Canada

Employment

Labor Concerns

Employee entitlement claims may arise with the offer of stock options. The Plan and agreements must be carefully drafted to ensure that the employer retains the right to amend or terminate the Plan. In addition, option agreements should provide that options would cease to vest upon a termination of employment.

It is necessary for the Plan to be drafted to limit rights during a notice period of termination of employment. It should be clearly stated that the termination of employment is the last day of active employment with the Subsidiary and that vesting rights will not be influenced by a period of notice that is given, or ought to have been given, under statute, contract or at common law.

It is also important that the Plan be drafted so as not to unintentionally result in a discrimination complaint. For example, if the Plan is more beneficial to employees of a specific age, then it may be at risk of a discrimination complaint.

Communications

For employees in Quebec, documents related to the Plan must generally be remitted to employees in the French language unless an employee expressly agrees to receive documents in English.

Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

The offer of stock options to employees in Canada is generally exempt from the prospectus and registration requirements of Canadian securities laws based on exemptions contained in National Instrument 45-106. Any disclosure documents delivered to employees in Quebec must be filed with the Autorité des Marchés Financiers ("**AMF**"). There are no fees payable in connection with this filing and there is no formal review of the documents by the AMF.

Foreign Exchange

There are no foreign exchange restrictions imposed on option plans.

Data Protection

Employee consent for the processing and transfer of personal information is the recommended method of compliance with existing data privacy requirements. Quebec has additional data protection requirements.

Tax

Employee Tax Treatment

Employees are taxed on the spread in the year the option is exercised. Employees may reduce such taxable benefit if the underlying Stock is characterized as "prescribed shares" and the exercise price is not less than the Stock's fair market value on the grant date. The employee will also be subject to tax on one-half of any capital gain realized upon the subsequent sale of the Stock.

Social Insurance Contributions

Social insurance obligations generally are levied on an employee's earnings, including Plan benefits, up to an earnings cap.

Tax-Favored Program

See Employee Tax Treatment above.

Withholding and Reporting

The employer has a reporting and withholding obligation with respect to income received by employees under the Plan.

Employer Tax Treatment

The Subsidiary may not claim a tax deduction for the cost of Plan benefits.