

10-01-1999



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COVER SHEET PATENTS ONLY

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DR

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

1. Name of conveying party(ies): CAE Newnes Ltd.

med 9-29-99

2. Name and address of receiving party(ies): Name: CAE Electronics Ltd. CAE Electronique Ltee

Internal Address:

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other Amalgamation

Street Address: 8585 Cote de Liesse Road

City: St. Laurent State: Quebec, Canada ZIP: H4T 1G6

Additional name(s) & address(es) attached? Yes No

Execution Date: April 1, 1999

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

If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s) 09/302,250

B. Patent No.(s)

Additional numbers attached? Yes No

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

Name: ANTONY C. EDWARDS

Internal Address:

Street Address: #206 - 347 Leon Avenue

City: Kelowna State: British Columbia, Canada ZIP: V1Y 8C7

6. Total number of applications and patents involved: 1

7. Total fee (37 CFR 3.41): \$ 40.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

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9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

ANTONY C. EDWARDS Name of Person Signing

Signature

Sept 28/99 Date

Total number of pages comprising cover sheet 1

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**Certificate
of Amalgamation**

**Canada Business
Corporations Act**

**Certificat
de fusion**

**Loi canadienne sur
les sociétés par actions**

CAE ELECTRONICS LTD.

360280-0

CAE ELECTRONIQUE LTEE

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the above-named corporation resulted from an amalgamation, under section 185 of the *Canada Business Corporations Act*, of the corporations set out in the attached articles of amalgamation.

Je certifie que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la *Loi canadienne sur les sociétés par actions*, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.



Director - Directeur

April 1, 1999/ le 1 avril 1999

Date of Amalgamation - Date de fusion

Canada

CANADA BUSINESS CORPORATIONS ACT

FORM 9
ARTICLES OF AMALGAMATION
(SECTION 185)

1. Name of amalgamated corporation:

CAE ELECTRONICS LTD.
CAE ELECTRONIQUE LTEE

2. The place in Canada where the registered office is to be situated:

The Territory of Greater Montreal

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

An unlimited number of common shares and an unlimited number of preferred shares issuable in series.

I. PREFERRED SHARES

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

1. Issuable in Series

The Preferred Shares may be issued from time to time in one or more series composed of such number of shares and with such preferred, deferred or other special rights, privileges, restrictions, conditions and designations attached thereto as shall be fixed hereby or from time to time before issuance by any resolution or resolutions providing for the issue of the shares of any series which may be passed by the directors of the Corporation and confirmed and declared by articles of amendment including, without limiting the generality of the foregoing:

- (a) the rate, amount or method of calculation of any dividends, and whether such rate, amount or method of calculation shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof and the date or dates from which any such dividends shall accrue, provided always that dividends on each series of Preferred Shares shall be non-cumulative;

- (b) any right of redemption and/or purchase and the redemption or purchase prices and terms and conditions of any such right;
- (c) any right of retraction vested in the holders of Preferred Shares of such series and the prices and terms and conditions of any such rights;
- (d) any rights upon dissolution, liquidation or winding-up of the Corporation;
- (e) any voting rights; and
- (f) any other provisions attaching to any such series of Preferred Shares.

2. Priority

No rights, privileges, restrictions or conditions attached to any series of Preferred Shares shall confer upon the shares of such series a priority in respect of dividends or distribution of assets or return of capital in the event of the liquidation, dissolution or winding-up of the Corporation over the shares of any other series of Preferred Shares. The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, rank on a parity with the Preferred Shares of every other series and be entitled to a preference and priority over the common shares and over any other shares of the Corporation ranking junior to the Preferred Shares.

3. Notices and Voting

Subject to the rights, privileges, restrictions and conditions that may be attached to a particular series of Preferred Shares by the directors of the Corporation in accordance with section 1 of the conditions attaching to the Preferred Shares, the holders of a series of Preferred Shares shall not, as such, be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting (except where holders of a specified class or series of shares are entitled to vote separately as a class as provided in the *Canada Business Corporations Act* (the "Act")). Notwithstanding the aforesaid restrictions, conditions or prohibitions on the right to vote, the holders of a series of the Preferred Shares are entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all the property of the Corporation other than in the ordinary course of business of the Corporation under subsection 189(3) of the Act, as such subsection may be amended from time to time.

4. Purchase for Cancellation

Subject to the rights, privileges, restrictions and conditions that may be attached to a particular series of Preferred Shares by the directors of the Corporation in accordance with section 1 of the conditions attaching to the Preferred Shares, the Corporation may at any time or from time to time purchase for cancellation the whole or any part of the Preferred Shares outstanding at such time at the lowest price at which, in the opinion of the directors, such shares are then obtainable but such price or prices shall not in any case exceed the redemption price current at the time of purchase for the shares of the particular series purchased plus costs of purchase together with all dividends declared thereon and unpaid. In the case of the purchase for cancellation by private contract, the Corporation shall not be required to purchase Preferred Shares from all holders or series of Preferred Shares or to offer to purchase the shares of any other class or any series of shares before proceeding to purchase from any one holder of Preferred Shares nor shall it be required to make purchases from holders of Preferred Shares on a *pro rata* basis.

5. Redemption

Subject to the rights, privileges, restrictions and conditions, that may be attached to a particular series of Preferred Shares by the directors of the Corporation in accordance with section 1 of the conditions attaching to the Preferred Shares, the Corporation may, at its option, redeem all or from time to time any part of the outstanding Preferred Shares on payment to the holders thereof, for each share to be redeemed, of the redemption price per share, together with all dividends declared thereon and unpaid. Before redeeming any Preferred Shares the Corporation shall mail to each person who, at the date of such mailing, is a registered holder of shares to be redeemed, notice of the intention of the Corporation to redeem such shares held by such registered holder; such notice shall be mailed by ordinary prepaid post addressed to the last address of such holder as it appears on the records of the Corporation or, in the event of the address of any such holder not appearing on the records of the Corporation, then to the last known address of such holder, at least 30 days before the date specified for redemption; such notice shall set out the date on which redemption is to take place and, if part only of the 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 date so specified for redemption the Corporation shall pay or cause to be paid the redemption price together with all dividends declared thereon and unpaid to the registered holders of the shares to be redeemed, on presentation and surrender of the certificates for the shares so called for redemption at such place or places as may be specified in such notice, and the certificates for such shares shall thereupon be cancelled, and the shares represented thereby shall thereupon be redeemed. In case a part only of the outstanding Preferred Shares is at any time to be redeemed, the shares to be redeemed shall be selected, at the option of the directors, either by lot in such manner as the directors in their sole discretion shall

determine or as nearly as may be *pro rata* (disregarding fractions) according to the number of Preferred Shares held by each holder. In case a part only of the Preferred Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption in such notice, the holders of the shares called for redemption shall cease to be entitled to dividends and shall not be entitled to any rights in respect thereof, except to receive the redemption price together with all dividends declared thereon prior to the date specified for redemption and unpaid, unless payment of the redemption price and such dividends shall not be made by the Corporation in accordance with the foregoing provisions, in which case the rights of the holders of such shares shall remain unimpaired. On or before the date specified for redemption the Corporation shall have the right to deposit the redemption price of the shares called for redemption, together with all dividends declared thereon prior to the date specified for redemption and unpaid, in a special account with any chartered bank or trust company in Canada named in the notice of redemption, such redemption price and dividends to be paid to or to the order of the respective holders of such shares called for redemption upon presentation and surrender of the certificates representing the same and, upon such deposit being made, the shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the several holders thereof, after such deposit, shall be limited to receiving, out of the monies so deposited, without interest, the redemption price together with all dividends declared thereon prior to the date specified for redemption and unpaid, applicable to their respective shares against presentation and surrender of the certificates representing such shares.

6. Retraction

6.1 Rights of Retraction

Subject to the rights, privileges, restrictions and conditions that may be attached to a particular series of Preferred Shares by the directors of the Corporation in accordance with section 1 of the conditions attaching to the Preferred Shares and to section 6.2 below, a holder of Preferred Shares shall be entitled to require the Corporation to redeem at any time and from time to time after the date of issue of any Preferred Shares, upon giving notice as hereinafter provided, all or any number of the Preferred Shares registered in the name of such holder on the books of the Corporation at the redemption price per share, together with all dividends declared thereon and unpaid. A holder of Preferred Shares exercising his option to have the Corporation redeem, shall give notice to the Corporation, which notice shall set out the date on which the Corporation is to redeem, which date shall not be less than 10 days nor more than 30 days from the date of mailing of the notice, and if the holder desires to have less than all of the Preferred Shares registered in his name redeemed by the Corporation, the number of the holder's shares to be redeemed. The date on which the redemption at the option of the holder is to occur is hereafter referred to

as the "option redemption date". The holder of any Preferred Shares may, with the consent of the Corporation, revoke such notice prior to the option redemption date. Upon delivery to the Corporation of a share certificate or certificates representing the Preferred Shares which the holder desires to have the Corporation redeem, the Corporation shall, on the option redemption date, redeem such Preferred Shares by paying to the holder the redemption price therefor together with all dividends declared thereon and unpaid. Upon payment of the redemption price of the Preferred Shares to be redeemed by the Corporation together with all dividends declared thereon and unpaid, the holders thereof shall cease to be entitled to dividends or to exercise any rights of holders in respect thereof.

6.2 Partial Redemptions

If the redemption by the Corporation on any option redemption date of all of the Preferred Shares to be redeemed on such date would be contrary to any provisions of the Act or any other applicable law, the Corporation shall be obligated to redeem only the maximum number of Preferred Shares which the Corporation determines it is then permitted to redeem, such redemptions to be made *pro rata* (disregarding fractions of shares) according to the number of Preferred Shares required by each such holder to be redeemed by the Corporation and the Corporation shall issue new certificates representing the Preferred Shares not redeemed by the Corporation; the Corporation shall, before redeeming any other Preferred Shares, redeem in the manner contemplated by section 5 of the conditions attaching to the Preferred Shares on the first day of each month thereafter the maximum number of such Preferred Shares so required by holders to be redeemed as would not then be contrary to any provisions of the Act or any other applicable law, until all of such shares have been redeemed, provided that the Corporation shall be under no obligation to give any notice to the holders of the Preferred Shares in respect of such redemption or redemptions as provided for in section 5 of the conditions attaching to the Preferred Shares.

7. Liquidation, Dissolution and Winding-up

Subject to the rights, privileges, restrictions and conditions that may be attached to a particular series of Preferred Shares by the directors of the Corporation in accordance with section 1 of the conditions attaching to the Preferred Shares, in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the Preferred Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of any other shares, for each Preferred Share, an amount equal to the redemption price of such share and any dividends declared thereon and unpaid and no more.

II. COMMON SHARES

Subject to the prior rights of the holders of the Preferred Shares, the rights, privileges, restrictions, conditions and designations attaching to the common shares are as follows:

1. Dividends

If in any fiscal year, after providing for the full dividend on the Preferred Shares there shall remain any profits or surplus available for dividends, such profits or surplus, or any part thereof, may, in the discretion of the directors, be applied to dividends on the common shares.

2. Liquidation, Dissolution or Winding-up

Subject to the prior rights of the holders of the Preferred Shares, in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the common shares shall be entitled to receive the remaining property of the Corporation.

3. Notice and Voting

The holders of the common shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation (except where the holders of a specified class or series are entitled to vote separately as a class as provided in the Act) and each common share shall confer the right to 1 vote in person or by proxy at all meetings of shareholders of the Corporation.

111. PREFERRED SHARES SERIES I

The first series of Preferred Shares shall consist of one (1) Preferred Share which shall be designated as a Preferred Shares Series 1 share and shall, in addition to and subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, have attached thereto and be subject to the rights, privileges, restrictions and conditions hereinafter set forth:

1. Dividends

The holders of the Preferred Shares Series 1 shares shall in each fiscal year of the Corporation in the discretion of the directors be entitled, out of monies properly applicable to the payment of dividends, to non-cumulative dividends at the rate of 7% of the redemption price of such shares per annum on each Preferred Shares Series 1 share held. The holders of the Preferred Shares Series 1 shares shall not be entitled to any dividend other than or in excess of the non-cumulative dividends at the said rate hereinbefore provided for.

2. Redemption, Retraction and Purchase

2.1 Redemption Price

Subject to the provisions of section 2.3 hereof, the price at which the Corporation may redeem the whole or any part of the Preferred Shares Series 1 shares outstanding shall be the sum of \$7,200,000 for each Preferred Share Series 1 share, together with all dividends declared thereon and unpaid. As provided in sections 5 and 6 of the conditions attaching to the Preferred Shares as a class, the Corporation shall also pay on redemption the amount of declared but unpaid dividends.

2.2 Adjustment to Stated Capital

Upon a redemption of Preferred Shares Series 1 shares as set out in section 5 or 6 of the conditions attaching to the Preferred Shares as a class, or upon purchase or cancellation as set out in section 4 of the conditions attaching to the Preferred Shares as a class, the Corporation shall deduct from the stated capital account maintained for the Preferred Shares Series 1 shares an amount equal to the result obtained by multiplying the stated capital of the Preferred Shares Series 1 shares by the number of such shares which have been redeemed, or purchased for cancellation, as the case may be, divided by the number of Preferred Shares Series 1 shares which have been issued and were outstanding immediately before such redemption or purchase for cancellation.

2.3 Adjustment to Redemption Price

In the case of Preferred Shares Series 1 shares issued by the Corporation for a consideration other than cash, the applicable redemption price will be subject to a proportionate increase or decrease, as the case may be, so that the aggregate redemption price of Preferred Shares Series 1 shares so issued equals the fair market value of the consideration so received at that time for such Preferred Shares Series 1 shares, which fair market value and aggregate redemption price is hereby determined to be \$7,200,000, and in the event that the Minister of National Revenue or any other competent taxing authority should make or proposes to make an assessment or re-assessment of income tax or any other tax on the basis that the fair market value of such consideration so received differs from the said aggregate redemption price, the redemption price of the Preferred Shares Series 1 shares issued for such consideration will be increased or decreased, as the case may be, to an amount such that the aggregate redemption price thereof equals the fair market value of the consideration so received which serves as the basis for the assessment or re-assessment by such taxing authority against which no appeal is taken, or which is agreed upon by the Corporation and the holder of such Preferred Shares Series 1 shares and the said taxing authority in settlement of a dispute regarding such an

assessment, re-assessment or proposed assessment or re-assessment, or which is finally established by a court or tribunal of competent jurisdiction on appeal from such assessment or reassessment.

2.4 Cancellation

Preferred Shares Series 1 shares purchased, redeemed or otherwise acquired by the Corporation shall be cancelled and not restored to the status of authorized but unissued shares of the series.

3. Additional Issues

After the first issue of Preferred Shares Series 1 shares, no further Preferred Shares Series 1 shares may be issued without the consent of the holders of at least 66 2/3% of such Preferred Shares Series 1 shares outstanding. Such consent may be expressed by a resolution passed by such holders, voting separately as a class, at a meeting duly called and constituted for that purpose or by an instrument or instruments in writing signed by such holders.

IV. PREFERRED SHARES SERIES 2

The second series of Preferred Shares shall consist of one (1) Preferred Share which shall be designated as a Preferred Shares Series 2 share and shall, in addition to and subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, have attached thereto and be subject to the rights, privileges, restrictions and conditions hereinafter set forth:

1. Dividends

The holder of the Preferred Shares Series 2 share shall in each fiscal year of the Corporation in the discretion of the directors be entitled, out of monies properly applicable to the payment of dividends, to non-cumulative dividends at the rate of 7 % of the redemption price of such shares per annum on the Preferred Shares Series 2 share held; the holder of the Preferred Shares Series 2 share shall not be entitled to any dividend other than or in excess of the non-cumulative dividends at the said rate hereinbefore provided for.

2. Redemption and Purchase

2.1 Redemption Price

Subject to the provisions of section 2.3 hereof, the price at which the Corporation may redeem the whole or any part of the Preferred Shares Series 2 share outstanding shall be the sum of \$1.00 for such Preferred Shares Series 2 share, together with all dividends declared thereon and unpaid.

2.2 Adjustment to Stated Capital

Upon a redemption of Preferred Shares Series 2 shares as set out in section 5 or 6 of the conditions attaching to the Preferred Shares as a class or upon purchase or cancellation as set out in section 4 of the conditions attaching to the Preferred Shares as a class, the Corporation shall deduct from the stated capital account maintained for the Preferred Shares Series 2 shares an amount equal to the result obtained by multiplying the stated capital of the Preferred Shares Series 2 shares by the number of such shares which have been redeemed, or purchased for cancellation, as the case may be, divided by the number of Preferred Shares Series 2 shares which have been issued and were outstanding immediately before such redemption or purchase for cancellation.

2.3 Adjustment to Redemption Price

In the case of Preferred Shares Series 2 shares issued by the Corporation for a consideration other than cash, the applicable redemption price will be subject to a proportionate increase or decrease so that the aggregate redemption price of Preferred Shares Series 2 shares so issued equals the fair market value of the consideration so received at that time for such Preferred Shares Series 2 shares, which fair market value and aggregate redemption price is hereby determined to be \$1.00, and in the event that the Minister of National Revenue or any other competent taxing authority should make or proposes to make an assessment or re-assessment of income tax or any other tax on the basis the true fair market value of such consideration so received differs from the said aggregate redemption price, the redemption price of the Preferred Shares Series 2 shares issued for such consideration will be increased or decreased to an amount such that the aggregate redemption price thereof equals the fair market value of the consideration so received which serves as the basis for an assessment or re-assessment by such taxing authority against which no appeal is taken, or which is agreed upon by the Corporation and the holder of such Preferred Shares Series 2 shares and the said taxing authority in settlement of a dispute regarding such an assessment, re-assessment or proposed assessment or re-assessment, or which is finally established by a court or tribunal of competent jurisdiction on appeal from such assessment or re-assessment.

2.4 Cancellation

Preferred Shares Series 2 shares purchased, redeemed or otherwise acquired by the Corporation shall be cancelled and not restored to the status of authorized but unissued shares of the series.

3. Additional Issues

After the first issue of Preferred Shares Series 2 shares, no further Preferred Shares Series 2 shares may be issued without the consent of the holders of at least 66 2/3% of such Preferred Shares Series 2 shares outstanding. Such consent may be expressed by a resolution passed by such holders, voting separately as a class, at a meeting duly called and constituted for that purpose or by an instrument or instruments in writing signed by such holders.

4. Restrictions if any on share transfers:

No shares of the Corporation shall be transferred without either (a) the previous consent of the directors of the Corporation expressed by a resolution passed by the board of directors or by an instrument or instruments in writing signed a majority of the directors, or (b) the previous consent of the holders of at least 51% of the shares for the time being outstanding expressed by a resolution passed by the shareholders or by an instrument or instruments in writing signed by such shareholders

5. Number (or minimum and maximum number) of directors:

A minimum of one (1) and a maximum of nine (9).

6. Restrictions if any on business the corporation may carry on:

None.

7. Other provisions, if any:

- (a) The number of its shareholders is limited to 50 not including persons who are in the employment of the Corporation and persons, who, having been formerly in the employment of the Corporation, were, while in that employment, and have continued after the termination of that employment to be shareholders of the Corporation, two or more persons holding one or more shares jointly being counted as a single shareholder.
- (b) Any invitation to the public to subscribe for any securities of the Corporation is prohibited.
- (c) The directors of the Corporation may, without authorization of the shareholders:
 - (i) borrow money upon the credit of the Corporation;

- (ii) issue, re-issue, sell or pledge any bonds, debentures, debenture stock or other debt obligations of the Corporation; and
- (iii) mortgage, hypothecate, pledge, or otherwise create a security interest in all or any moveable or personal, immovable or real or other property of the Corporation, owned or subsequently acquired, present or future, to secure any debt obligation of the Corporation.

The directors may, by resolution or by-law, provide for the delegation of such powers by the directors to such officers or directors of the Corporation to such extent and in such manner as may be set out in the resolution or by-law, as the case may be.

8. The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

- 183
- 184(1)
- 184(2)

9. Name of the amalgamating corporations:

CAE ELECTRONICS LTD.
CAE ELECTRONIQUE LTEE

Corporation No.: 345710-9

Date: March 29, 1999

Title: Assistant Treasurer

CAE NEWNES LTD.

Corporation No.: 360021-1

Date: March 29, 1999

Title: Assistant Treasurer

CAE SCREENPLATES INC.
TAMIS CAE INC.

Corporation No.: 062076-9

Date: March 29, 1999

Title: Assistant Treasurer

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