tenders received by the Corporation upon request for tenders addressed to all the holders of the Class A Preferred Shares and the Corporation shall accept only the lowest tenders. Where, in response to the invitation for tenders, two or more holders of Class A Preferred Shares submit tenders at the same price and the tenders are accepted by the Corporation as to part only of the shares offered, the Corporation shall accept part of the Class A Preferred Shares offered in each tender in proportion as nearly as may be to the total number of shares of the Class A Preferred Shares offered in each tender (disregarding fractions).

(g) Rights on Liquidation, Etc.

In the event of a Liquidation, the holders of the Class A Preferred Shares shall be entitled to receive from the assets and property of the Corporation, for each Class A Preferred Share held by them respectively, an amount equal to the Applicable Redemption Price thereof, before any amount shall be paid or any property or assets of the Corporation be distributed to the holders of any A Junior Shares. After payment to the holders of the Class A Preferred Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the assets or property of the Corporation.

(h) Amendment

No change to any of the Preferences of the Class A Preferred Shares shall have any force or effect until it has been approved by a majority of not less than two-thirds (2/3rds) of the votes cast by the holders of the Class A Preferred Shares, voting separately as a class at a meeting of such holders specially called for that purpose, or by a resolution in writing signed by all the holders of the Class A Preferred Shares, in addition to any other approval required by the Act.

8.3 CLASS B PREFERRED SHARES

The Preferences attaching to the Class B Preferred Shares in the capital of the Corporation are as follows:

(a) Preference with Respect to Class B Preferred Shares

The Class B Preferred Shares shall be entitled to preference over the B Junior Shares with regard to ranking as to capital.

(b) Voting Rights with respect to Class B Preferred Shares

Subject to the Act, the holders of Class B Preferred Shares shall not (except as herein expressly provided) be entitled to receive notice of any meetings of the shareholders of the Corporation and shall not be entitled to vote thereat. The holders of Class B Preferred Shares shall be entitled to receive notice of meetings of shareholders called for the purpose of Liquidation.

give any such Redemption Notice to one (1) or more of such shareholders shall not affect the validity of such redemption. The Redemption Notice shall set out the Applicable Redemption Price and the Redemption Date and if part only of the Class B Preferred Shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. On or after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class B Preferred Shares to be redeemed, the Applicable Redemption Price for each Class B Preferred Share being redeemed, on presentation and surrender at the registered office of the Corporation or at any other place designated in the Redemption Notice, of the certificates representing the Class B Preferred Shares called for redemption and such Class B Preferred Shares shall thereupon be redeemed. If a part only of the Class B Preferred Shares represented by any certificate are to be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the Redemption Date, the Class B Preferred Shares called for redemption in such Redemption Notice shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Applicable Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case, the rights of such shareholders shall remain unaffected. The Corporation shall have the right at any time after the mailing of the Redemption Notice, to deposit the Aggregate Deposit to a special account in any chartered bank or any trust company in Canada, named in the Redemption Notice, to be paid without interest to or to the order of the respective holders of such Class B Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the Redemption Date whichever is the later, the Class B Preferred Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof after such deposit or the Redemption Date, as the case may be, shall be limited to receiving, without interest, their proportionate part of the Aggregate Deposit against presentation and surrender of the said certificates held by them, respectively.

(f) Purchase for Cancellation

Subject to the Act, the Corporation may at any time and from time to time purchase (if obtainable) for cancellation all or part of the Class B Preferred Shares outstanding from time to time at the lowest price at which, in the opinion of the Board, such shares are obtainable but not exceeding for each Class B Preferred Share purchased an amount equivalent to the Applicable Redemption Price thereof plus costs of purchase. Except where all of the holders of the Class B Preferred Shares consent to the purchase, the Corporation may purchase Class B Preferred Shares only pursuant to tenders received by the Corporation upon request for tenders addressed to all the holders of the Class B Preferred Shares and the Corporation shall accept only the lowest tenders. Where, in response to the invitation for tenders, two or more holders of Class B Preferred Shares submit tenders at the same price and the tenders are accepted by the Corporation as to part only of the shares offered, the Corporation shall accept part of the Class B Preferred Shares offered in each tender in proportion as nearly as may be

(b) Preference with Respect to Class C Preferred Shares

The Class C Preferred Shares (and each series thereof) shall be entitled to preference over the C Junior Shares with respect to the payment of declared dividends and with regard to ranking as to capital.

(c) Parity of Each Series of Class C Preferred Shares as to Dividends and Distribution

Class C Preferred Shares of each series shall rank on a parity with Class C Preferred Shares of every other series with respect to priority in the payment of dividends declared and in the distribution of assets upon Liquidation. When any dividends declared or amounts payable on a repayment of capital are not paid in full, the Class C Preferred Shares of all series shall participate ratably in respect of such dividends including accumulations (if any) in accordance with the sums that would be payable on such shares if all such declared dividends were paid in full and on any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full.

(d) Voting Rights with respect to Class C Preferred Shares

Subject to the Act, the holders of Class C Preferred Shares shall not (except as herein expressly provided) be entitled to receive notice of any meetings of the shareholders of the Corporation and shall not be entitled to vote thereat. The holders of Class C Preferred Shares shall be entitled to receive notice of meetings of shareholders called for the purpose of Liquidation.

The holders of Class C Preferred Shares and the holders of any series of Class C Preferred Shares shall not be entitled to vote separately as a class or as a series, as the case may be, or to dissent upon a proposal to amend the articles of the Corporation or on any other action which may affect the Class C Attributes or the Preferences attaching to any series of Class C Preferred Shares, in the case of an amendment referred to in clauses 170(1)(a), 170(1)(b) or 170(1)(e) of the Act.

(e) Dividends in kind

Dividends on the Class C Preferred Shares shall be payable in cash; provided that if all holders of shares of the particular series consent in writing, dividends may be paid in kind. Nothing shall prevent the Corporation from declaring and distributing stock dividends on the Class C Preferred Shares.

(f) Dividends

The holders of each series of Class C Preferred Shares shall, unless otherwise provided herein, be entitled to receive and the Corporation shall pay thereon, if, as and when declared by the Board, and out of the monies of the Corporation properly applicable to the payment of

which case, the rights of such shareholders shall remain unaffected. The Corporation shall have the right at any time after the mailing of the Redemption Notice, to deposit the Aggregate Deposit to a special account in any chartered bank or any trust company in Canada, named in the Redemption Notice, to be paid without interest to or to the order of the respective holders of such Class C Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the Redemption Date whichever is the later, the Class C Preferred Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof after such deposit or the Redemption Date, as the case may be, shall be limited to receiving, without interest, their proportionate part of the Aggregate Deposit against presentation and surrender of the said certificates held by them, respectively.

(h) Redemption at the Option of the Holder

Subject to the Act, and subject to any written agreement between a holder of Class C Preferred Shares and the Corporation, a registered holder of Class C Preferred Shares may, upon giving notice as hereinafter provided, require the Corporation to redeem at any time, the whole or from time to time any part of the outstanding Class C Preferred Shares owned by him by payment for each Class C Preferred Share to be redeemed of the Applicable Redemption Price. In the case of a redemption of Class C Preferred Shares under the provisions of this section, the holder requiring his shares to be redeemed shall mail to the Corporation by prepaid mail, a Retraction Notice setting out the Retraction Date and, if part only of the Class C Preferred Shares held by such holder are to be redeemed, the number thereof so to be redeemed; provided that, unless the Corporation otherwise agrees, the Retraction Date set forth in the Retraction Notice may not be less than twenty (20) days nor more than ninety (90) days after the date on which the Retraction Notice is mailed. On the Retraction Date, the Corporation shall pay or cause to be paid to, or to the order of, the registered holder of the Class C Preferred Shares to be redeemed, the Applicable Redemption Price for each Class C Preferred Share to be redeemed on presentation and surrender at the registered office of the Corporation of the share certificates representing the Class C Preferred Shares so called for redemption and such Class C Preferred Shares shall thereupon be redeemed. If a part only of the Class C Preferred Shares represented by any certificate are to be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the Retraction Date specified in the Retraction Notice, the Class C Preferred Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Applicable Redemption Price shall not be made upon presentation of certificates in accordance with the provisions of this section, in which case, the rights of the holders of the Class C Preferred Shares which would otherwise have been redeemed shall remain unaffected.

which, in addition to the Class C Attributes have attached thereto the Preferences hereinafter set forth, namely:

(i) **Issuance of First Series Shares**

The First Series Shares are being issued in exchange for shares that were originally issued for the purpose of payment by Prime Group's predecessor of the purchase price (or a portion thereof) payable by Prime Group's predecessor for the purchase by Prime Group's predecessor of property.

(ii) **First Series Share Redemption Amount**

- (A) The redemption price of each First Series Share (the "**First Series Share Redemption Amount**") shall be the amount which is one-one thousandth (1/1000th) (in this paragraph the "**fraction**") of the amount by which the fair market value of the property (in this subsection the "**Property**") purchased by Prime Group's predecessor in consideration, in whole or in part, of the issuance to the vendor thereof of Second Series Class C Preferred Shares in the capital of Prime Group's predecessor on the effective date of the purchase of the Property by Prime Group's predecessor (in this paragraph the "**Valuation Date**"), as determined by the board of directors of Prime Group's predecessor, exceeded the portion of the purchase price paid by Prime Group's predecessor for the Property, if any, satisfied by consideration (in this paragraph the "**Non-Share Consideration**") other than Second Series Class C Preferred Shares in the capital of Prime Group's predecessor and which on the formation of Prime Group were exchanged for First Series Class C Preferred Shares in the capital of Prime Group. Prime Group's predecessor's board of directors determined the fair market value of the Property (in consultation with its accountants or other parties acceptable to such board of directors), and the redemption amount of the Second Series Class C Preferred Shares in the capital of Prime Group's predecessor. If notwithstanding this determination or any previous determination, any taxing authority shall allege that the fair market value of the Property on the Valuation Date is other than as so determined or should make or propose to make an assessment on the basis that any benefit or advantage is conferred on any person by reason of the issuance of the First Series Shares (including the exchange of the Second Series Class C Preferred Shares or the initial issuance of the Second Series Class C Preferred Shares in exchange for the Property), then the First Series Share Redemption Amount shall be deemed to be and to have always been the amount equal to the fraction of the amount by which the fair market value of the Property as at the

(C) If the First Series Share Redemption Amount provided for in paragraph 8.4(l)(ii)(A) in effect after the Board has made a further determination of the fair market value of the Property under the provisions of paragraph 8.4(l)(ii)(A) is less than the amount previously paid on the redemption of any First Series Share pursuant to the provisions hereof the deficiency in the aggregate (in this paragraph the "**aggregate deficiency**") in respect of all First Series Shares so previously redeemed shall, with respect to those persons to whom First Series Shares were originally issued, be dealt with as follows:

- (I) the amount of such aggregate deficiency will be allocated among such persons pro rata in proportion to the number of First Series Shares redeemed from each one of them;
- (II) the redemption price of each First Series Share still held by any such person at the date of the aforesaid further determination will be reduced by an amount which is equal to his share of the aggregate deficiency as determined by subparagraph 8.4(l)(ii)(C)(I) divided by the number of such First Series Shares still held by him;
- (III) if the share of the aggregate deficiency which is allocated to any such person is greater than the aggregate reduction capable of being made pursuant to subparagraph 8.4(l)(ii)(C)(II) the difference shall be a debt payable on demand to the Corporation by the person whose First Series Shares were so previously redeemed; and
- (IV) if any such person to whom a proportionate share of the aggregate deficiency has been allocated as aforesaid holds no First Series Shares at the date of the aforesaid further determination, his proportionate share of the aggregate deficiency shall be a debt payable on demand to the Corporation by such person.

(m) Second Series Class C Preferred Shares

The second series of the Class C Preferred Shares shall consist of One Thousand (1,000) shares which shall be designated as "Second Series Class C Preferred Shares" (hereinafter collectively called the "**Second Series Shares**" and individually called a "**Second Series Share**"), and which, in addition to the Class C Attributes shall have attached thereto the Preferences hereinafter set forth, namely:

- (I) the amount of such aggregate deficiency will be allocated among such persons pro rata in proportion to the number of Second Series Shares redeemed from each one of them;
- (II) the redemption price of each Second Series Share still held by any such person at the date of the aforesaid further determination will be reduced by an amount which is equal to his share of the aggregate deficiency as determined by subparagraph 8.4(m)(ii)(C)(I) divided by the number of such Second Series Shares still held by him;
- (III) if the share of the aggregate deficiency which is allocated to any such person is greater than the aggregate reduction capable of being made pursuant to subparagraph 8.4(m)(ii)(C)(II) the difference shall be a debt payable on demand to the Corporation by the person whose Second Series Shares were so previously redeemed; and
- (IV) if any such person to whom a proportionate share of the aggregate deficiency has been allocated as aforesaid holds no Second Series Shares at the date of the aforesaid further determination, his proportionate share of the aggregate deficiency shall be a debt payable on demand to the Corporation by such person.

(n) Third Series Class C Preferred Shares

The third series of the Class C Preferred Shares shall consist of Ten Thousand (10,000) shares which shall be designated as "**Third Series Class C Preferred Shares**" (hereinafter collectively called the "**Third Series Shares**" and individually called a "**Third Series Share**"), and which, in addition to the Class C Attributes, shall have attached thereto the Preferences hereinafter set forth, namely:

(i) Issuance of Third Series Shares

The Third Series Shares shall only be issued for the purpose of payment by the Corporation of the purchase price (or a portion thereof) payable by the Corporation for the purchase by the Corporation of property.

(ii) Third Series Share Redemption Amount

- (A) The redemption price of each Third Series Share (the "**Third Series Share Redemption Amount**") shall be the amount which is one-ten thousandth (1/10,000th) (in this paragraph the "**fraction**") of the amount by which the fair market value of the property (in this

subsection the "**Property**") to be purchased by the Corporation in consideration, in whole or in part, of the issuance to the vendor thereof of Third Series Shares on the effective date of the purchase of the Property by the Corporation (in this paragraph the "**Valuation Date**"), as determined by the Board, exceeds the portion of the purchase price payable by the Corporation for the Property, if any, to be satisfied by consideration (in this paragraph the "**Non-Share Consideration**") other than Third Series Shares. The Board shall determine the fair market value of the Property (in consultation with the accountants of the Corporation or other parties acceptable to the Board), and the Third Series Share Redemption Amount, by no later than 3 months following the Valuation Date. If notwithstanding this determination any taxing authority shall allege that the fair market value of the Property on the Valuation Date is other than as so determined or should make or propose to make an assessment on the basis that any benefit or advantage is conferred on any person by reason of the issuance of the Third Series Shares in exchange for the Property then the Third Series Share Redemption Amount shall be deemed to be and to have always been the amount equal to the fraction of the amount by which the fair market value of the Property as at the Valuation Date, as determined by the Board of Directors after the professional advisors of the Corporation, at that time have consulted with such taxing authority or after a judicial determination has been made of the fair market value of the Property if so recommended by counsel for the Corporation exceeds the Non-Share Consideration, if any; any dividend paid prior to such a further determination by the Board shall not be affected thereby;

- (B) If the Third Series Share Redemption Amount provided for in paragraph 8.4(n)(ii)(A) in effect after the Board has made a further determination of the fair market value of the Property under the provisions of paragraph 8.4(n)(ii)(A) exceeds the amount previously paid on the redemption of any Third Series Share pursuant to the provisions hereof the excess in the aggregate (in this paragraph the "**aggregate excess**") in respect of all Third Series Shares so previously redeemed shall, with respect to those persons to whom Third Series Shares were originally issued, be dealt with as follows:
- (I) the amount of such aggregate excess will be allocated among such persons pro rata in proportion to the number of Third Series Shares redeemed from each one of them;
 - (II) the redemption price of each Third Series Share still held by any such person at the date of the aforesaid further

capable of being made pursuant to subparagraph 8.4(n)(ii)(C)(II), the difference shall be a debt payable on demand to the Corporation by the person whose Third Series Shares were so previously redeemed; and

- (IV) if any such person to whom a proportionate share of the aggregate deficiency has been allocated as aforesaid holds no Third Series Shares at the date of the aforesaid further determination, his proportionate share of the aggregate deficiency shall be a debt payable on demand to the Corporation by such person.

(o) Fourth Series Class C Preferred Shares

The fourth series of the Class C Preferred Shares shall consist of an unlimited number shares which shall be designated as "**Fourth Series Class C Preferred Shares**" (hereinafter collectively called the "**Fourth Series Shares**" and individually a "**Fourth Series Share**"), and which, in addition to the Class C Attributes, shall have attached thereto the Preferences hereinafter set forth, namely:

Fourth Series Share Redemption Amount

The redemption price of each Fourth Series Share (the "**Fourth Series Share Redemption Amount**") shall be the sum of one (\$1.00) dollar.

8.5 COMMON SHARES AND CLASS A COMMON SHARES

The Preferences attaching to the Common Shares and Class A Common Shares in the capital of the Corporation are as follows:

(a) Dividends

Any dividends which in the discretion of the Board may be declared in any financial year of the Corporation shall be declared and paid or set apart for payment in equal amounts per share on all the Common Shares and the Class A Common Shares at the time outstanding, share and share alike without preference or priority of one share over another.

Dividends on the Common Shares and the Class A Common Shares shall be payable in cash; provided that if all holders of Common Shares and Class A Common Shares consent in writing dividends may be paid in kind. Nothing shall prevent the Corporation from declaring and distributing stock dividends.

- (B) effect an exchange, reclassification or cancellation of the Class A Common Shares;
- (C) create a new class or series of shares equal to or superior to the Class A Common Shares,

as more particularly referred to in clauses (a), (b) or (e) of subsection 170(1) of the Act, or otherwise.

8.6 MISCELLANEOUS

Fractional Shares

In addition to the Preferences attaching to the Class A Preferred Shares, the Class B Preferred Shares, the Class C Preferred Shares (and each series thereof), the Common Shares and the Class A Common Shares, the following provisions shall apply in respect of such shares:

A holder of fractional shares issued by the Corporation shall be entitled proportionately to all the rights and privileges attaching to a whole share of the same class (or if applicable, each series), including, without limiting the generality of the foregoing, the right to receive the appropriate portion of dividends, to receive the appropriate portion of the redemption amount if such class of shares are otherwise redeemable, and to exercise voting rights in respect of the fractional share if such class of shares is otherwise entitled to vote.

- D. Any invitation to the public to subscribe for any shares or securities of the Corporation is hereby prohibited.

Form 4
Business
Corporations
Act
Formule 4
Loi sur les
sociétés par
actions

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SCHEDULE "A"**DIRECTOR'S/OFFICER'S STATEMENTS**

I, John A. Rothschild, am the Vice-President of PRIME RESTAURANTS OF QUEBEC INC./LES RESTAURANTS PRIME DU QUEBEC INC. and the Chairman of each of PRIME RESTAURANT GROUP INC., PRIME RESTAURANT LICENSING INC., PRIME RESTAURANTS WEST INC., PRIME RESTAURANTS OF ONTARIO INC., NORTHERN PUBS DEVELOPMENTS INC., NORTH BAY IRISH PUBS INC. and TIMMINS IRISH PUBS INC. (the "Corporations") and hereby state the following in connection with the proposed amalgamation of the Corporations and their continuance as "PRIME RESTAURANTS OF CANADA INC.":

- (a) There are reasonable grounds for believing that:
 - (i) each of the Corporations is and the amalgamated corporation will be able to pay its liabilities as they become due; and
 - (ii) the realisable value of the amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes;
- (b) There are reasonable grounds for believing that no creditor of any of the Corporations will be prejudiced by the amalgamation;
- (c) One purported creditor (comprised of 2 corporations) of Prime Restaurant Group Inc. has notified Prime Restaurant Group Inc. that such creditor objects to the amalgamation. It appears that the basis of the purported creditor's objections are as follows:
 - (i) the purported creditor is a landlord and its consent is required for any amalgamation of the tenant. This objection is frivolous and vexatious because such purported creditor is ignoring the provisions of the leases which provide that consent is not required when the assignee is a franchisee of the tenant or of an affiliate or associate of the tenant and certain other conditions have been met, all of which conditions will be satisfied in the contemplated amalgamation;
 - (ii) if a proposed Income Trust by the amalgamated corporation does not proceed the amalgamated corporation will be subject to a significant debt load, and given that its assets are fully secured it could face imminent bankruptcy. This objection is frivolous and vexatious in that the assets that are subject to the security, before and after the proposed amalgamation (and for that matter before and after the previous amalgamation) remain unchanged, and the amalgamated corporation is expected to have a significant positive cash flow and retained earnings;

SCHEDULE "B"

AMALGAMATION AGREEMENT entered into as of the 22nd day of July, 2002

B E T W E E N:

**PRIME RESTAURANT GROUP INC. ("Group"),
PRIME RESTAURANT LICENSING INC. ("Prime Licensing"),
PRIME RESTAURANTS WEST INC. ("Prime West"), PRIME
RESTAURANTS OF QUEBEC INC./LES RESTAURANTS PRIME
DU QUEBEC INC. ("Prime Quebec"), PRIME RESTAURANTS OF
ONTARIO INC. ("Prime Ontario"), NORTHERN PUBS
DEVELOPMENTS INC. ("Northern Pubs"), NORTH BAY IRISH
PUBS INC. ("North Bay") and TIMMINS IRISH PUBS INC.
("Timmins")**

(the "Amalgamating Corporations")

WHEREAS each of Group, Prime Licensing and Prime West were amalgamated under the laws of the Province of Ontario;

AND WHEREAS Prime Quebec was continued under the laws of the Province of Ontario;

AND WHEREAS each of Prime Ontario, Northern Pubs, North Bay and Timmins were incorporated under the laws of the Province of Ontario;

AND WHEREAS:

A. the issued and outstanding capital of Group consists of 4,170,299 Common Shares, 1,000 First Series Class C Preferred Shares and 1,000 Second Series Class C Preferred Shares;

B. the issued and outstanding capital of Prime Licensing consists of 100 Common Shares and 1,000 First Series Class A Special Shares;

C. the issued and outstanding capital of Prime West consists of 100 Common Shares;

D. the issued and outstanding capital of Prime Quebec consists of 2,000 Common Shares;

E. the issued and outstanding capital of Prime Ontario consists of 100 Common Shares;

F. the issued and outstanding capital of Northern Pubs consists of 8,571 Common Shares;

G. the issued and outstanding capital of North Bay consists of 100 Common Shares;

H. the issued and outstanding capital of Timmins consists of 100 Common Shares;

AND WHEREAS each of the Amalgamating Corporations hereto has made full and complete disclosure to the others of all their respective assets and liabilities;

- (b) **"Aggregate Deposit"** when used with respect to any particular redemption of a class or series of shares means at a particular time the product obtained by multiplying the Applicable Redemption Price by the number of shares of the applicable class or series to be redeemed at such time, but for which certificates representing such shares have not been surrendered to the Amalgamated Corporation;
- (c) **"A Junior Shares"** means any shares in the capital of the Amalgamated Corporation ranking after or subordinate to the Class A Preferred Shares as to the payment of declared non-cumulative dividends, accumulated but unpaid cumulative dividends, as to capital on a redemption or upon Liquidation, and includes, without limitation, the Class B Preferred Shares (with respect to a return of capital on Liquidation only), the Class C Preferred Shares (and each series thereof), the Common Shares and the Class A Common Shares in the capital of the Amalgamated Corporation;
- (d) **"Applicable Redemption Amount"** means when used with reference to a particular class or series of shares, the redemption amount for one (1) share of the particular class or series as determined in accordance with the provisions applicable to the particular class or series, and for greater certainty shall mean when used with reference to:
- (i) the Class A Preferred Shares, the Class A Preferred Share Redemption Amount;
 - (ii) the Class B Preferred Shares, the Class B Preferred Share Redemption Amount;
 - (iii) the First Series Class C Preferred Shares, the First Series Share Redemption Amount;
 - (iv) the Second Series Class C Preferred Shares, the Second Series Share Redemption Amount;
 - (v) the Third Series Class C Preferred Shares, the Third Series Share Redemption Amount;
 - (vi) the Fourth Series Class C Preferred Shares, the Fourth Series Share Redemption Amount;
- (e) **"Applicable Redemption Price"** when used in reference to a particular class or series of shares means the Applicable Redemption Amount thereof together with any declared and unpaid dividends thereon, or if applicable, any accumulated and unpaid dividends thereon;
- (f) **"B Junior Shares"** means any shares in the capital of the Amalgamated Corporation ranking after or subordinate to the Class B Preferred Shares as to capital on a redemption or upon Liquidation, and includes, without limitation, the Class C Preferred Shares (and each series thereof), the Common Shares and the Class A Common Shares in the capital of the Amalgamated Corporation;
- (g) **"Board"** at any particular time means the board of directors of the Amalgamated Corporation then in office;

applicable day as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans made in Canada;

- (t) "**ranking as to capital**" means ranking or priority with respect to the distribution of assets in the event of a Liquidation;
- (u) "**Rate**" when used with respect to a particular series or class of shares means the percentage to be applied against the Applicable Redemption Amount (or other specified base) to determine the dividend payable for a financial year (or other specified period) in respect of one (1) share of the particular class or series and for greater certainty when used with reference to the Class A Preferred Shares means the "**Class A Preferred Rate**" (as defined in section 8(d));
- (v) "**Redemption Date**" with respect to a particular redemption of a share of any class or series of shares, at the option of the Amalgamated Corporation, means the date set out in the applicable Redemption Notice as the date upon which the particular redemption is to occur;
- (w) "**Redemption Notice**" with respect to a share of any particular class or series of shares means a notice in writing sent by the Amalgamated Corporation pursuant to which the Amalgamated Corporation, *inter alia*, advises the shareholder of the Amalgamated Corporation's intent to redeem shares of the particular class or series held by the shareholder;
- (x) "**Retraction Date**" with respect to a particular redemption of a share of any class or series of shares, at the option of the holder, means the date set out in the applicable Retraction Notice as the date upon which the particular redemption is to occur;
- (y) "**Retraction Notice**" with respect to a share of any particular class or series of shares, means a notice in writing sent to the Amalgamated Corporation by a holder of shares of the particular class or series pursuant to which the holder, *inter alia*, advises the Amalgamated Corporation that the holder requires the Amalgamated Corporation to redeem the shares of the particular class or series set out in the particular notice.

8. The Preferences attaching to the Class A Preferred Shares in the capital of the Amalgamated Corporation are as follows:

(a) Preference with Respect to Class A Preferred Shares

The Class A Preferred Shares shall be entitled to preference over the A Junior Shares with respect to the payment of dividends (to the extent applicable) and with regard to ranking as to capital.

Except with the consent in writing of the holders of all Class A Preferred Shares outstanding, no dividend in any financial year of the Amalgamated Corporation shall be declared or paid or set apart for payment on any A Junior Shares:

of the Class A Preferred Shares to dividends for such month to the extent that such dividend has not been declared shall be forever extinguished. The holders of the Class A Preferred Shares shall not be entitled to any dividends other than or in excess of the non-cumulative dividends hereinbefore provided.

(e) Redemption at the Option of the Amalgamated Corporation

Subject to the Act, the Amalgamated Corporation may, upon giving notice as hereinafter provided, redeem at any time, the whole or from time to time any part of the then outstanding Class A Preferred Shares on payment for each share to be redeemed of the Applicable Redemption Price thereof. In the case of redemption of the Class A Preferred Shares under the provisions of this section, the Amalgamated Corporation shall at least one (1) day before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of the Class A Preferred Shares to be redeemed a Redemption Notice setting out the Amalgamated Corporation's intention to redeem such Class A Preferred Shares. The Redemption Notice shall be mailed by letter, postage prepaid, addressed to each such shareholder at the address of such shareholder as it appears in the records of the Amalgamated Corporation, or if not so appearing, then to the last known address of such shareholder; provided, however, that no Redemption Notice need be sent to any holder of a Class A Preferred Share to be redeemed where such shareholder has waived notice in writing and provided further, that the accidental failure to give any Redemption Notice to one (1) or more of such shareholders shall not affect the validity of such redemption. Such Redemption Notice shall set out the Applicable Redemption Price and the Redemption Date and if part only of the Class A Preferred Shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. On or after the Redemption Date, the Amalgamated Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class A Preferred Shares to be redeemed, the Applicable Redemption Price thereof for each share being redeemed on presentation and surrender at the registered office of the Amalgamated Corporation or at any other place designated in the Redemption Notice, of the certificates representing the Class A Preferred Shares called for redemption and such Class A Preferred Shares shall thereupon be redeemed. If a part only of the Class A Preferred Shares represented by any certificate is to be redeemed, a new certificate for the balance shall be issued at the expense of the Amalgamated Corporation. From and after the Redemption Date, the Class A Preferred Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Applicable Redemption Price for each share being redeemed shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case, the rights of such shareholders shall remain unaffected. The Amalgamated Corporation shall have the right at any time after the mailing of the Redemption Notice, to deposit the Aggregate Deposit to a special account in any chartered bank or any trust company in Canada, named in the Redemption Notice, to be paid without interest to or to the order of the respective holders of such Class A Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the Redemption Date whichever is the later, the Class A Preferred Shares in respect whereof such deposit shall have been made shall be deemed to be

(a) Preference with Respect to Class B Preferred Shares

The Class B Preferred Shares shall be entitled to preference over the B Junior Shares with regard to ranking as to capital.

(b) Voting Rights with respect to Class B Preferred Shares

Subject to the Act, the holders of Class B Preferred Shares shall not (except as herein expressly provided) be entitled to receive notice of any meetings of the shareholders of the Amalgamated Corporation and shall not be entitled to vote thereat. The holders of Class B Preferred Shares shall be entitled to receive notice of meetings of shareholders called for the purpose of Liquidation.

The holders of Class B Preferred Shares shall not be entitled to vote separately as a class or to dissent upon a proposal to amend the articles of the Amalgamated Corporation or on any other action which may affect the Preferences attaching to the Class B Preferred Shares, in the case of an amendment referred to in clauses 170(1)(a), 170(1)(b) or 170(1)(e) of the Act.

(c) Dividends in kind

Dividends on the Class B Preferred Shares shall be payable in cash; provided that if all holders of Class B Preferred Shares consent in writing, dividends may be paid in kind. Nothing shall prevent the Amalgamated Corporation from declaring and distributing stock dividends on the Class B Preferred Shares.

(d) Dividends

The holders of Class B Preferred Shares shall be entitled to receive and the Amalgamated Corporation shall pay thereon, if, as and when declared by the Board, and out of the monies of the Amalgamated Corporation properly applicable to the payment of dividends, non-cumulative cash dividends at the rate per annum per share of the Applicable Redemption Amount as the Board in its absolute discretion shall declare from time to time. If, within one (1) month after the expiration of any fiscal year of the Amalgamated Corporation the Board in its discretion shall not declare a dividend or dividends on the Class B Preferred Shares for such fiscal year, then the rights of the holders of the Class B Preferred Shares to dividends for such fiscal year shall be forever extinguished. The holders of the Class B Preferred Shares shall not be entitled to any dividends other than or in excess of the non-cumulative cash dividends hereinbefore provided. It shall be in the sole discretion of the Board whether in any financial year of the Amalgamated Corporation any dividend is declared on the Class B Preferred Shares. The Board shall have the discretion to declare and pay dividends on any class of shares other than Class B Preferred Shares without having to first declare or pay any dividends on the Class B Preferred Shares.

(f) Purchase for Cancellation

Subject to the Act, the Amalgamated Corporation may at any time and from time to time purchase (if obtainable) for cancellation all or part of the Class B Preferred Shares outstanding from time to time at the lowest price at which, in the opinion of the Board, such shares are obtainable but not exceeding for each Class B Preferred Share purchased an amount equivalent to the Applicable Redemption Price thereof plus costs of purchase. Except where all of the holders of the Class B Preferred Shares consent to the purchase, the Amalgamated Corporation may purchase Class B Preferred Shares only pursuant to tenders received by the Amalgamated Corporation upon request for tenders addressed to all the holders of the Class B Preferred Shares and the Amalgamated Corporation shall accept only the lowest tenders. Where, in response to the invitation for tenders, two or more holders of Class B Preferred Shares submit tenders at the same price and the tenders are accepted by the Amalgamated Corporation as to part only of the shares offered, the Amalgamated Corporation shall accept part of the Class B Preferred Shares offered in each tender in proportion as nearly as may be to the total number of shares of the Class B Preferred Shares offered in each tender (disregarding fractions).

(g) Rights on Liquidation, Etc.

Subject to any written agreement between a holder of Class B Preferred Shares and the Amalgamated Corporation, in the event of Liquidation the holders of the Class B Preferred Shares shall be entitled to receive from the assets and property of the Amalgamated Corporation, for each Class B Preferred Share held by them respectively, the Applicable Redemption Price, before any amount shall be paid or any property or assets of the Amalgamated Corporation be distributed to the holders of any B Junior Shares. After payment to the holders of the Class B Preferred Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the assets or property of the Amalgamated Corporation.

(h) Amendment

No change to any of the Preferences of the Class B Preferred Shares other than those referred to in clauses 170(1)(a), 170(1)(b) or 170(1)(e) of the Act, shall have any force or effect until it has been approved by a majority of not less than two-thirds (2/3rds) of the votes cast by the holders of the Class B Preferred Shares, voting separately as a class at a meeting of such holders specially called for that purpose, or by a resolution in writing signed by all the holders of the Class B Preferred Shares, in addition to any other approval required by the Act.

10. The Preferences attaching to the Class C Preferred Shares in the capital of the Amalgamated Corporation are as follows:

(a) Directors' Rights to Issue Class C Preferred Shares in One or More Series

The directors of the Amalgamated Corporation may at any time and from time to time issue Class C Preferred Shares in one or more series, each series having, in addition to the Class C Attributes, such other Preferences as shall be determined by resolution of the

(f) Dividends

The holders of each series of Class C Preferred Shares shall, unless otherwise provided herein, be entitled to receive and the Amalgamated Corporation shall pay thereon, if, as and when declared by the Board, and out of the monies of the Amalgamated Corporation properly applicable to the payment of dividends, non-cumulative cash dividends at such times and in such amounts as the Board may from time to time determine. The Board may in its discretion declare dividends on shares of any series of Class C Preferred Shares without declaring dividends on shares of other series. Notwithstanding the generality of the foregoing, the Board shall not, in respect of any fiscal year of the Amalgamated Corporation, declare dividends on any series of Class C Preferred Shares in excess of nine (9%) percent per annum on the Applicable Redemption Amount thereof. If, within three (3) months after the expiration of any fiscal year of the Amalgamated Corporation the Board in its discretion shall not declare a dividend or dividends on any series of Class C Preferred Shares for such fiscal year, then the rights of the holders of the shares of such series of Class C Preferred Shares to dividends for such fiscal year shall be forever extinguished. The holders of the Class C Preferred Shares shall not be entitled to any dividends other than or in excess of the non-cumulative cash dividends hereinbefore provided.

(g) Redemption at the Option of the Amalgamated Corporation

Subject to the Act, the Amalgamated Corporation may, upon giving notice as hereinafter provided, redeem at any time, the whole or from time to time any part of the then outstanding Class C Preferred Shares or any one or more series thereof on payment for each share to be redeemed of the Applicable Redemption Price. In the case of redemption of the Class C Preferred Shares under the provisions of this section, the Amalgamated Corporation shall at least one (1) day before the Redemption Date, mail to each person who at the date of mailing is a registered holder of the Class C Preferred Shares to be redeemed a Redemption Notice. The Redemption Notice shall be mailed by letter, postage prepaid, addressed to each such shareholder at his address as it appears in the records of the Amalgamated Corporation, or in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder; provided, however, that no such Redemption Notice need be sent to any holder of a Class C Preferred Share to be redeemed where such shareholder has waived notice in writing and provided further, that the accidental failure to give any such Redemption Notice to one (1) or more of such shareholders shall not affect the validity of such redemption. The Redemption Notice shall set out the Applicable Redemption Price and the Redemption Date and if part only of the Class C Preferred Shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. On or after the Redemption Date, the Amalgamated Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class C Preferred Shares to be redeemed, the Applicable Redemption Price for each Class C Preferred Share being redeemed, on presentation and surrender at the registered office of the Amalgamated Corporation or at any other place designated in the Redemption Notice, of the certificates representing the Class C Preferred Shares called for redemption and such Class C Preferred Shares shall thereupon be redeemed. If a part only of the Class C Preferred Shares represented by any

upon presentation of certificates in accordance with the provisions of this section, in which case, the rights of the holders of the Class C Preferred Shares which would otherwise have been redeemed shall remain unaffected.

(i) Purchase for Cancellation

Subject to the Act, the Amalgamated Corporation may at any time and from time to time purchase (if obtainable) for cancellation all or part of the Class C Preferred Shares outstanding from time to time at the lowest price at which, in the opinion of the Board, such shares are obtainable but not exceeding for each Class C Preferred Share held an amount equivalent to the Applicable Redemption Price thereof plus costs of purchase. Except where all of the holders of shares of a particular series of Class C Preferred Shares consent to the purchase, the Amalgamated Corporation may purchase Class C Preferred Shares of that series only pursuant to tenders received by the Amalgamated Corporation upon request for tenders addressed to all the holders of shares of that particular series and the Amalgamated Corporation shall accept only the lowest tenders. Where, in response to the invitation for tenders, two or more holders of shares of that particular series submit tenders at the same price and the tenders are accepted by the Amalgamated Corporation as to part only of the shares offered, the Amalgamated Corporation shall accept part of the particular series of Class C Preferred Shares offered in each tender in proportion as nearly as may be to the total number of shares of the particular series of Class C Preferred Shares offered in each tender (disregarding fractions).

(j) Rights on Liquidation, Etc.

In the event of a Liquidation, the holders of the Class C Preferred Shares shall be entitled to receive from the assets and property of the Amalgamated Corporation, for each Class C Preferred Share held by them respectively, an amount equal to the Applicable Redemption Price thereof, before any amount shall be paid or any property or assets of the Amalgamated Corporation be distributed to the holders of any Class C Junior Shares. After payment to the holders of the Class C Preferred Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the assets or property of the Amalgamated Corporation.

(k) Amendment

No change to any of the Preferences or Class C Attributes of the Class C Preferred Shares other than those referred to in clauses 170(1)(a), 170(1)(b) or 170(1)(e) of the Act, shall have any force or effect until it has been approved by a majority of not less than two-thirds (2/3rds) of the votes cast by the holders of the Class C Preferred Shares, voting separately as a class at a meeting of such holders specially called for that purpose, or by a resolution in writing signed by all the holders of the Class C Preferred Shares, in addition to any other approval required by the Act.

(l) First Series Class C Preferred Shares

The first series of the Class C Preferred Shares shall consist of One Thousand (1,000) shares which shall be designated as "First Series Class C Preferred Shares" (hereinafter

market value of the Property if so recommended by counsel for the Amalgamated Corporation, exceeds the Non-Share Consideration, if any; any dividend paid prior to such a further determination by the Board shall not be affected thereby;

- (B) If the First Series Share Redemption Amount provided for in paragraph 10(1)(ii)(A) in effect after the Board has made a further determination of the fair market value of the Property under the provisions of paragraph 10(1)(ii)(A) exceeds the amount previously paid on the redemption of any First Series Share pursuant to the provisions hereof the excess in the aggregate (in this paragraph the "**aggregate excess**") in respect of all First Series Shares so previously redeemed shall, with respect to those persons to whom First Series Shares were originally issued, be dealt with as follows:
- (I) the amount of such aggregate excess will be allocated among such persons pro rata in proportion to the number of First Series Shares redeemed from each one of them;
 - (II) the redemption price of each First Series Share still held by any such person at the date of the aforesaid further determination will be increased by an amount which is equal to his share of the aggregate excess as determined by subparagraph 10(1)(ii)(B)(I) divided by the number of such First Series Shares still held by him;
 - (III) if any such person entitled to a proportionate share of the aggregate excess determined as aforesaid holds no First Series Shares at the date of the aforesaid further determination because all of such person's First Series Shares have been previously redeemed such proportionate share shall be paid to such person as a further payment on account of the redemption price which was payable to such person on such previous redemption of First Series Shares; and
 - (IV) if any such person entitled to a proportionate share of the aggregate excess determined as aforesaid holds no First Series Shares at the date of the aforesaid further determination because such person has disposed of such shares, such proportionate share of the aggregate excess shall be a debt payable on demand by the Amalgamated Corporation to such person;
- (C) If the First Series Share Redemption Amount provided for in paragraph 10(1)(ii)(A) in effect after the Board has made a further determination of the fair market value of the Property under the provisions of paragraph 10(1)(ii)(A) is less than the amount previously paid on the redemption of any First Series Share pursuant to the provisions hereof the deficiency in the aggregate (in this paragraph the "**aggregate deficiency**") in respect of

which the fair market value of the property (in this subsection the "Property") purchased by Group in consideration, in whole or in part, of the issuance to the vendor thereof of Second Series Class C Preferred Shares in the capital of Group on the effective date of the purchase of the Property by Group (in this paragraph the "Valuation Date"), as determined by the board of directors of Group. The board of directors of Group determined or the fair market value of the Property (in consultation with the accountants of Group or other parties acceptable to the board of directors of Group). As contemplated in paragraph 18(d), the Second Series Class C Preferred Shares in the capital of Group are being exchanged for Second Series Shares. If notwithstanding this determination any taxing authority shall allege that the fair market value of the Property on the Valuation Date is other than as so determined or should make or propose to make an assessment on the basis that any benefit or advantage is conferred on any person by reason of the issuance of the Second Series Shares or the Second Series Class C Preferred Shares in the capital of Group in exchange for the Property, then the Second Series Share Redemption Amount shall be deemed to be and to have always been the amount equal to the fraction of the amount by which the fair market value of the Property as at the Valuation Date, as determined by the Board after the professional advisors of the Amalgamated Corporation at that time have consulted with such taxing authority or after a judicial determination has been made of the fair market value of the Property if so recommended by counsel for the Amalgamated Corporation; any dividend paid prior to such a further determination by the Board shall not be affected thereby;

- (B) If the Second Series Share Redemption Amount provided for in paragraph 10(m)(ii)(A) in effect after the Board has made a further determination of the fair market value of the Property under the provisions of paragraph 10(m)(ii)(A) exceeds the amount previously paid on the redemption of any Second Series Share pursuant to the provisions hereof the excess in the aggregate (in this paragraph the "aggregate excess") in respect of all Second Series Shares so previously redeemed shall, with respect to those persons to whom Second Series Shares were originally issued, be dealt with as follows:
- (I) the amount of such aggregate excess will be allocated among such persons pro rata in proportion to the number of Second Series Shares redeemed from each one of them;
 - (II) the redemption price of each Second Series Share still held by any such person at the date of the aforesaid further determination will be increased by an amount which is equal to his share of the aggregate excess as determined by subparagraph 10(m)(ii)(B)(I) divided by the number of such Second Series Shares still held by him;

proportionate share of the aggregate deficiency shall be a debt payable on demand to the Amalgamated Corporation by such person.

(n) Third Series Class C Preferred Shares

The third series of the Class C Preferred Shares shall consist of Ten Thousand (10,000) shares which shall be designated as "**Third Series Class C Preferred Shares**" (hereinafter collectively called the "**Third Series Shares**" and individually called a "**Third Series Share**"), and which, in addition to the Class C Attributes, shall have attached thereto the Preferences hereinafter set forth, namely:

(i) Issuance of Third Series Shares

The Third Series Shares shall only be issued for the purpose of payment by the Amalgamated Corporation of the purchase price (or a portion thereof) payable by the Amalgamated Corporation for the purchase by the Amalgamated Corporation of property.

(ii) Third Series Share Redemption Amount

(A) The redemption price of each Third Series Share (the "**Third Series Share Redemption Amount**") shall be the amount which is one-ten thousandth (1/10,000th) (in this paragraph the "**fraction**") of the amount by which the fair market value of the property (in this subsection the "**Property**") to be purchased by the Amalgamated Corporation in consideration, in whole or in part, of the issuance to the vendor thereof of Third Series Shares on the effective date of the purchase of the Property by the Amalgamated Corporation (in this paragraph the "**Valuation Date**"), as determined by the Board, exceeds the portion of the purchase price payable by the Amalgamated Corporation for the Property, if any, to be satisfied by consideration (in this paragraph the "**Non-Share Consideration**") other than Third Series Shares. The Board shall determine the fair market value of the Property (in consultation with the accountants of the Amalgamated Corporation or other parties acceptable to the Board), and the Third Series Share Redemption Amount, by no later than 3 months following the Valuation Date. If notwithstanding this determination any taxing authority shall allege that the fair market value of the Property on the Valuation Date is other than as so determined or should make or propose to make an assessment on the basis that any benefit or advantage is conferred on any person by reason of the issuance of the Third Series Shares in exchange for the Property then the Third Series Share Redemption Amount shall be deemed to be and to have always been the amount equal to the fraction of the amount by which the fair market value of the Property as at the Valuation Date, as determined by the Board of Directors after the professional advisors of the Amalgamated Corporation, at that time have consulted with such taxing

any Third Series Share pursuant to the provisions hereof the deficiency in the aggregate ("**aggregate deficiency**") in respect of all Third Series Shares so previously redeemed shall, with respect to those persons to whom Third Series Shares were originally issued, be dealt with as follows:

- (I) the amount of such aggregate deficiency will be allocated among such persons pro rata in proportion to the number of Third Series Shares redeemed from each one of them;
- (II) the redemption price of each Third Series Share still held by any such person at the date of the aforesaid further determination will be reduced by an amount which is equal to his share of the aggregate deficiency as determined by subparagraph 10(n)(ii)(C)(I) divided by the number of such Third Series Shares still held by him;
- (III) if the share of the aggregate deficiency which is allocated to any such person is greater than the aggregate reduction capable of being made pursuant to subparagraph 10(n)(ii)(C)(II), the difference shall be a debt payable on demand to the Amalgamated Corporation by the person whose Third Series Shares were so previously redeemed; and
- (IV) if any such person to whom a proportionate share of the aggregate deficiency has been allocated as aforesaid holds no Third Series Shares at the date of the aforesaid further determination, his proportionate share of the aggregate deficiency shall be a debt payable on demand to the Amalgamated Corporation by such person.

(o) **Fourth Series Class C Preferred Shares**

The fourth series of the Class C Preferred Shares shall consist of an unlimited number shares which shall be designated as "**Fourth Series Class C Preferred Shares**" (hereinafter collectively called the "**Fourth Series Shares**" and individually a "**Fourth Series Share**"), and which, in addition to the Class C Attributes, shall have attached thereto the Preferences hereinafter set forth, namely:

Fourth Series Share Redemption Amount

The redemption price of each Fourth Series Share (the "**Fourth Series Share Redemption Amount**") shall be the sum of one (\$1.00) dollar.

11. The Preferences attaching to the Common Shares and Class A Common Shares in the capital of the Amalgamated Corporation are as follows:

(ii) Notwithstanding the provisions of subsection 11(e)(i), the holders of the Class A Common Shares are not entitled to vote separately as a class or to dissent upon a proposal to amend the articles of the Amalgamated Corporation or any other action which affects the Preferences attaching to the shares in the capital of the Amalgamated Corporation in the case of an amendment to:

- (A) increase or decrease any maximum number of authorised shares of such class, or increase any maximum number of authorised shares of a class or series having rights or privileges equal or superior to the Class A Common Shares;
- (B) effect an exchange, reclassification or cancellation of the Class A Common Shares;
- (C) create a new class or series of shares equal to or superior to the Class A Common Shares,

as more particularly referred to in clauses (a), (b) or (e) of subsection 170(1) of the Act, or otherwise.

12. In addition to the Preferences attaching to the Class A Preferred Shares, the Class B Preferred Shares, the Class C Preferred Shares (and each series thereof), the Common Shares and the Class A Common Shares, the following provisions shall apply in respect of such shares:

A holder of fractional shares issued by the Amalgamated Corporation shall be entitled proportionately to all the rights and privileges attaching to a whole share of the same class (or if applicable, each series), including, without limiting the generality of the foregoing, the right to receive the appropriate portion of dividends, to receive the appropriate portion of the redemption amount if such class of shares are otherwise redeemable, and to exercise voting rights in respect of the fractional share if such class of shares is otherwise entitled to vote.

13. The Board shall consist of a minimum of one (1) director and a maximum of fifteen (15) directors and until changed in accordance with the Act the number of directors within the said minimum and maximum number shall be three (3) directors.

14. The transfer of shares of the Amalgamated Corporation is restricted and the restrictions are as follows, namely:

The right to transfer shares of the Amalgamated Corporation shall be restricted in that no shareholder shall be entitled to transfer any share or shares in the capital of the Amalgamated Corporation without the previous express approval of:

- (a) the directors of the Amalgamated Corporation expressed by a resolution passed by the votes of a majority of the Board then in office or by an instrument or

(D) Any invitation to the public to subscribe for any shares or securities of the Amalgamated Corporation is hereby prohibited.

17. The proposed directors of the Amalgamated Corporation shall be the persons whose names and addresses are set out below, who shall hold office until the first annual meeting of the Amalgamated Corporation, or until their successors are elected or appointed or they otherwise resign or become unqualified:

<u>Name</u>	<u>Address</u>
John A. Rothschild	4 Robinwood Avenue, Toronto, Ontario M5P 1X7
Nicholas A. Perpick	5 Thornbury Crescent, Etobicoke, Ontario M9A 2M1
H. Ross R. Bain	1735 Blythe Road, Mississauga, Ontario L5H 2C3

18. The issued and outstanding shares of the parties hereto, shall, on and from the date of the issuance of a Certificate of Amalgamation in respect of the amalgamation contemplated herein, be converted as follows:

- (a) all of the issued and outstanding shares in the capital of Prime Licensing, Prime West, Prime Quebec, Prime Ontario, Northern Pubs, North Bay and Timmins shall be cancelled effective upon the issuance of the certificate in respect of the articles of amalgamation arising from this agreement; such shares shall not be converted into any shares in the capital of the Amalgamated Corporation;
- (b) all of the issued and outstanding Common Shares in the capital of Group shall be converted into 4,170,299 Common Shares in the capital of the Amalgamated Corporation;
- (c) all of the issued and outstanding First Series Class C Preferred Shares in the capital of Group shall be converted into 1,000 First Series Class C Preferred Shares in the capital of the Amalgamated Corporation;
- (d) all of the issued and outstanding Second Series Class C Preferred Shares in the capital of Group shall be converted into 1,000 Second Series Class C Preferred Shares in the capital of the Amalgamated Corporation.

19. After the issuance of a Certificate of Amalgamation giving effect to the amalgamation contemplated by this amalgamation agreement, the shareholders of the parties hereto shall, at the request of the Amalgamated Corporation, surrender the certificates representing the shares held by them respectively for cancellation and in return shall be entitled to receive a certificate representing shares of the Amalgamated Corporation on the basis aforesaid.

above written.

PRIME RESTAURANT GROUP INC.

PER: "H. Ross R. Bain"
Authorised Signing Officer

PRIME RESTAURANTS WEST INC.

PER: "H. Ross R. Bain"
Authorised Signing Officer

**PRIME RESTAURANTS OF ONTARIO
INC.**

PER: "H. Ross R. Bain"
Authorised Signing Officer

NORTH BAY IRISH PUBS INC.

PER: "H. Ross R. Bain"
Authorised Signing Officer

**PRIME RESTAURANT LICENSING
INC.**

PER: "H. Ross R. Bain"
Authorised Signing Officer

**PRIME RESTAURANTS OF QUEBEC
INC./LES RESTAURANTS PRIME DU
QUEBEC INC.**

PER: "H. Ross R. Bain"
Authorised Signing Officer

**NORTHERN PUBS DEVELOPMENTS
INC.**

PER: "H. Ross R. Bain"
Authorised Signing Officer

TIMMINS IRISH PUBS INC.

PER: "H. Ross R. Bain"
Authorised Signing Officer