

TJX COMPANIES INC /DE/
Form 424B2
April 29, 2013
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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement Dated April 29, 2013

**Prospectus Supplement
(To Prospectus Dated April 29, 2013)**

**Filed pursuant to Rule 424(b)(2)
Registration No. 333-188192**

% Notes due 2023

The notes will mature on May 15, 2023. We will pay interest on the notes on May 15 and November 15 of each year, beginning November 15, 2013. We may redeem the notes in whole or in part at any time at the applicable redemption price set forth under Description of Notes Optional Redemption. If we experience a change of control and, in connection with such change in control, the notes are downgraded below investment grade by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services within a specified period, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase, unless we have exercised our right to redeem the notes.

The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our other existing and future indebtedness and other liabilities that are not, by their terms, expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to all of our existing and future secured indebtedness or other secured liabilities to the extent of the value of the assets securing such indebtedness and liabilities and to all indebtedness and other liabilities of our subsidiaries.

We do not intend to apply for listing of the notes on any securities exchange. Currently, there is no public market for the notes.

Investing in the notes involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement and under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended February 2, 2013, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Per Note	Total
Public offering price(1)	%	\$
Underwriting discount	%	\$

Proceeds, before fees and expenses, to The TJX Companies, Inc.(1)

% \$

(1) Plus accrued interest, if any, from _____, 2013 to the date of delivery.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank, S.A./N.V., on or about May _____, 2013.

Joint Book-Running Managers

Deutsche Bank Securities

Barclays

US Bancorp

Prospectus Supplement dated _____, 2013

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus or in any free writing prospectus filed by us with the Securities and Exchange Commission, or SEC. We have not, and the underwriters have not, authorized anyone to provide you with different information. If any person provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of the date on the front of the respective document. Our business, properties, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part is the prospectus dated April 29, 2013, which is part of our Registration Statement on Form S-3.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information incorporated by reference in the documents to which we have referred you in [Where You Can Find More Information](#) in the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus or in any free writing prospectus filed by us with the SEC. We have not, and the underwriters have not, authorized anyone to provide you with different information. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time after the date of that information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on behalf of us or the underwriters or any of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See [Underwriting](#).

In this prospectus supplement and the accompanying prospectus, unless otherwise stated or the context otherwise requires, references to [TJX](#), [we](#), [us](#) and [our](#) refer to The TJX Companies, Inc. and its subsidiaries. In this prospectus supplement, unless otherwise stated or the context otherwise requires, references to the indenture refer to the indenture, dated as of April 2, 2009, between TJX and U.S. Bank National Association, as trustee, as supplemented by the third supplemental indenture between TJX and the trustee.

T.J. Maxx, Marshalls, HomeGoods, Winners, HomeSense, T.K. Maxx and Sierra Trading Post are our registered trademarks.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may relate to such matters as our future actions, future performance or results of current and anticipated sales, expenses, interest rates, foreign exchange rates and results and the outcome of contingencies such as litigation, liquidity, and similar matters. Forward-looking statements are inherently subject to risks, uncertainties and potentially inaccurate assumptions. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. These statements may be identified by the use of forward-looking words or phrases such as anticipate, believe, could, estimate, expect, forecast, intend, looking forward, may, plan, potential, project, should, or any variations of these words or other words with similar meanings. A variety of factors could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed, anticipated or implied in our forward-looking statements. The factors listed in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, as well as in our other filings with the SEC, such as on Forms 8-K, 10-Q and 10-K, are illustrative and other risks and uncertainties may arise as are or may be detailed from time to time in our public announcements and in our filings with the SEC. Our forward-looking statements speak only as of the dates on which they are made, and we do not undertake to update any forward-looking statement to reflect new information, future events or otherwise. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of these risks, see Risk Factors in this prospectus supplement and in Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended February 2, 2013.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary is provided solely for your convenience. It is not intended to be complete. You should read carefully this entire prospectus supplement, the accompanying prospectus and all the information included or incorporated by reference herein or therein, especially the risks discussed in the section titled Risk Factors beginning on page S-6 of this prospectus supplement and in our periodic reports filed with the SEC.

The TJX Companies, Inc.

We are the leading off-price apparel and home fashions retailer in the United States and worldwide. Our over 3,000 stores offer a rapidly changing assortment of quality, fashionable, brand-name and designer merchandise at prices generally 20% to 60% below department and specialty store regular prices, every day.

Our stores are known for our value proposition of brand, fashion, quality and price and offer a treasure hunt shopping experience through the rapid turn of inventories relative to traditional retailers. Our goal is to create a sense of excitement and urgency for our customers and encourage frequent customer visits. We reach a broad range of customers across many income levels and other demographic groups with our value proposition. Our strategies and operating platforms are synergistic across all of our retail chains. As a result, we are able to leverage our expertise throughout our business, sharing information, best practices, initiatives and new ideas, and developing talent across our Company. We also leverage the substantial buying power of our businesses in our global relationships with vendors.

We operate our business in four major divisions: Marmaxx and HomeGoods, both in the U.S., TJX Canada and TJX Europe.

Corporate Information

We are incorporated in the State of Delaware, and our principal executive offices are located at 770 Cochituate Road, Framingham, Massachusetts 01701 and our telephone number is (508) 390-1000.

Table of Contents**Selected Financial Information**

The following table sets forth our selected consolidated financial information that has been derived from our audited financial statements. You should read the following information in conjunction with our consolidated financial statements and related notes that we include or incorporate by reference in this prospectus supplement and the accompanying prospectus. Our fiscal year end is the Saturday nearest to the last day of January of each year.

	Fiscal Year Ended		
	February 2, 2013	January 28, 2012	January 29, 2011
	(amounts in millions except share and per share amounts)		
	(53 weeks)	(52 weeks)	(52 weeks)
<u>Income statement and per share data:</u>			
Net sales	\$ 25,878	\$ 23,191	\$ 21,942
Income from continuing operations	\$ 1,907	\$ 1,496	\$ 1,340
Weighted average common shares for diluted earnings per share calculation (in thousands)	747,555	773,772	812,826
Diluted earnings per share from continuing operations	\$ 2.55	\$ 1.93	\$ 1.65
Cash dividends declared per share	\$ 0.46	\$ 0.38	\$ 0.30
<u>Balance sheet data (at fiscal year end):</u>			
Cash and cash equivalents	\$ 1,812	\$ 1,507	\$ 1,742
Working capital	\$ 1,951	\$ 2,069	\$ 1,966
Total assets	\$ 9,512	\$ 8,282	\$ 7,972
Capital expenditures	\$ 978	\$ 803	\$ 707
Current installments of long-term debt obligations	\$ 0	\$ 0	\$ 0
Current capital lease obligation	\$ 0	\$ 3	\$ 3
Long-term obligations(1)	\$ 775	\$ 785	\$ 788
Shareholders' equity	\$ 3,666	\$ 3,209	\$ 3,100

(1) Includes long-term obligations and the long-term portion of our capital lease obligations.

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The Offering

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see Description of Notes in this prospectus supplement. As used in this Prospectus Supplement Summary The Offering, the terms TJX, we, our, us and other similar references refer only to The TJX Companies, Inc. and not to any of its subsidiaries.

Issuer	The TJX Companies, Inc.
Securities Offered	\$ % Notes due
Maturity	The notes will mature on May 15, 2023.
Interest	Interest on the notes will accrue from , 2013 and will be payable semi-annually in arrears at the rate set forth on the cover page of this prospectus supplement on May 15 and November 15 of each year, commencing November 15, 2013.
Optional Redemption	<p>Prior to February 15, 2023, we may redeem the notes at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of:</p> <p style="padding-left: 40px;">100% of the principal amount of the notes being redeemed; and</p> <p style="padding-left: 40px;">the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in Description of Notes Optional Redemption), plus basis points, plus together;</p> <p style="padding-left: 40px;">in each case, with accrued interest thereon to, but not including, the date of redemption.</p> <p>On or after February 15, 2023 (three months prior to their maturity date), we may redeem the notes in whole at any time or in part from time to time, at our option, at a redemption price equal to 100% of the aggregate principal amount of the notes, plus accrued and unpaid interest thereon, if any, to, but not including, the date of redemption. See Description of Notes Optional Redemption.</p>

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Repurchase at the Option of Holders Upon a Change of Control Triggering Event	If we experience a change of control and, in connection with such change of control the notes are downgraded below investment grade by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services within a specified period, we will be required to offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase, unless we have exercised our right to redeem the notes.
Covenants	<p>The indenture will contain covenants that, among other things, will limit our ability and the ability of our restricted subsidiaries, if any, to:</p> <p>issue, assume or guarantee secured debt; and</p> <p>enter into certain sale and leaseback transactions.</p> <p>The indenture also limits our ability to engage in mergers, consolidations and certain sales of assets. These covenants are subject to important exceptions and qualifications, as described in the sections titled "Description of Notes - Restrictions on Secured Debt" and "Description of Notes - Restrictions on Sale and Leaseback Transactions."</p>
Ranking	The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our existing and future indebtedness and other liabilities that are not, by their terms, expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to all of our existing and future secured indebtedness and other secured liabilities to the extent of the value of the assets securing such indebtedness and liabilities and to all indebtedness and other liabilities of our subsidiaries. As of February 2, 2013, we and our subsidiaries had approximately \$774.6 million in senior long-term indebtedness, inclusive of current installments on a consolidated basis, all of which would be pari passu with the notes.
Use of Proceeds	We will use the net proceeds of this offering for working capital and other general corporate purposes. See "Use of Proceeds."
Further Issuances	We may, without notice to or consent of the holders or beneficial owners of the notes, issue in a separate offering additional notes having the same ranking, interest rate, maturity and other terms as the notes. The notes and any such additional notes will constitute a single series under the indenture.

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Denomination and Form	We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, <i>société anonyme</i> , and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositories, which, in turn, will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Risk Factors	Investing in the notes involves risks. See Risk Factors on page S-6 hereof and in our Annual Report on Form 10-K for the year ended February 2, 2013 for a description of certain risks you should consider before investing in the notes.
Trustee	U.S. Bank National Association
Governing Law	New York

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RISK FACTORS

You should carefully consider the following risk factors as well as the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the discussion of risk factors in our Annual Report on Form 10-K for the fiscal year ended February 2, 2013, which is incorporated by reference, before making a decision to invest in the notes. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally. If any of the matters included in the following risks were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you may lose all or part of your investment.

Risks Related to the Notes

The notes are effectively subordinate to the existing and future liabilities of our subsidiaries.

Our subsidiaries are separate and distinct legal entities from us. None of our subsidiaries will guarantee the notes, and our subsidiaries will have no obligation to pay any amounts due on the notes or to provide us with funds to meet our payment obligations on the notes, whether in the form of dividends, distributions, loans or other payments. In addition, any payment of dividends, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon the subsidiaries' earnings, legal ability to pay dividends and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any secured indebtedness and other secured liabilities of our subsidiaries to the extent of the value of the assets securing such indebtedness and liabilities, and to all indebtedness and other liabilities of our subsidiaries senior to that held by us. As of February 2, 2013, our subsidiaries had no long-term indebtedness outstanding, inclusive of current installments.

The notes would be subject to prior claims of any secured creditors.

The notes are our senior unsecured general obligations, ranking equally with other unsecured and unsubordinated debt but effectively junior to any secured debt to the extent of the value of the assets constituting the security. The indenture governing the notes permits us and our subsidiaries to incur secured debt under specified circumstances. If we incur any debt secured by our assets or assets of our subsidiaries, these assets will be subject to the prior claims of our secured creditors, and in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, these pledged assets would be available to satisfy secured obligations before any payment could be made on the notes. To the extent that such assets could not satisfy in full any such secured obligations, the holders of such obligations would have a claim for any shortfall that would rank equally in right of payment with the notes. In that case, we might not have sufficient assets remaining to pay amounts due on any or all of the notes. As of February 2, 2013, we and our subsidiaries had approximately \$774.6 million in senior long-term indebtedness, inclusive of current installments on a consolidated basis, all of which would be pari passu with the notes.

The indenture does not restrict the amount of additional debt that we may incur.

The notes and indenture under which the notes will be issued do not place any limitation on the amount of unsecured debt that may be incurred by us. Our incurrence of additional debt

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may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the market value of your notes, and a risk that the credit rating of the notes is lowered or withdrawn.

The negative covenants are not applicable to our non-restricted subsidiaries.

As more fully described under [Description of Notes Restrictions on Secured Debt](#) and [Description of Notes Restrictions on Sale and Leaseback Transactions](#), the indenture contains negative covenants limiting us and our designated restricted subsidiaries from issuing, assuming or guaranteeing secured debt and entering into sale and leaseback transactions. Those covenants do not apply to our non-restricted subsidiaries, and the indenture does not require us to maintain any restricted subsidiaries. The indenture does not limit the secured debt incurred, assumed or guaranteed by our non-restricted subsidiaries, or limit sale and leaseback transactions entered into by our non-restricted subsidiaries. As of the date of the issuance of notes, none of our subsidiaries had been designated as a restricted subsidiary. As of February 2, 2013, approximately 70% of the assets shown on our consolidated balance sheet were held by non-restricted subsidiaries, and none of the non-restricted subsidiaries had secured long-term debt or were parties to sale and leaseback transactions.

We may not be able to repurchase the notes upon a Change of Control.

Upon the occurrence of specific kinds of Change of Control (as defined in [Description of Notes Change of Control](#)) events together with a downgrade in our ratings as a result of such Change of Control we will be required to offer to purchase all or any part of each holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase, unless we have exercised our right to redeem the notes. If we experience a Change of Control Triggering Event, (as defined in [Description of Notes Change of Control](#)) there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to purchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. See [Description of Notes Change of Control](#).

Our credit ratings may not reflect all risks of your investment in the notes.

The credit ratings assigned to the notes are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agencies, if, in such rating agency's judgment, circumstances so warrant. Agency credit ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the notes and increase our corporate borrowing costs.

The terms of the indenture and the notes provide only limited protection against significant corporate events that could adversely impact your investment in the notes.

While the indenture and the notes contain terms intended to provide protection to noteholders upon the occurrence of certain events involving significant corporate transactions and our creditworthiness, such terms are limited and may not be sufficient to protect your investment in the notes.

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The definition of the term "Change of Control Triggering Event" as described under "Description of Notes - Change of Control" does not cover a variety of transactions (such as acquisitions by us or recapitalizations) that could negatively affect the value of your notes. If we were to enter into a significant corporate transaction that would negatively affect the value of the notes but would not constitute a Change of Control Triggering Event, we would not be required to offer to repurchase your notes prior to their maturity.

Furthermore, the indenture for the notes does not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;

limit our ability to incur indebtedness that is equal or junior in right of payment to the notes;

restrict our subsidiaries' ability to issue securities or otherwise incur indebtedness that would be senior to our equity interests in our subsidiaries and therefore rank effectively senior to the notes;

limit the ability of our non-restricted subsidiaries to service indebtedness;

restrict our ability to repurchase or prepay any other of our securities or other indebtedness; or

restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

As a result of the foregoing, when evaluating the terms of the notes, you should be aware that the terms of the indenture and the notes do not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment in the notes.

If an active trading market does not develop for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.

The notes are new issues of securities for which there currently is no established trading market. We do not intend to list the notes on a national securities exchange. While the underwriters of the notes have advised us that they intend to make a market in the notes, the underwriters will not be obligated to do so and may stop their market-making at any time at their discretion without notice. In addition, the liquidity of the trading market in the notes and the market price quoted for the notes may be adversely affected by changes in the overall market for securities and by changes in the financial performance or prospects of our company or companies in our industry. No assurance can be given:

that a market for the notes will develop or continue;

as to the liquidity of any market that does develop; or

as to your ability to sell any notes you may own or the price at which you may be able to sell your notes.

Risks Related to TJX

Our business is subject to uncertainties and risks. You should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus, including "Item 1A. Risk Factors" incorporated by reference from our Annual Report on Form 10-K for the fiscal year

ended February 2, 2013, as updated by other SEC filings filed after such annual report.

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USE OF PROCEEDS

The net proceeds of this offering are estimated to be \$ million (after deducting the underwriting discount and our estimated fees and expenses). We intend to use the net proceeds from the sale of the notes for working capital and other general corporate purposes. The net proceeds may be invested temporarily until they are used for their stated purpose.

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The following table sets forth our consolidated cash and cash equivalents and capitalization as of February 2, 2013 on an actual basis and as adjusted to give effect to the sale of the notes (after deducting the underwriting discount and estimated fees and expenses) and application of those proceeds as described herein. You should read this table in conjunction with our consolidated financial statements and related notes thereto which are incorporated by reference.

	As of February 2, 2013	
	Actual	As Adjusted
	(in thousands)	
Cash and cash equivalents	\$ 1,811,957	\$
Current installments of long-term debt	\$ 0	\$
Long-term debt:		
4.20% senior unsecured notes, maturing August 15, 2015	399,987	
6.95% senior unsecured notes, maturing April 15, 2019	374,565	
Notes offered hereby		
Total long-term debt	774,552	
Total debt	774,552	
Total shareholders' equity	3,665,937	
Total capitalization	\$ 4,440,489	\$

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The following description is a summary of the particular terms of the notes. This summary supplements, and to the extent it is inconsistent therewith replaces, the description of the general terms and provisions of the notes set forth under Description of the Debt Securities in the accompanying prospectus dated April 29, 2013. In this Description of Notes section, the terms we, our, us and TJX refer solely to The TJX Companies, Inc., and do not include its subsidiaries.

General

We will issue the notes as a separate series of debt securities under an indenture, dated as of April 2, 2009, between TJX and U.S. Bank National Association, as trustee, as supplemented by the third supplemental indenture between TJX and the trustee. The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our other existing and future indebtedness and other liabilities that are not, by their terms, expressly subordinated in right of payment to the notes. We will issue notes with an aggregate principal amount of \$. We will issue notes in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will mature on May 15, 2023.

Interest on the notes will accrue from , 2013 at the rate of % per annum. Interest will be payable semi-annually on May 15 and November 15 beginning November 15, 2013. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. We will make each interest payment to the persons in whose names the notes are registered at the close of business on the May 1 or November 1 preceding the interest payment date. We may make payments of principal and interest at the office or agency of TJX maintained for such purposes in the City of Boston, which will initially be the office of the trustee at One Federal Street, 10th Floor, Boston, Massachusetts 02110, or, at our option, by mailing checks on any interest payment date. See Book-Entry System.

Further Issuances

We may, from time to time, without notice to or the consent of the holders of the notes, increase the principal amount of this series of notes under the indenture and issue such increased principal amount (or any portion thereof), in which case any additional notes so issued will have the same form and terms (other than the date of issuance and, under certain circumstances, the date from which interest thereon will begin to accrue), and will carry the same right to receive accrued and unpaid interest, as the notes previously issued, and such additional notes will form a single series with the notes.

Optional Redemption

Prior to February 15, 2023, the notes will be redeemable as a whole or in part, at our option at any time, and from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued and unpaid to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points, plus in each case accrued and unpaid interest thereon to, but not including, the date of redemption. Further, installments of interest on the notes to be redeemed that are due and payable on the interest payment dates falling on or prior to a redemption date shall be payable on the interest payment date to the registered holders as of the close of business on the relevant regular record date according to the notes and the indenture.

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On or after February 15, 2023 (three months prior to their maturity date), we will have the right to redeem the notes in whole or in part at our option at any time or from time to time, at a redemption price equal to 100% of the aggregate principal amount of the notes plus accrued and unpaid interest thereon, if any, to, but not including, the redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by us.

Comparable Treasury Price means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if we obtain fewer than four of such Reference Treasury Dealer Quotations, the average of all such quotations.

Reference Treasury Dealer means each of Deutsche Bank Securities Inc., Barclays Capital Inc. or their affiliates that are primary U.S. Government securities dealers, one primary U.S. Government securities dealer selected by U.S. Bancorp Investments, Inc. and two other primary U.S. Government securities dealers in the City of New York selected by us, and their respective successors; provided, however, that if any of the foregoing or their affiliates shall cease to be a primary U.S. Government securities dealer in The City of New York, we shall substitute therefor another such primary U.S. Government securities dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed; *provided* that notice of redemption may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of notes. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by the trustee by lot or any other such method as the trustee deems to be fair and appropriate.

Unless we default in payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

The notes will not be entitled to the benefit of a sinking fund.

Change of Control

If a Change of Control Triggering Event occurs with respect to the notes, unless we have exercised our option to redeem the notes as described above, we will be required to make an

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offer (a Change of Control Offer) to each holder of the notes to repurchase all or any part (equal to any integral multiple of \$1,000, such that any remaining portion held by such holder is at least \$2,000) of that holder's notes on the terms set forth in such notes. In a Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to the date of repurchase (a Change of Control Payment). Within 30 days following any Change of Control Triggering Event or, at our option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, a notice will be mailed to holders of the notes, describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to repurchase the notes on the date specified in the applicable notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (a Change of Control Payment Date). The notice will, if mailed prior to the date of consummation of the Change of Control, state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the applicable Change of Control Payment Date; provided, that the expiration of the Change of Control Offer prior to consummation of such Change of Control will not relieve us of our obligation under this section if such Change of Control subsequently occurs.

On each Change of Control Payment Date, we will, to the extent lawful:

accept for payment all notes or portions of notes properly tendered pursuant to the applicable Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and the third party purchases all notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the indenture, other than a default in the payment of the Change of Control Payment.

We will be required to comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of the notes, we will be required to comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Offer provisions of the notes by virtue of any such conflict and compliance.

For purposes of the Change of Control Offer provisions of the notes, the following terms will be applicable:

Change of Control means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all

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or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any person, other than our company or one of our subsidiaries;

- (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (other than us or one of our wholly-owned subsidiaries) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our outstanding Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares;
- (3) the first day on which a majority of the members of our board of directors are not Continuing Directors; or
- (4) the adoption of a plan relating to our liquidation or dissolution.

The term "person", as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Rating Event.

Continuing Directors means, as of any date of determination, any members of our board of directors who were (1) members of our board of directors on the date the notes were issued or (2) nominated for election, elected or appointed to our board of directors with the approval of a majority of the Continuing Directors at the time of such nomination, election or appointment (which approval is evidenced either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection by the majority of the Continuing Directors to such nomination).

Investment Grade Rating means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by us.

Moody's means Moody's Investors Service, Inc., and its successors.

Rating Agencies means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by us as a replacement agency for Moody's or S&P, or both of them, as the case may be.

Rating Event means the rating on the notes is lowered by both Rating Agencies and the notes are rated below an Investment Grade Rating by both Rating Agencies, in any case on any day during the period (which period will be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) commencing upon the first public notice of the occurrence of a Change of Control or our intention to effect a Change of Control and ending 60 days following the consummation of the Change of Control; *provided that* a Rating Event otherwise arising by virtue of a particular act and officers of the Company, or its subsidiaries, as the case may be. The amount of premium paid with respect to this policy for the fiscal year ended July 31, 2013, was \$66,346. The policy does not specify that any part of the premium is paid in respect of either directors as a group or officers as a group. The entire premium is paid by the Company. The current annual policy limit is \$10,000,000 subject to a deductible of up to \$100,000 per claim and \$250,000 per securities claim.

Executive Services Agreements

Adnani Executive Services Agreement

On July 23, 2009, our Board of Directors approved the entering into of an executive services agreement with Amir Adnani Corp. ("**Adnani Corp.**"), as amended by certain letter agreements, dated for reference effective as at July 1, 2010 and February 1, 2012, respectively, with a term expiring on July 23, 2012 (the "**2009 Adnani Agreement**"). The 2009 Adnani Agreement was subject to automatic renewal and remained in effect until June 30, 2013. On July 24, 2013, our Board of Directors approved the entering into of a further amended and restated executive

services agreement with Adnani Corp., with an initial term commencing retroactively on July 1, 2013 and expiring on July 1, 2016 (the "**Adnani Agreement**").

The Adnani Agreement is subject to automatic renewal on a three-month to three-month term renewal basis unless either the Company or Adnani Corp. provides written notice not to renew the Adnani Agreement no later than 90 days prior to the end of the then current or renewal term.

Pursuant to the terms and provisions of the Adnani Agreement: (a) through Adnani Corp., Mr. Adnani shall continue to provide duties to us commensurate with his current executive positions as our President and Chief Executive Officer; and (b) we shall pay to Adnani Corp. a monthly fee of \$30,000.

If the Company elects to not renew the Adnani Agreement, and provided that Adnani Corp. is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to Adnani Corp. as follows: (a) a cash payment equating to an aggregate of four months of the then monthly fee for each full year, and any portion thereof, of the initial term effective from July 23, 2009 and any renewal period during which the Adnani Agreement was in force and effect and during which Adnani Corp. rendered services thereunder, together with a cash payment equating to Adnani Corp.'s average annual bonus during the most recent two years, payable by the Company to Adnani Corp. within 14 calendar days of the effective termination date; (b) any expense payment reimbursements which would then be due and owing by the Company to Adnani Corp. to the effective termination date, payable within 14 calendar days of the effective termination date (the "**Adnani Outstanding Expense Reimbursements**"); (c) any pro rata and unused vacation pay which would then be due and owing by the Company to Mr. Adnani to the effective termination date and payable within 14 calendar days of the effective termination date (the "**Adnani Outstanding Vacation Pay**"); (d) subject to applicable provisions of the Adnani Agreement, all of Adnani Corp.'s and Mr. Adnani's then issued and outstanding stock-based equity awards in and to the Company as at the effective termination date shall immediately vest, if not otherwise vested, and shall continue to be exercisable for a period of two years from the effective termination date (the "**Adnani Options Extension**"); and (e) confirmation that all of Adnani Corp.'s and Mr. Adnani's then benefits coverage would be extended to Mr. Adnani for a period ending two years from the effective termination date (the "**Adnani Benefits Extension**").

If the Company elects to terminate the Adnani Agreement without just cause, or if Adnani Corp. terminates the Adnani Agreement for just cause, and provided that Adnani Corp. is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to Adnani Corp. as follows: (a) a cash payment equating to an aggregate of 24 months of the then monthly fee, together with a cash payment equating to two times the sum of Adnani Corp.'s average annual bonus during the most recent two years, payable by the Company to Adnani Corp. within 14 calendar days of the effective termination date; (b) all Adnani Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Adnani Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Adnani Agreement, the Adnani Options Extension commencing on the effective termination date; and (e) the Adnani Benefits Extension commencing on the effective termination date.

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If Adnani Corp. elects to terminate the Adnani Agreement for good reason, as defined in the Adnani Agreement, including, without limitation, a material diminution of Mr. Adnani's duties, a failure of the Company to deliver a written agreement to be entered into with any successor, assignee or transferee of the Company to assume and agree to perform the Adnani Agreement, a failure of the Company to pay remuneration or any other breach by the Company of a material provision of the Adnani Agreement, and provided that Adnani Corp. is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to Adnani Corp. as follows: (a) a cash payment equating to an aggregate of 18 months of the then monthly fee, together with a cash payment equating to one and one-half times the sum of Adnani Corp.'s average annual bonus

during the most recent two years, payable by the Company to Adnani Corp. over a period of 12 months from the effective termination date; (b) all Adnani Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Adnani Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Adnani Agreement, the Adnani Options Extension commencing on the effective termination date; and (e) the Adnani Benefits Extension commencing on the effective termination date.

If Adnani Corp. elects to terminate the Adnani Agreement, except for just cause, or if the Company terminates the Adnani Agreement for just cause, Adnani Corp. is not entitled to a severance package.

The Adnani Agreement will be deemed terminated on the 30th calendar day following the death or disability of Mr. Adnani, in which case the Company shall be obligated to provide a severance package to Adnani Corp. or Mr. Adnani's estate as follows, provided that Adnani Corp. is or was in compliance with the relevant terms and conditions of the Adnani Agreement: (a) a cash payment equating to an aggregate of 12 months of the then monthly fee, together with a cash payment equating to Adnani Corp's average annual bonus during the most recent two years, payable by the Company to Adnani Corp. or Mr. Adnani's estate within 14 calendar days of the effective termination date; (b) all Adnani Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Adnani Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; and (d) subject to applicable provisions of the Adnani Agreement, the Adnani Options Extension commencing on the effective termination date.

Anthony Executive Employment Agreement

Mr. Anthony resigned as Chief Operating Officer and was appointed as a Senior Advisor of our Company effective September 27, 2013. Prior to his resignation, the terms of his employment as Chief Operating Officer were governed by an executive services agreement as disclosed below.

On July 23, 2009, our Board of Directors approved the entering into of an executive services agreement with Harry Anthony, with a term expiring on July 23, 2012 (the "**2009 Anthony Agreement**"). The 2009 Anthony Agreement was subject to automatic renewal and remained in effect until June 30, 2013. On July 24, 2013, our Board of Directors approved the entering into of a further amended and restated executive services agreement with Harry Anthony, with an initial term commencing retroactively on July 1, 2013 and expiring on July 1, 2016 (the "**Anthony Agreement**").

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The Anthony Agreement is subject to automatic renewal on a three-month to three-month term renewal basis unless either the Company or Mr. Anthony provides written notice not to renew the Anthony Agreement no later than 90 days prior to the end of the then current or renewal term.

Pursuant to the terms and provisions of the Anthony Agreement: (a) Mr. Anthony shall provide duties to us commensurate with his executive position as our Chief Operating Officer; and (b) we shall pay to Mr. Anthony a monthly fee of \$25,000.

If the Company elects to not renew the Anthony Agreement, and provided that Mr. Anthony is in compliance with the relevant terms and conditions of the Anthony Agreement, the Company shall be obligated to provide a severance package to Mr. Anthony as follows: (a) a cash payment equating to an aggregate of four months of the then monthly fee for each full year, and any portion thereof, of the initial term effective from July 23, 2009 and any renewal period during which the Anthony Agreement was in force and effect and during which Mr. Anthony rendered services thereunder, together with a cash payment equating to the Mr. Anthony's average annual bonus during the most recent two years, payable by the Company to Mr. Anthony within 14 calendar days of the effective termination date; (b) any

expense payment reimbursements which would then be due and owing by the Company to Mr. Anthony to the effective termination date, payable within 14 calendar days of the effective termination date (the "**Anthony Outstanding Expense Reimbursements**"); (c) any pro rata and unused vacation pay which would then be due and owing by the Company to Mr. Anthony to the effective termination date and payable within 14 calendar days of the effective termination date (the "**Anthony Outstanding Vacation Pay**"); (d) subject to applicable provisions of the Anthony Agreement, all of Mr. Anthony's then issued and outstanding stock-based equity awards in and to the Company as at the effective termination date shall immediately vest, if not otherwise vested, and shall continue to be exercisable for a period of two years from the effective termination date (the "**Anthony Options Extension**"); and (e) confirmation that all of Mr. Anthony's then benefits coverage would be extended to Mr. Anthony for a period ending two years from the effective termination date (the "**Anthony Benefits Extension**").

If the Company elects to terminate the Anthony Agreement without just cause, or if Mr. Anthony terminates the Anthony Agreement for just cause, and provided that Mr. Anthony is in compliance with the relevant terms and conditions of the Anthony Agreement, the Company shall be obligated to provide a severance package to Mr. Anthony as follows: (a) a cash payment equating to an aggregate of 24 months of the then monthly fee, together with a cash payment equating to two times the sum of Mr. Anthony's average annual bonus during the most recent two years, payable by the Company to Mr. Anthony within 14 calendar days of the effective termination date; (b) all Anthony Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Anthony Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Anthony Agreement, the Anthony Options Extension commencing on the effective termination date; and (e) the Anthony Benefits Extension commencing on the effective termination date.

If Mr. Anthony elects to terminate the Anthony Agreement for good reason, as defined in the Anthony Agreement, including, without limitation, a material diminution of Mr. Anthony's duties, a failure of the Company to deliver a written agreement to be entered into with any successor, assignee or transferee of the Company to assume and agree to perform the Anthony Agreement, a failure of the Company to pay remuneration or any other breach by the Company of a material provision of the Anthony Agreement, and provided that Mr. Anthony is in compliance with the relevant terms and conditions of the Anthony Agreement, the Company shall be obligated to provide a severance package to Mr. Anthony as follows: (a) a cash payment equating to an aggregate of 18 months of the then monthly fee, together with a cash payment equating to one and one-half times the sum of Mr. Anthony's average annual bonus during the most recent two years payable by the Company to Mr. Anthony over a period of 12 months from the effective termination date; (b) all Anthony Outstanding Expense Reimbursements,

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payable within 14 calendar days of the effective termination date; (c) all Anthony Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Anthony Agreement, the Anthony Options Extension commencing on the effective termination date; and (e) the Anthony Benefits Extension commencing on the effective termination date.

If Mr. Anthony elects to terminate the Anthony Agreement, except for just cause, or if the Company terminates the Anthony Agreement for just cause, Mr. Anthony is not entitled to a severance package.

The Anthony Agreement will be deemed terminated on the 30th calendar day following the death or disability of Mr. Anthony, in which case the Company shall be obligated to provide a severance package to Mr. Anthony or Mr. Anthony's estate as follows, provided that Mr. Anthony is or was in compliance with the relevant terms and conditions of the Anthony Agreement: (a) a cash payment equating to an aggregate of 12 months of the then monthly fee, together with a cash payment equating to Mr. Anthony's average annual bonus during the most recent two years, payable by the Company to Mr. Anthony or Mr. Anthony's estate within 14 calendar days of the effective termination date; (b) all Anthony Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Anthony Outstanding Vacation Pay, payable within 14 calendar days of the effective

termination date; and (d) subject to applicable provisions of the Anthony Agreement, the Anthony Options Extension commencing on the effective termination date.

Mr. Anthony resigned as our Chief Operating Officer effective September 27, 2013, as such, the Anthony Agreement is terminated.

Katsumata Executive Employment Agreement

On January 5, 2011, our Board of Directors approved the entering into of an executive services agreement with Mark Katsumata, with a term expiring on January 5, 2013 (the "**2011 Katsumata Agreement**"). The 2011 Katsumata Agreement was subject to automatic renewal and remained in effect until June 30, 2013. On July 24, 2013, our Board of Directors approved the entering into of a further amended and restated executive services agreement with Mark Katsumata, with an initial term commencing retroactively on July 1, 2013 and expiring on July 1, 2015 (the "**Katsumata Agreement**").

The Katsumata Agreement is subject to automatic renewal on a three-month to three-month term renewal basis unless either the Company or Mr. Katsumata provides written notice not to renew the Katsumata Agreement no later than 90 days prior to the end of the then current or renewal term.

Pursuant to the terms and provisions of the Katsumata Agreement: (a) Mr. Katsumata shall provide duties to us commensurate with his executive position as our Secretary, Treasurer and Chief Financial Officer; and (b) we shall pay to Mr. Katsumata a monthly fee of CAD\$13,750.

If the Company elects to not renew the Katsumata Agreement, and provided that Mr. Katsumata is in compliance with the relevant terms and conditions of the Katsumata Agreement, the Company shall be obligated to provide a severance package to Mr. Katsumata as follows: (a) a cash payment equating to an aggregate of four months of the then monthly fee for each full year, and any portion thereof, of the initial term and any renewal period during which the Katsumata Agreement was in force and effect and during which Mr. Katsumata rendered services thereunder, together with a cash payment equating to Mr. Katsumata's annual bonus during the most recent year, payable by the Company to Mr. Katsumata within 14 calendar days of the effective termination date; (b) any expense payment reimbursements which would then be due and owing by the Company to Mr. Katsumata to the effective termination date, payable within 14 calendar days of the effective termination date (the "**Katsumata Outstanding Expense**");

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Reimbursements

"); (c) any pro rata and unused vacation pay which would then be due and owing by the Company to Mr. Katsumata to the effective termination date and payable within 14 calendar days of the effective termination date (the "**Katsumata Outstanding Vacation Pay**"); (d) subject to applicable provisions of the Katsumata Agreement, all of Mr. Katsumata's then issued and outstanding stock-based equity awards in and to the Company as at the effective termination date shall immediately vest, if not otherwise vested, and shall continue to be exercisable for a period of one year from the effective termination date (the "**Katsumata Options Extension**"); and (e) confirmation that all of Mr. Katsumata's then benefits coverage would be extended to Mr. Katsumata for a period ending one year from the effective termination date (the "**Katsumata Benefits Extension**").

If the Company elects to terminate the Katsumata Agreement without just cause, or if Mr. Katsumata terminates the Katsumata Agreement for just cause, and provided that Mr. Katsumata is in compliance with the relevant terms and conditions of the Katsumata Agreement, the Company shall be obligated to provide a severance package to Mr. Katsumata as follows: (a) a cash payment equating to an aggregate of 12 months of the then monthly fee, together

with a cash payment equating to Mr. Katsumata's annual bonus during the most recent year, payable by the Company to Mr. Katsumata within 14 calendar days of the effective termination date; (b) all Katsumata Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Katsumata Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Katsumata Agreement, the Katsumata Options Extension commencing on the effective termination date; and (e) the Katsumata Benefits Extension commencing on the effective termination date.

If Mr. Katsumata elects to terminate the Katsumata Agreement for good reason, as defined in the Katsumata Agreement, including without limitation a material diminution of Mr. Katsumata's duties, a failure of the Company to deliver a written agreement to be entered into with any successor, assignee or transferee of the Company to assume and agree to perform the Katsumata Agreement, a failure of the Company to pay remuneration or any other breach by the Company of a material provision of the Katsumata Agreement, and provided that Mr. Katsumata is in compliance with the relevant terms and conditions of the Katsumata Agreement, the Company shall be obligated to provide a severance package to Mr. Katsumata as follows: (a) a cash payment equating to an aggregate of nine months of the then monthly fee, together with a cash payment equating to three-quarters of the sum of the Mr. Katsumata's annual bonus during the most recent year payable by the Company to Mr. Katsumata over a period 12 months from the effective termination date; (b) all Katsumata Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Katsumata Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Katsumata Agreement, the Katsumata Options Extension commencing on the effective termination date; and (e) the Katsumata Benefits Extension commencing on the effective termination date.

If Mr. Katsumata elects to terminate the Katsumata Agreement, except for just cause, or if the Company terminates the Katsumata Agreement for just cause, Mr. Katsumata is not entitled to a severance package.

The Katsumata Agreement will be deemed terminated on the 30th calendar day following the death or disability of Mr. Katsumata, in which case the Company shall be obligated to provide a severance package to Mr. Katsumata or to Mr. Katsumata's estate as follows, provided that Mr. Katsumata is or was in compliance with the relevant terms and conditions of the Katsumata Agreement: (a) a cash payment equating to an aggregate of six months of the then monthly fee, together with a cash payment equating to one-half of Mr. Katsumata's annual bonus during the most recent year, payable by the Company to Mr. Katsumata or Mr. Katsumata's estate within 14 calendar days of the effective termination date; (b) all Katsumata Outstanding Expense Reimbursements, payable within 14 calendar

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days of the effective termination date; (c) all Katsumata Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; and (d) subject to applicable provisions of the Katsumata Agreement, the Katsumata Options Extension commencing on the effective termination date.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THE DIRECTOR NOMINEES AS SET FORTH ABOVE. DIRECTORS ARE ELECTED BY A PLURALITY OF THE VOTES CAST.

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PROPOSAL NUMBER TWO:

RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Ernst & Young LLP, Chartered Accountants, have been selected as the independent registered public accountants of the Company for the fiscal year ending July 31, 2014. Ernst & Young LLP audited the Company's financial statements for our fiscal year ended July 31, 2013.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions at the Annual Meeting.

In the event ratification by the stockholders of the appointment of Ernst & Young LLP as the Company's independent registered public accountants is not obtained, our Board of Directors will reconsider such appointment.

Aggregate fees for professional services rendered to us by our auditors are set forth below:

Audit Fees

Audit fees consist of aggregate fees for professional services in connection with the audit of our annual financial statements, quarterly reviews of our financial statements included in our quarterly reports and services in connection with statutory and regulatory filings.

Audit-Related Fees

Audit-related fees consist of aggregate fees for assurance and related services related to the audit or review of our financial statements that are not reported under "Audit Fees" above.

Tax Fees

Tax fees consist of aggregate fees for professional services for tax compliance, tax advice and tax planning, primarily, fees related to tax preparation services.

All Other Fees

Other than those described above, our auditors did not provide any other services.

Pre-Approval of Services by the Independent Auditor

Our Audit Committee is responsible for the pre-approval of audit and permitted non-audit services to be performed by the Company's independent auditor. The Audit Committee will, on an annual basis, consider and, if appropriate, approve the provision of audit and non-audit services by Ernst

& Young LLP. Thereafter, the Audit Committee will, as necessary, consider and, if appropriate, approve the provision of additional audit and non-audit services by Ernst & Young LLP which are not encompassed by the Audit Committee's annual pre-approval and are not prohibited by law. The Audit Committee has delegated to the Chair of the Audit Committee the authority to pre-approve, on a case-by-case basis, non-audit services to be performed by Ernst & Young LLP. The Audit Committee has approved all audit and permitted non-audit services performed by Ernst & Young LLP for the fiscal year ended July 31, 2013.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL TO RATIFY THE APPOINTMENT OF ERNST & YOUNG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS OF THE COMPANY FOR THE FISCAL YEAR ENDING JULY 31, 2014.

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PROPOSAL NUMBER THREE:

APPROVAL OF 2014 STOCK INCENTIVE PLAN

We are seeking shareholder approval of the 2014 Stock Incentive Plan to authorize 7,500,000 additional shares for issuance pursuant to new awards, as described below.

Summary of 2014 Stock Incentive Plan

On June 9, 2014, our Board of Directors authorized and approved the adoption of the Company's 2014 Stock Incentive Plan (the "**2014 Stock Incentive Plan**"), under which an aggregate of 15,493,788 of our shares may be issued, which consists of 7,993,788 shares issuable pursuant to options previously granted that were outstanding under our 2013 Stock Incentive Plan (as described below) as of the date our Board of Directors authorized and approved the adoption of the 2014 Stock Incentive Plan and 7,500,000 additional shares that may be issued pursuant to awards that may be granted under the 2014 Stock Incentive Plan. The 2014 Stock Incentive Plan supersedes and replaces the Company's 2013 Stock Incentive Plan, dated as originally ratified by the Board of Directors on May 1, 2013, as ratified by the shareholders of the Company at the Company's annual general meeting held on July 24, 2013 (the "**2013 Stock Incentive Plan**").

Under the 2013 Stock Incentive Plan, an aggregate of 10,905,128 of our shares were authorized for issuance. As of June 9, 2014, a total of 7,993,788 previously granted options remained outstanding under our 2013 Stock Incentive Plan and 2,143,500 shares remained available for grant under the 2013 Stock Incentive Plan. As indicated above, all previously granted options that were outstanding under our 2013 Stock Incentive Plan as of the date our Board of Directors authorized and approved the adoption of the 2014 Stock Incentive Plan are covered by the 2014 Stock Incentive Plan. For the avoidance of doubt, the 2,143,500 Shares of the Company remaining available for grant under the 2013 Stock Incentive Plan as of the date our Board of Directors authorized and approved the adoption of the 2014 Stock Incentive Plan are no longer available for future grant given that the 2013 Stock Incentive Plan has been superseded and replaced by the 2014 Stock Incentive Plan. In the event that our shareholders do not approve the 2014 Stock Incentive Plan, then the 2014 Stock Incentive Plan shall no longer be in force and effect and the 2013 Stock Incentive Plan shall continue in full force and effect in accordance with its terms as originally ratified by the Board of Directors on May 1, 2013, as ratified by the shareholders of the Company at the Company's annual general meeting held on July 24, 2013.

The purpose of the 2014 Stock Incentive Plan is to enhance our long-term stockholder value by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in

order to give these persons the opportunity to participate in our growth and success, and to encourage them to remain in our service.

The 2014 Stock Incentive Plan is to be administered by our Compensation Committee which shall determine, among other things: (a) the persons to be granted awards under the 2014 Stock Incentive Plan; (b) the number of shares or amount of other awards to be granted; and (c) the terms and conditions of the awards granted. The Company may issue restricted shares, options, stock appreciation rights, deferred stock rights and dividend equivalent rights, among others, under the 2014 Stock Incentive Plan. As indicated above, an aggregate of 15,493,788 of our shares may be issued pursuant to the grant of awards under the 2014 Stock Incentive Plan, which consists of 7,993,788 shares issuable pursuant to options previously granted that were outstanding under our 2013 Stock Incentive Plan as of the date our Board of Directors authorized and approved the adoption of the 2014 Stock Incentive Plan and 7,500,000 additional shares that may be issued pursuant to awards that may be granted under the 2014 Stock Incentive Plan.

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An award may not be exercised after the termination date of the award and may be exercised following the termination of an eligible participant's continuous service only to the extent provided by the administrator under the 2014 Stock Incentive Plan. If the administrator under the 2014 Stock Incentive Plan permits a participant to exercise an award following the termination of continuous service for a specified period, the award terminates to the extent not exercised on the last day of the specified period or the last day of the original term of the award, whichever occurs first. In the event an eligible participant's service has been terminated for "cause", he or she shall immediately forfeit all rights to any of the awards outstanding.

The foregoing summary of the 2014 Stock Incentive Plan is not complete and is qualified in its entirety by reference to the 2014 Stock Incentive Plan, a copy of which has been included as Schedule "A" to this Proxy Statement regarding this matter as filed electronically with the SEC, which is available under the Company's filings at www.sec.gov.

Federal Income Tax Consequences

The United States federal income tax consequences to the Company and its eligible participants under the 2014 Stock Incentive Plan are complex and subject to change. The following discussion is a summary of the general rules applicable to awards granted under the 2014 Stock Incentive Plan to an eligible participant who performs services within the United States or is a United States citizen or resident. The tax consequences may be affected by various income tax treaties. **Eligible participants under the 2014 Stock Incentive Plan should consult their own tax advisors since a taxpayer's particular situation may be such that some variation of the rules described below will apply.**

The Company has been advised that, based on the current provisions of the United States *Internal Revenue Code*, as amended (the "**Code**"), the federal income tax consequences of the grant, vesting and exercise of awards under the 2014 Stock Incentive Plan, and the subsequent disposition of shares of common stock acquired under the 2014 Stock Incentive Plan, are as described below. The following discussion addresses only the general federal income tax consequences of awards. Eligible participants in the 2014 Stock Incentive Plan are urged to consult their own tax advisers regarding the impact of federal, state and local taxes, the federal alternative minimum tax and securities laws restrictions, given their individual situations. It is intended that the underlying benefits that are required to be treated as deferred compensation to which Code Section 409A is applicable, will comply with statute and the underlying agency guidance interpreting that section.

In the case of an exercise of a non-qualified stock option or "**SAR**", the participant will recognize ordinary income in an amount equal to the difference between the option exercise price (or SAR grant price) and the fair market value of the Company's common stock on the exercise date. Likewise, in the case of a common law

employer-employee relationship, any amount recognized as ordinary income for income tax purposes will be also recognized as wages for the *Federal Insurance Contributions Act* ("**FICA**") and the *Federal Unemployment Tax Act* ("**FUTA**") purposes. This will require reporting and payment of Old Age Survivors and Disability Insurance ("**OASDI**"), assuming the FICA-OASDI taxable wage base has not been exceeded for the year of exercise, and Hospital Insurance. For awards issued to non-employees, the income from the exercise of the grant will be taxable as self-employment income and will therefore be subject to both federal and state income taxes as well as self-employment taxes to the individual.

In the case of an incentive stock option, there is no tax liability at the time of exercise. However, the excess of the fair market value of the Company's common stock on the exercise date over the option exercise price is included in the eligible participant's income for purposes of the alternative minimum tax. If no disposition of the incentive stock option stock is made before the later of one year from the date of

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exercise or two years from the date the incentive stock option is granted, the eligible participant will realize a long-term capital gain or loss upon a sale of the stock equal to the difference between the option exercise price and the sale price (and the Company will not be entitled to deduct any gain for federal income tax purposes). If the stock is not held for the required period, it is considered to be a "disqualifying disposition", and ordinary income tax treatment will generally apply to the amount of any gain at sale or exercise, whichever is less, and the Company will be entitled to deduct such amount for federal income tax purposes if the amount represents an ordinary and necessary business expense. The balance of any gain or loss will be treated as capital gain or loss (long-term or short-term, depending on whether the shares have been held for more than one year), and will not result in any additional deduction by the Company. FICA and FUTA taxes will not apply to any ordinary income or capital gain from the exercise of an incentive stock option, even in the case of a disqualifying disposition. Incentive stock options may only be issued to employees, and any options that are issued to non-employees are taxed as non-qualified stock options.

In the case of an award of restricted stock, the immediate federal income tax effect for the recipient will depend on the nature of the restrictions. Recipients of grants of restricted stock generally will be required to include as taxable ordinary income the fair market value of the restricted stock at the time it is freely transferable or no longer subject to a substantial risk of forfeiture (less the amount, if any, paid for the shares). However, an award holder who makes an 83(b) election within 30 days of the date of grant of the restricted stock will incur taxable ordinary income on the date of grant equal to the fair market value of such shares of restricted stock (determined without regard to forfeiture restrictions). With respect to the sale of shares after the forfeiture restrictions have expired, the holding period to determine whether the award recipient has long-term or short-term capital gain or loss generally begins when the restrictions expire, and the tax basis for such shares will generally be based on the fair market value of the shares on that date. However, if the award holder made an 83(b) election as described above, the holding period commences on the date of such election, and the tax basis will be equal to the fair market value of the shares on the date of the election (determined without regard to the forfeiture restrictions on the shares). Dividends, if any, that are paid or accrued while the restricted stock is subject to a substantial risk of forfeiture will also be taxed as ordinary income. As to stock grants that are not subject to a substantial risk of forfeiture, the holder of the award must recognize ordinary income equal to the fair market value of the shares received (determined as of the date of receipt), less the amount, if any, paid for the shares. In an employee-employer relationship, the amounts the award holder includes as ordinary income from the grant of a restricted or unrestricted stock award are subject to FICA and FUTA. The Company will also be entitled to an income tax deduction equal to amounts the award holder includes in ordinary income at the time of such income inclusion.

Recipients of grants of restricted stock units, deferred stock units or dividend equivalents (collectively, "**deferred awards**") will not incur any federal income tax liability at the time the awards are granted. Award holders will recognize ordinary income equal to (a) the amount of cash received under the terms of the award or, as applicable, (b) the fair market value of the shares received (determined as of the date of receipt, or if later, when such shares are

no longer subject to a substantial risk of forfeiture) under the terms of the award. Dividend equivalents received with respect to any deferred award will also be taxed as ordinary income. To the extent that an award is considered as an award of deferred compensation, it will be likely, under application of the "special timing rule", that its present value will be treated for employment tax purposes as wages and FICA and FUTA will be assessed at the later of the date of the performance of services or the elimination of a substantial risk of forfeiture for entitlement to the benefit. The Company will be entitled to an income tax deduction for any amounts included by the award holder as ordinary income. For awards that are payable in shares, the holder's tax basis is equal to the fair market value of the shares at the time the shares become payable. Upon the sale of the shares, appreciation (or depreciation) after the shares are paid is treated as either short-term or long-term capital gain (or loss) depending on how long the shares have been held.

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Subject to the usual rules concerning reasonable compensation (including the Company's obligation to withhold or otherwise collect certain income and payroll taxes), and subject to the limits under Section 162(m) of the Code described below, the Company will generally be allowed an income tax deduction simultaneous with, and equal to, the ordinary income recognized by the participant. The Company does not receive an income tax deduction as a result of the exercise of an incentive stock option, provided that the incentive stock option stock is held for the required period as described above.

The Company may not deduct compensation of more than \$1,000,000 that is paid in a taxable year to certain "covered employees" as defined in Section 162(m) of the Code. The deduction limit, however, does not apply to certain types of compensation, including qualified performance-based compensation. The Company believes that compensation attributable to stock options and SARs granted under the 2014 Stock Incentive Plan is qualified performance-based compensation and, therefore, not subject to the deduction limit.

Special rules may apply to individuals subject to Section 16 of the Exchange Act. In particular, shares received through exercise or payout of a non-qualified option, an incentive stock option (for purposes of the alternative minimum tax only), a SAR or a restricted stock unit, and any shares of restricted stock that vest, may be treated as restricted property for purposes of Section 83 of the Code if the recipient has had a non-exempt acquisition of shares of Company stock within the six months prior to the exercise, payout or vesting. Accordingly, the amount of any ordinary income recognized and the amount of our income tax deduction will be determined as of the end of that period (unless a special election is made by the recipient pursuant to Section 83(b) of the Code to recognize income as of the date the shares are received).

Information Regarding Plans Not Subject to Security Holder Action

As of July 31, 2013, we had one equity compensation plan, the 2013 Stock Incentive Plan. We are seeking shareholder approval of the 2014 Stock Incentive Plan, as described above. The table set forth below presents information relating to our existing equity compensation plans as of July 31, 2013:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Weighted Average Remaining Term of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding
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			(c)	column (a))
Equity Compensation Plans Approved by Security Holders (2013 Stock Incentive Plan)	8,921,341	\$1.99	5.80 years	1,915,000
Equity Compensation Plans Not Approved by Security Holders	544,848 ⁽¹⁾⁽²⁾	\$1.45	2.50 years	Nil
Total	9,466,189	\$1.96	5.61 years	1,915,000

Notes

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(1) Includes 500,000 shares of our common stock to be issued upon the exercise of 500,000 compensatory warrants having an exercise price of \$1.00 and a remaining term of 2.58 years issued on March 1, 2006 pursuant to a consulting services agreement. The Company has not issued any other compensatory warrants since March 1, 2006, and no other compensatory warrants were outstanding as of July 31, 2013.

(2) Includes 44,848 non-compensatory options having a weighted average exercise price of \$6.41 and a weighted average remaining term of 1.62 years issued as merger consideration in connection with the acquisition of Cue Resources Ltd. on March 30, 2012 and outstanding on July 31, 2013, which were not issued pursuant to, and are not subject to the terms and conditions of, the Company's 2013 Stock Incentive Plan.

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The table set forth below presents information relating to our existing equity compensation plans as of June 9, 2014:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Weighted Average Remaining Term of Outstanding Options, Warrants and Rights (c)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding column (a))
Equity Compensation Plans Approved by Security Holders (2013 Stock Incentive Plan)	7,993,788	\$2.10	5.15 years	2,143,500
Equity Compensation Plans Not Approved by Security Holders	535,098 ⁽¹⁾⁽²⁾	\$1.27	1.80 years	Nil
Total	8,528,886	\$2.05	4.94 years	2,143,500

Notes

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(1) Includes 500,000 shares of our common stock to be issued upon the exercise of 500,000 compensatory warrants having an exercise price of \$1.00 and a remaining term of 1.84 years issued on March 1, 2006 pursuant to a consulting services agreement. The Company has not issued any other compensatory warrants since March 1, 2006, and no other compensatory warrants were outstanding as of June 9, 2014.

(2) Includes 35,098 non-compensatory options having a weighted average exercise price of \$5.17 and a weighted average remaining term of 1.18 years issued as merger consideration in connection with the acquisition of Cue Resources Ltd. on March 30, 2012 and outstanding on June 9, 2014, which were not issued pursuant to, and are not subject to the terms and conditions of, the Company's 2013 Stock Incentive Plan.

The Company had 90,519,098 shares of common stock outstanding as of June 9, 2014.

In addition, as June 9, 2014, and its fiscal year ended July 31, 2013, the Company's overhang and burn rates were as follows:

Rate	Description	June 9, 2014	July 31, 2013
Overhang	Overhang is defined as all compensatory warrants outstanding and all compensatory stock options outstanding, divided by the number of total shares outstanding ⁽¹⁾	9.38% ⁽²⁾	10.95% ⁽³⁾
Burn Rate	Burn rate is defined as the total number of compensatory stock options and share-based awards issued in the fiscal year, divided by the number of weighted-average shares outstanding	-	0.25% ⁽³⁾

Notes

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(1) The Company has not issued any compensatory warrants since March 1, 2006.

(2) Excludes 35,098 non-compensatory options issued as merger consideration in connection with the acquisition of Cue Resources Ltd. on March 30, 2012 and outstanding on June 9, 2014, which were not issued pursuant to, and are not subject to the terms and conditions of, the Company's 2013 Stock Incentive Plan.

(3) Excludes 44,848 non-compensatory options issued as merger consideration in connection with the acquisition of Cue Resources Ltd. on March 30, 2012 and outstanding on July 31, 2013, which were not issued pursuant to, and are not subject to the terms and conditions of, the Company's 2013 Stock Incentive Plan.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THIS PROPOSAL TO APPROVE THE 2014 STOCK INCENTIVE PLAN.

PROPOSAL NUMBER FOUR:

NON-BINDING VOTE TO APPROVE EXECUTIVE COMPENSATION

In accordance with the requirements of Section 14A of the Exchange Act (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act) and the related rules of the SEC, we are providing the Company's shareholders with the opportunity to vote on a non-binding advisory resolution to approve the compensation of the Company's Named Executive Officers as described in this Proxy Statement in accordance with the SEC's compensation disclosure rules. This Proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our Named Executive Officers' compensation as a whole. This vote is not intended to address any specific item of compensation or any specific Named Executive Officer, but rather the overall compensation of all of our Named Executive Officers and the philosophy, policies and practices described in this Proxy Statement.

In consideration of the fiscal 2010 advisory vote by our shareholders on the frequency of "say-on-pay" votes, our Board of Directors has determined to hold such votes on an annual basis until the next vote on the frequency of "say-on-pay" votes. Accordingly, the next "say-on-pay" votes will be held at the Company's 2015 annual meeting of stockholders.

The say-on-pay vote is advisory and, therefore, not binding on the Company, the Compensation Committee or our Board of Directors. The say-on-pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. Our Board of Directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the Named Executive Officer compensation as disclosed in this Proxy Statement, we may communicate directly with stockholders to better understand the concerns that influenced the vote, but in all events we will consider our stockholders' concerns and will share them with the Compensation Committee which will evaluate whether any actions are necessary to address those concerns.

The key points of our 2013 executive compensation program are set forth in the "Executive Compensation" section beginning on page 17 of this Proxy Statement.

We believe that the information provided above and within the "Executive Compensation" section of this Proxy Statement demonstrates that our executive compensation program was designed appropriately and is working to ensure management's interests are aligned with our stockholders' interests to support long-term value creation. Accordingly, our Company is asking our shareholders to indicate their support for our Named Executive Officer compensation as described in this Proxy Statement by voting "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the Company's shareholders hereby approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company's Proxy Statement for the 2014 Annual Meeting of Shareholders."

Adoption of this resolution will require the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter. Abstentions will have the same effect as votes against the Proposal. Brokers and other nominee holders do not have discretion to vote uninstructed shares with respect to this Proposal. Accordingly, if brokers or other nominee holders do not receive voting instructions from beneficial owners

of the shares, they will not be able to vote the shares and broker non-votes may occur with respect to this Proposal. However, broker non-votes will not

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affect the outcome of the voting on this Proposal because it requires the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting (as opposed to a majority of the shares outstanding).

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL, ON A NON-BINDING ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

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FUTURE STOCKHOLDER PROPOSALS

Stockholders who intend to submit a proposal for the annual meeting of stockholders to be held in 2015 and desire that such proposal be included in the proxy materials for such meeting must follow the procedures prescribed by Rule 14a-8 under the Exchange Act. To be eligible for inclusion in the proxy materials, stockholder proposals must be received at either of the Company's principal offices by the Corporate Secretary of the Company no later than February 13, 2015. Upon receipt of such a proposal, the Company will determine whether or not to include the proposal in such proxy statement and form of proxy in accordance with applicable law.

A stockholder that wishes to present a proposal at the next annual meeting of stockholders to be held in 2015 must submit such proposal to the Company on or before April 29, 2015, or management will have discretionary authority to vote proxies received for such meeting with respect to any such proposal.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act. We file reports, proxy statements and other information with the SEC. You may read and copy these reports, proxy statements and other information at the SEC's Public Reference Section, located at One Station Place, 100 F Street, NE, Washington, DC, U.S.A., 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website, located at www.sec.gov, that contains reports, proxy statements and other information regarding our Company.

By Order of the Board of Directors of Uranium Energy Corp.

/s/ Amir Adnani

Amir Adnani
President, Chief Executive Officer and a director

Dated: June 13, 2014.

Schedule "A"

2014 STOCK INCENTIVE PLAN

The Company's 2014 Stock Incentive Plan is attached hereto.

2014 STOCK INCENTIVE PLAN

For

:

URANIUM ENERGY CORP.

Dated June 9, 2014

URANIUM ENERGY CORP.

2014 STOCK INCENTIVE PLAN

1. PURPOSE

1.1 The purpose of this Stock Incentive Plan (the "**Plan**") is to advance the interests of Uranium Energy Corp. (the "**Company**") by encouraging Eligible Participants (as herein defined) to acquire shares of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnish them with additional incentive in their efforts on behalf of the Company in the conduct of their affairs.

1.2 This Plan is specifically designed for Eligible Participants of the Company who are residents of the United States and/or subject to taxation in the United States, although Awards (as herein defined) under this Plan may be issued to other Eligible Participants.

1.3 This Plan supersedes, replaces and is in substitution for the Company's "2013 Stock Incentive Plan", dated as originally ratified by the Board of Directors of the Company on May 1, 2013, as was ratified by the shareholders of the Company at the Company's annual general meeting held on July 24, 2013. Any options under the 2013 Stock Incentive Plan that are outstanding as of the date hereof are covered by this Plan. For the avoidance of doubt, any shares of the Company remaining available for grant under the 2013 Stock Incentive Plan as of the date hereof are no longer available for future grant given that the 2013 Stock Incentive Plan has been superseded and replaced by this Plan. The maximum aggregate number of shares of the Company which may be issued pursuant to all awards under this Plan is set forth in Section 3.1(a) hereof.

2. DEFINITIONS

2.1 As used herein, the following definitions shall apply:

- (a) "**Administrator**" means the Committee or otherwise the Board;
- (b) "**Affiliate**" and "**Associate**" have the meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act;
- (c) "**Applicable Laws**" means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal securities laws, state corporate laws, state or provincial securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any foreign jurisdiction applicable to Awards granted to residents therein;

(d) "**Award**" means the grant of an Option, SAR, Restricted Stock, unrestricted Shares, Restricted Stock Unit, Deferred Stock Unit or other right or benefit under this Plan;

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(e) "**Award Agreement**" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto;

(f) "**Board**" means the Board of Directors of the Company;

(g) "**Cause**" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Service, that such termination is for "Cause" as such term is expressly defined in a then-effective written agreement between the Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's:

(i) refusal or failure to act in accordance with any specific, lawful direction or order of the Company or a Related Entity;

(ii) unfitness or unavailability for service or unsatisfactory performance (other than as a result of Disability);

(iii) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity;

(iv) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; or

(v) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person;

(h) "**Change of Control**" means, except as provided below, a change in ownership or control of the Company effected through any of the following transactions:

(i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders which a majority of the Continuing Directors who are not Affiliates or Associates of the offeror do not recommend such shareholders accept;

(ii) a change in the composition of the Board over a period of 36 months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who are Continuing Directors;

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- (iii) the sale or exchange by the Company (in one or a series of transactions) of all or substantially all of its assets to any other person or entity; or
- (iv) approval by the shareholders of the Company of a plan to dissolve and liquidate the Company.

Notwithstanding the foregoing, the following transactions shall not constitute a "**Change of Control**":

- (i) the closing of any public offering of the Company's securities pursuant to an effective registration statement filed under the United States *Securities Act of 1933*, as amended;
- (ii) the closing of a public offering of the Company's securities through the facilities of any stock exchange; or
- (iii) with respect to an Award that is subject to Section 409A of the Code, and payment or settlement of such Award is to be accelerated in connection with an event that would otherwise constitute a Change of Control, no event set forth previously in this definition shall constitute a Change of Control for purposes of this Plan or any Award Agreement unless such event also constitutes a "**change in the ownership**", a "**change in the effective control**" or a "**change in the ownership of a substantial portion of the assets of the corporation**" as defined under Section 409A of the Code and Treasury guidance formulated thereunder, which guidance currently provides that:

(A) a change in ownership of a corporation shall be deemed to have occurred if any one person or more than one person acting as a group acquires stock of a corporation that constitutes more than 50% of the total Fair Market Value or total voting power of the stock of the corporation. Stock acquired by any person or group of people who already own more than 50% of such total Fair Market Value or total voting power of stock shall not trigger a change in ownership;

(B) a change in the effective control of a corporation generally shall be deemed to have occurred if within a 12-month period either:

(I) any one person or more than one person acting as a group acquires ownership of stock possessing 35% or more of the total voting power of the stock of the corporation; or

(II) a majority of the members of the corporation's board of directors is replaced by directors whose appointment or election is not endorsed by a majority of the members of the corporation's board of directors prior to the date of the appointment or election; and

(C) a change in the ownership of a substantial portion of the corporation's assets generally is deemed to occur if within a 12-month period any person, or more than one person acting as a group, acquires assets from the corporation that have a total gross fair market value at least equal to 40% of the total gross fair market value of all the corporation's assets immediately prior to such acquisition. The gross fair market value of assets is determined without regard to any liabilities;

- (i) "**Code**" means the United States *Internal Revenue Code of 1986*, as amended;
 - (j) "**Committee**" means the Compensation Committee or any other committee appointed by the Board to administer this Plan in accordance with the provisions of this Plan; provided, however, that:
 - (i) the Committee shall consist of two or more members of the Board;
 - (ii) the directors appointed to serve on the Committee shall be "**non-employee directors**" (within the meaning of Rule 16b-3 promulgated under the Exchange Act) and "**outside directors**" (within the meaning of Section 162(m) of the Code) to the extent that Rule 16b-3 and, if necessary for relief from the limitation under Section 162(m) of the Code and such relief is sought by the Company, Section 162(m) of the Code, respectively, are applicable;
 - (iii) the mere fact that a Committee member shall fail to qualify under either of the foregoing requirements set forth in Section 2.1(j)(ii) shall not invalidate any Award made by the Committee which Award is otherwise validly made under the Plan; and
 - (iv) members of the Committee may be appointed from time to time by, and shall serve at the pleasure of, the Board;
 - (k) "**Common Stock**" means the common stock of the Company;
 - (l) "**Company**" means Uranium Energy Corp., a Nevada corporation;
 - (m) "**Consultant**" means any person (other than an Employee) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity;
 - (n) "**Continuing Directors**" means members of the Board who either (i) have been Board members continuously for a period of at least 36 months, or (ii) have been Board members for less than 36 months and were appointed or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such appointment or nomination was approved by the Board;
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- (o) "**Continuous Service**" means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant that is not interrupted or terminated. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers between locations of the Company or among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee,

Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, maternity or paternity leave, military leave, or any other authorized personal leave. For purposes of Incentive Stock Options, no such leave may exceed 90 calendar days, unless reemployment upon expiration of such leave is guaranteed by statute or contract;

(p) "**Corporate Transaction**" means any of the following transactions:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is organized;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company (including the capital stock of the Company's subsidiary corporations) in connection with the complete liquidation or dissolution of the Company; or

(iii) any reverse merger in which the Company is the surviving entity but in which securities possessing more than 50% of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger;

(q) "**Covered Employee**" means an Employee who is a "**covered employee**" under Section 162(m)(3) of the Code;

(r) "**Deferred Stock Units**" means Awards that are granted to Directors and are subject to the additional provisions set out in Subpart A which is attached hereto and which forms a material part hereof;

(s) "**Director**" means a member of the Board or the board of directors of any Related Entity;

(t) "**Disability**" or "**Disabled**" means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment. A Grantee shall not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion. Notwithstanding the above, (i) with respect to an Incentive Stock Option, Disability or Disabled shall mean permanent and total disability as defined in

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Section 22(e)(3) of the Code and (ii) to the extent an Option is subject to Section 409A of the Code, and payment or settlement of the Option is to be accelerated solely as a result of the Eligible Participant's Disability, Disability shall have the meaning ascribed thereto under Section 409A of the Code and the Treasury guidance promulgated thereunder;

(u) "**Disinterested Shareholder Approval**" means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to shares beneficially owned by Insiders;

(v) "**Eligible Participant**" means any person who is an Officer, a Director, an Employee or a Consultant, including individuals who are foreign nationals or are employed or reside outside the United States;

(w) "**Employee**" means any person who is a full-time or part-time employee of the Company or any Related Entity;

(x) "**Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended;

(y) "**Fair Market Value**" means, as of any date, the value of a Share determined in good faith by the Administrator. By way of illustration, but not limitation, for the purpose of this definition, good faith shall be met if the Administrator employs the following methods:

(i) Listed Stock. If the Common Stock is traded on any established stock exchange or quoted on a national market system, Fair Market Value shall be (A) the closing sales price for the Common Stock as quoted on that stock exchange or system for the date the value is to be determined (the "**Value Date**") as reported in The Wall Street Journal or a similar publication, or (B) if the rules of the applicable stock exchange require, the volume-weighted average trading price for five days prior to the date the Board approves the grant of the Award. If no sales are reported as having occurred on the Value Date, Fair Market Value shall be that closing sales price for the last preceding trading day on which sales of Common Stock are reported as having occurred. If no sales are reported as having occurred during the five trading days before the Value Date, Fair Market Value shall be the closing bid for Common Stock on the Value Date. If the Common Stock is listed on multiple exchanges or systems, Fair Market Value shall be based on sales or bids on the primary exchange or system on which Common Stock is traded or quoted. If the rules of any applicable stock exchange or system require a different method of calculating Fair Market Value, then such method as required by those rules shall be used;

(ii) Stock Quoted by Securities Dealer. If Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported on any

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established stock exchange or quoted on a national market system, Fair Market Value shall be the mean between the high bid and low asked prices on the Value Date. If no prices are quoted for the Value Date, Fair Market Value shall be the mean between the high bid and low asked prices on the last preceding trading day on which any bid and asked prices were quoted;

(iii) No Established Market. If Common Stock is not traded on any established stock exchange or quoted on a national market system and is not quoted by a recognized securities dealer, the Administrator will determine Fair Market Value in good faith. The Administrator will consider the following factors, and any others it considers significant, in determining Fair Market Value: (A) the price at which other securities of the Company have been issued to purchasers other than Employees, Directors, or Consultants; (B) the Company's net worth, prospective earning power, dividend-paying capacity, and non-operating assets, if any; and (C) any other relevant factors, including the economic outlook for the Company and the Company's industry, the Company's position in that industry, the Company's goodwill and other intellectual property, and the values of securities of other businesses in the same industry;

(iv) Additional Valuation. For publicly traded companies, any valuation method permitted under Section 20.2031-2 of the Estate Tax Regulations; or

(v) Non-Publicly Traded Stock. For non-publicly traded stock, the Fair Market Value of the Common Stock at the Grant Date based on an average of the Fair Market Values as of such date set forth in the opinions of completely independent and well-qualified experts (the Eligible Participant's status as a majority or minority shareholder may be taken into consideration).

Regardless of whether the Common Stock offered under the Award is publicly traded, a good faith attempt under this definition shall not be met unless the Fair Market Value of the Common Stock on the Grant Date is determined with regard to nonlapse restrictions (as defined in Section 1.83-3(h) of the Treasury Regulations) and without regard to lapse restrictions (as defined in Section 1.83-3(i) of the Treasury Regulations);

(z) **"Grantee"** means an Eligible Participant who receives an Award pursuant to an Award Agreement;

(aa) **"Grant Date"** means the date the Administrator approves that grant of an Award. However, if the Administrator specifies that an Award's Grant Date is a future date or the date on which a condition is satisfied, the Grant Date for such Award is that future date or the date that the condition is satisfied;

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(bb) **"Incentive Stock Option"** means an Option within the meaning of Section 422 of the Code;

(cc) **"Insider"** means:

(i) a Director or Senior Officer of the Company;

(ii) a Director or Senior Officer of a person that is itself an Insider or Subsidiary of the Company;

(iii) a person that has

(A) direct or indirect beneficial ownership of,

(B) control or direction over, or

(C) a combination of direct or indirect beneficial ownership of and control or direction over,

securities of the Company carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution; or

- (iv) the Company itself, if it has purchased, redeemed or otherwise acquired any securities of its own issue, for so long as it continues to hold those securities;
 - (dd) "**Named Executive Officer**" means, if applicable, an Eligible Participant who, as of the date of vesting and/or payout of an Award, is one of the group of Covered Employees as defined;
 - (ee) "**Non-Qualified Stock Option**" means an Option which is not an Incentive Stock Option;
 - (ff) "**Officer**" means a person who is an officer, including a Senior Officer, of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder;
 - (gg) "**Option**" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan;
 - (hh) "**Parent**" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code;
 - (ii) "**Performance-Based Compensation**" means compensation qualifying as "performance-based compensation" under Section 162(m) of the Code;
 - (jj) "**Plan**" means this 2014 Stock Incentive Plan as amended from time to time;
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- (kk) "**Related Entity**" means any Parent or Subsidiary, and includes any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or a Subsidiary holds a greater than 50% ownership interest, directly or indirectly;
- (ll) "**Related Entity Disposition**" means the sale, distribution or other disposition by the Company of all or substantially all of the Company's interests in any Related Entity effected by a sale, merger or consolidation or other transaction involving that Related Entity or the sale of all or substantially all of the assets of that Related Entity;
- (mm) "**Restricted Stock**" means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as, established by the Administrator and specified in the related Award Agreement;
- (nn) "**Restricted Stock Unit**" means a notional account established pursuant to an Award granted to a Grantee, as described in this Plan, that is (i) valued solely by reference to Shares, (ii) subject to restrictions specified in the Award Agreement, and (iii) payable only in Shares;
- (oo) "**Restriction Period**" means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance objectives, or the occurrence of other events as determined by the Administrator, in its sole discretion) or the Restricted Stock is not vested;
- (pp) "**SAR**" means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of Common Stock;

(qq) "**SEC**" means the United States Securities and Exchange Commission;

(rr) "**Senior Officer**" means:

(i) the chair or vice chair of the Board, the president, the chief executive officer, the chief financial officer, a vice-president, the secretary, the treasurer or the general manager of the Company or a Related Entity;

(ii) any individual who performs functions for a person similar to those normally performed by an individual occupying any office specified in Section 2.1(rr)(i) above; and

(iii) the five highest paid employees of the Company or a Related Entity, including any individual referred to in Section 2.1(rr)(i) or 2.1(rr)(ii) and excluding a commissioned salesperson who does not act in a managerial capacity;

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(ss) "**Share**" means a share of the Common Stock; and

(tt) "**Subsidiary**" means a "**subsidiary corporation**", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. STOCK SUBJECT TO THE PLAN

Number of Shares Available

- 3.1 (a) Subject to the provisions of Section 18, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) under this Plan is **15,493,788** (the "**Maximum Number**"). The Maximum Number consists of (i) **7,993,788** Shares issuable pursuant to Options previously granted and outstanding under the Company's 2013 Stock Incentive Plan as of the date of this Plan as first written above, which Options are covered by this Plan, and (ii) **7,500,000** additional Shares that may be issued pursuant to Awards to be granted under this Plan. For the avoidance of doubt, the 2,143,500 Shares of the Company remaining available for grant under the 2013 Stock Incentive Plan as of the date hereof are no longer available for future grant given that the 2013 Stock Incentive Plan has been superseded and replaced by this Plan. Refer to Section 29 for Reservation of Shares. For the purposes of calculating the Maximum Number of Shares that may be issued pursuant to all Awards: (i) every one (1) Share issuable pursuant to the exercise of an Option or SAR shall count as one (1) Share; and (ii) every one (1) Share underlying Restricted Stock, an unrestricted Share, Restricted Stock Unit, Deferred Stock Unit or other right or benefit under this Plan shall count as two (2) Shares.

(b) Shares that have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that Shares covered by an Award (or portion of an Award) which is forfeited, cancelled, expired or settled in cash (which cash settlement is only available with respect to Shares or in-the-money Options or SARs) shall be deemed not to have been issued for the purposes of determining the Maximum Number of Shares which may be issued under the Plan. For the avoidance of doubt: (i) the Company shall not return to the Plan any Shares tendered for the exercise of any Award under the Plan; (ii) Shares withheld to satisfy a Grantee's tax withholding obligations shall be deemed to have been issued under the Plan for the purposes of determining the Maximum Number of Shares; (iii) the gross (not net) number of Shares that are issued pursuant to the exercise of an Award shall be deemed to have been issued under the Plan for the purposes of determining the Maximum Number of Shares; and (iv) if any stock-settled SARs are exercised, the aggregate number of Shares subject to such SARs shall be deemed issued under the Plan for the purposes of determining the Maximum Number of Shares.

(c) However, in the event that prior to the Award's cancellation, termination, expiration, forfeiture or lapse, the holder of the Award at any time received one or more elements of beneficial ownership pursuant to such Award (as defined by the SEC, pursuant to any rule or interpretations promulgated under Section 16 of the Exchange Act), the Shares subject to such Award shall not again be made available for regrant under the Plan.

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Shares to Insiders

- 3.2 Subject to Section 15.1(b) and 15.1(c), no Insider of the Company is eligible to receive an Award where:
- (a) the Insider is not a Director or Senior Officer of the Company;
 - (b) any Award, together with all of the Company's other previously established or proposed Awards under the Plan could result at any time in:
 - (i) the number of Shares reserved for issuance pursuant to Options granted to Insiders exceeding 50% of the outstanding issue of Common Stock; or
 - (ii) the issuance to Insiders pursuant to the exercise of Options, within a one year period of a number of Shares exceeding 50% of the outstanding issue of the Common Stock;

provided, however, that this restriction on the eligibility of Insiders to receive an Award shall cease to apply if it is no longer required under any Applicable Laws.

Limitations on Award

3.3 Unless and until the Administrator determines that an Award to a Grantee is not designed to qualify as Performance-Based Compensation, the following limits (the "**Award Limits**") shall apply to grants of Awards to Grantees subject to the Award Limits by Applicable Laws under this Plan:

(a) Options and SARs. Notwithstanding any provision in the Plan to the contrary (but subject to adjustment as provided in Section 18), the maximum number of Shares with respect to one or more Options and/or SARs that may be granted during any one calendar year under the Plan to any one Grantee shall be **1,000,000**; all of which may be granted as Incentive Stock Options); and

(b) Other Awards. The maximum aggregate grant with respect to Awards of Restricted Stock, unrestricted Shares, Restricted Stock Units and Deferred Stock Units (or used to provide a basis of measurement for or to determine the value of Restricted Stock Units and Deferred Stock Units) in any one calendar year to any one Grantee (determined on the date of payment of settlement) shall be **1,000,000**.

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4. ADMINISTRATION

Authority of Plan Administrator

4.1 Authority to control and manage the operation and administration of this Plan shall be vested in the Administrator.

Powers of the Administrator

4.2 Subject to Applicable Laws and the provisions of the Plan or subplans hereof (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the exclusive power and authority, in its discretion:

- (a) to construe and interpret this Plan and any agreements defining the rights and obligations of the Company and Grantees under this Plan;
- (b) to select the Eligible Participants to whom Awards may be granted from time to time hereunder;
- (c) to determine whether and to what extent Awards are granted hereunder;
- (d) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;
- (e) to approve forms of Award Agreements for use under the Plan, which need not be identical for each Grantee;
- (f) to determine the terms and conditions of any Award granted under the Plan, including, but not limited to, the exercise price, grant price or purchase price based on the Fair Market Value of the same, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or

restrictions on the exercisability of the Award, and acceleration or waivers thereof, based in each case on such considerations as the Committee in its sole discretion determines that is not inconsistent with any rule or regulation under any tax or securities laws or includes an alternative right that does not disqualify an Incentive Stock Option under applicable regulations;

(g) to amend the terms of any outstanding Award granted under the Plan (other than the exercise price of outstanding Awards), provided that any amendment that would adversely affect the Grantee's rights under an existing Award shall not be made without the Grantee's consent unless as a result of a change in Applicable Law;

(h) to suspend the right of a holder to exercise all or part of an Award for any reason that the Administrator considers in the best interest of the Company;

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(i) to, subject to regulatory approval, amend or suspend the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan, shall, without the written consent of all Grantees, alter or impair any Award granted under the Plan unless as a result of a change in the Applicable Law;

(j) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable foreign jurisdictions and to afford Grantees favorable treatment under such laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan;

(k) to further define the terms used in this Plan;

(l) to correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award Agreement;

(m) to provide for rights of refusal and/or repurchase rights;

(n) to amend outstanding Award Agreements to provide for, among other things, any change or modification which the Administrator could have provided for upon the grant of an Award or in furtherance of the powers provided for herein that does not disqualify an Incentive Stock Option under applicable regulations unless the Grantee so consents;

(o) to prescribe, amend and rescind rules and regulations relating to the administration of this Plan; and

(p) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), (i) the terms of outstanding Awards may not be amended to reduce the exercise price of outstanding Options or SARs, and (ii) outstanding Options or SARs may not be cancelled, exchanged, bought out or surrendered in exchange for cash, other awards or Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs, in each of cases (i) or (ii) without stockholder approval.

Effect of Administrator's Decision

4.3 All decisions, determinations and interpretations of the Administrator shall be conclusive and binding on all persons. The Administrator shall not be liable for any decision, action or omission respecting this Plan, or any Awards granted or Shares sold under this Plan. In the event an Award is granted in a manner inconsistent with the provisions of this Section 4, such Award shall be presumptively valid as of its grant date to the extent permitted by the Applicable Laws.

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Action by Committee

4.4 Except as otherwise provided by committee charter or other similar corporate governance documents, for the purposes of administering the Plan, the following rules of procedure shall govern the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved unanimously in writing by the members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Parent or Affiliate, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

Limitation on Liability

4.5 To the extent permitted by applicable law in effect from time to time, no member of the Administrator shall be liable for any action or omission of any other member of the Administrator nor for any act or omission on the member's own part, excepting only the member's own wilful misconduct or gross negligence, arising out of or related to this Plan. The Company shall pay expenses incurred by, and satisfy a judgment or fine rendered or levied against, a present or former member of the Administrator in any action against such person (whether or not the Company is joined as a party defendant) to impose liability or a penalty on such person for an act alleged to have been committed by such person while a member of the Administrator arising with respect to this Plan or administration thereof or out of membership on the Administrator or by the Company, or all or any combination of the preceding, provided, the member was acting in good faith, within what such member reasonably believed to have been within the scope of his or her employment or authority and for a purpose which he or she reasonably believed to be in the best interests of the Company or its stockholders. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Section 4.5 shall apply to the estate, executor, administrator, heirs, legatees or devisees of a member of the Administrator, and the term "**person**" as used on this Section 4.5 shall include the estate, executor, administrator, heirs, legatees, or devisees of such person.

5. ELIGIBILITY

Except as otherwise provided, all types of Awards may be granted to Eligible Participants. An Eligible Participant who has been granted an Award may be, if he or she continues to be eligible, granted additional Awards.

6. AWARDS

Type of Awards

6.1 The Administrator is authorized to award any type of arrangement to an Eligible Participant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of:

- (a) Shares, including unrestricted Shares;
- (b) Options;
- (c) SARs or similar rights with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions;
- (d) any other security with the value derived from the value of the Shares, such as Restricted Stock and Restricted Stock Units;
- (e) Deferred Stock Units;
- (f) Dividend Equivalent Rights, as defined in Section 13; or
- (g) any combination of the foregoing.

Designation of Award

6.2 Each type of Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. Refer to Section 7.3(a) regarding exceeding the Incentive Stock Option threshold.

7. GRANT OF OPTIONS; TERMS AND CONDITIONS OF GRANT

Grant of Options

- (a) One or more Options may be granted to any Eligible Participant. Subject to the express provisions of this Plan, the Administrator shall determine from the Eligible Participants those individuals to whom Options under this Plan may be granted. The Shares underlying a grant of an Option may be in the form of Restricted Stock or unrestricted Stock.
- (b) Further, subject to the express provisions of this Plan, the Administrator shall specify the Grant Date, the number of Shares covered by the Option, the exercise price and the terms and conditions for exercise of the Options. As soon as practicable after the Grant Date, the Company shall provide the Grantee with a written Award Agreement in the form approved by the Administrator, which sets out the Grant Date, the number of Shares covered by the Option, the exercise price and the terms and conditions for exercise of the Option.
- (c) The Administrator may, in its absolute discretion, grant Options under this Plan at any time and from time to time before the expiration of this Plan.

General Terms and Conditions

7.2 Except as otherwise provided herein, the Options shall be subject to the following terms and conditions and such other terms and conditions not inconsistent with this Plan as the Administrator may impose:

(a) Exercise of Option. The Administrator may determine in its discretion whether any Option shall be subject to vesting and the terms and conditions of any such vesting. The Award Agreement shall contain any such vesting schedule;

(b) Option Term. Each Option and all rights or obligations thereunder shall expire on such date as shall be determined by the Administrator, but not later than ten years after the Grant Date (five years in the case of an Incentive Stock Option when the Optionee beneficially owns more than 10% of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary (a "**Ten Percent Stockholder**"), as determined with reference to Rule 13d-3 of the Exchange Act), and shall be subject to earlier termination as hereinafter provided;

(c) Exercise Price. The Exercise Price of any Option shall be determined by the Administrator when the Option is granted, at such Exercise Price as may be determined by the Administrator in the Administrator's sole and absolute discretion; provided, however, that the Exercise Price may not be less than 100% of the Fair Market Value of the Shares on the Grant Date with respect to any Options which are granted and, provided further, that the Exercise Price of any Incentive Stock Option granted to a Ten Percent Stockholder shall not be less than 110% of the Fair Market Value of the Shares on the Grant Date. Payment for the Shares purchased shall be made in accordance with Section 16 of this Plan. The Administrator is authorized to issue Options, whether Incentive Stock Options or Non-qualified Stock Options, at an option price in excess of the Fair Market Value on the Grant Date, to determine the terms and conditions of any Award granted under the Plan, including, but not limited to, the exercise price, grant price or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of the Award, and acceleration or waivers thereof, based in each case on such considerations as the Committee in its sole discretion determines that is not inconsistent with any rule or regulation under any tax or securities laws or includes an alternative right that does not disqualify an Incentive Stock Option under applicable regulations;

(d) Method of Exercise. Options may be exercised only by delivery to the Company of a stock option exercise agreement (the "**Exercise Agreement**") in a form approved by the Administrator (which need not be the same for each Grantee), stating the number of Shares being purchased, the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and such representations and agreements regarding the Grantee's investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws, together with payment in full of the exercise price for the number of Shares being purchased;

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(e) Exercise After Certain Events.

(i) Termination of Continuous Services.

(A) Options.

(I) Termination of Continuous Services. If for any reason other than Disability or death, a Grantee terminates Continuous Services with the Company or a Subsidiary, vested Options held at the date of such termination may be exercised, in whole or in part, either (i) at any time within three months after the date of such termination, or (ii) during any lesser period as specified in the Award Agreement or (iii) during any lesser period as may be determined by the Administrator, in its sole and absolute discretion, prior to the date of such termination (but in no event after the earlier of (A) the expiration date of the Option as set forth in the Award Agreement and (B) ten years from the Grant Date (five years for a Ten Percent Stockholder if the Option is an Incentive Stock Option)).

(II) Continuation of Services as Consultant/Advisor. If a Grantee granted an Incentive Stock Option terminates employment but continues as a Consultant (no termination of Continuous Services), the Grantee need not exercise an Incentive Stock Option within either of the termination periods provided for immediately hereinabove but shall be entitled to exercise, in whole or in part, either (i) at any time within three months after the then date of termination of Continuous Services to the Company or a Subsidiary, or (ii) during any lesser period as specified in the Award Agreement or (iii) during any lesser period as may be determined by the Administrator, in its sole and absolute discretion, prior to the date of such then termination of Continuous Services to the Company or the Subsidiary (one year in the event of Disability or death) (but in no event after the earlier of (A) the expiration date of the Option as set forth in the Award Agreement and (B) ten years from the Grant Date (five years for a Ten Percent Stockholder if the Option is an Incentive Stock Option)). However, if the Grantee does not exercise within three months of termination of employment, pursuant to Section 422 of the Code the Option shall not qualify as an Incentive Stock Option.

(B) Disability and Death. If a Grantee becomes Disabled while rendering Continuous Services to the Company or a Subsidiary, or dies while employed by the Company or Subsidiary or within three months thereafter, vested Options then held may be exercised by the Grantee, the Grantee's personal representative, or by the person to whom the Option is transferred by the laws of descent and

distribution, in whole or in part, at any time within one year after the termination because of the Disability or death or any lesser period specified in the Award Agreement (but in no event after the earlier of (i) the expiration date of the Option as set forth in the Award Agreement, and (ii) ten years from the Grant Date (five years for a Ten Percent Stockholder if the Option is an Incentive Stock Option).

Limitations on Grant of Incentive Stock Options

- 7.3 (a) **Threshold.** The aggregate Fair Market Value (determined as of the Grant Date) of the Shares for which Incentive Stock Options may first become exercisable by any Grantee during any calendar year under this Plan, together with that of Shares subject to Incentive Stock Options first exercisable by such Grantee under any other plan of the Company or any Parent or Subsidiary, shall not exceed \$100,000. For purposes of this Section 7.3(a), all Options in excess of the \$100,000 threshold shall be treated as Non-Qualified Stock Options notwithstanding the designation as Incentive Stock Options. For this purpose, Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the date the Option with respect to such Shares is granted.
- (b) **Compliance with Section 422 of the Code.** There shall be imposed in the Award Agreement relating to Incentive Stock Options such terms and conditions as are required in order that the Option be an "incentive stock option" as that term is defined in Section 422 of the Code.
- (c) **Requirement of Employment.** No Incentive Stock Option may be granted to any person who is not an Employee of the Company or a Parent or Subsidiary of the Company.

8. **RESTRICTED STOCK AWARDS**

Grant of Restricted Stock Awards

8.1 Subject to the terms and provisions of this Plan, the Administrator is authorized to make awards of Restricted Stock to any Eligible Participant in such amounts and subject to such terms and conditions as may be selected by the Administrator. The restrictions may lapse separately or in combination at such times, under such circumstances, in such instalments, time-based or upon the satisfaction of performance goals or otherwise, as the Administrator

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determines at the time of the grant of the Award or thereafter. (Refer to Performance Goals, Section 14.4). All awards of Restricted Stock shall be evidenced by Award Agreements.

Consideration

8.2 Restricted Stock may be issued in connection with:

- (a) Services. Services rendered to the Company or an Affiliate (i.e. bonus); and/or
- (b) Purchase Price. A purchase price, as specified in the Award Agreement related to such Restricted Stock, equal to not less than 100% of the Fair Market Value of the Shares underlying the Restricted Stock on the date of issuance.

Voting and Dividends

8.3 Unless the Administrator in its sole and absolute discretion otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such Restricted Stock and the right to receive any dividends declared or paid with respect to such Restricted Stock. The Administrator may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such Restricted Stock. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Award.

Forfeiture

8.4 In the case of an event of forfeiture pursuant to the Award Agreement, including failure to satisfy the restriction period or a performance objective during the applicable restriction period, any Restricted Stock that has not vested prior to the event of forfeiture shall automatically expire, and all of the rights, title and interest of the Grantee thereunder shall be forfeited in their entirety including but not limited to any right to vote and receive dividends with respect to the Restricted Stock. Notwithstanding the foregoing, the Administrator may provide in any Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Administrator may in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock, provided such waiver is in accordance with the Applicable Laws.

Certificates for Restricted Stock

8.5 Restricted Stock granted under this Plan may be evidenced in such manner as the Administrator shall determine, including by way of certificates. The Administrator may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee's benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, (Refer to Escrow; Pledge of Shares, Section 23) or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates shall bear a legend or

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legends that comply with the applicable securities laws and regulations and make appropriate reference to the restrictions imposed under this Plan and the Award Agreement.

9. UNRESTRICTED STOCK AWARDS

The Administrator may, in its sole discretion, grant (or sell at not less than 100% of the Fair Market Value or such other higher purchase price determined by the Administrator in the Award Agreement) an Award of unrestricted Shares to any Grantee pursuant to which such Grantee may receive Shares free of any restrictions under this Plan.

10. RESTRICTED STOCK UNITS

Grant of Restricted Stock Units

10.1 Subject to the terms and provisions of this Plan, the Administrator is authorized to make awards of Restricted Stock Units to any Eligible Participant in such amounts and subject to such terms and conditions as may be selected by the Administrator. These restrictions may lapse separately or in combination at such times, under such circumstances, in such instalments, time-based or upon the satisfaction of performance goals or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter. (Refer to Performance Goals, Section 14.4). All awards of Restricted Stock Units shall be evidenced by Award Agreements.

Number of Restricted Stock Units

10.2 The Award Agreement shall specify the number of Share equivalent units granted and such other provisions as the Administrator determines.

Consideration

10.3 Restricted Stock Units may be issued in connection with:

- (a) Services. Services rendered to the Company or an Affiliate (i.e. bonus); and/or
- (b) Purchase Price. A purchase price as specified in the Award Agreement related to such Restricted Stock Units, equal to not less than 100% of the Fair Market Value of the Shares underlying the Restricted Stock Units on the date of issuance.

No Voting Rights

10.4 The holders of Restricted Stock Units shall have no rights as stockholders of the Company.

Dividend Equivalency

10.5 The Administrator, in its sole and absolute discretion, may provide in an Award Agreement evidencing a grant of Restricted Stock Units that the holder shall be entitled to receive, upon the Company's payment of a cash dividend on its outstanding Shares, a cash payment for each Restricted Stock Unit. (Refer to Section 13, Dividend Equivalent Right). Such

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Award Agreement may also provide that such cash payment shall be deemed reinvested in additional Restricted Stock Units at a price per unit equal to the Fair Market Value of a Share on the date that such dividend is paid.

Creditor's Rights

10.6 A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

Settlement of Restricted Stock Units

10.7 Each Restricted Stock Unit shall be paid and settled by the issuance of Restricted Stock or unrestricted Shares in accordance with the Award Agreement and if such settlement is subject to Section 409A of the Code only upon any one or more of the following as provided for in the Award Agreement:

- (a) a specific date or date determinable by a fixed schedule;

- (b) upon the Eligible Participant's termination of Continuous Services to the extent the same constitutes a separation from services for purposes of Section 409A of the Code except that if an Eligible Participant is a "key employee" as defined in Section 409A of the Code for such purposes, then payment or settlement shall occur 6 months following such separation of service;
- (c) as a result of the Eligible Participant's death or Disability; or
- (d) in connection with or as a result of a Change of Control in compliance with Section 409A of the Code.

Forfeiture

10.8 Upon failure to satisfy any requirement for settlement as set forth in the Award Agreement, including failure to satisfy any restriction period or performance objective, any Restricted Stock Units held by the Grantee shall automatically expire, and all of the rights, title and interest of the Grantee thereunder shall be forfeited in their entirety including but not limited to any right to receive dividends with respect to the Restricted Stock Units.

11. DIRECTOR SHARES AND DIRECTOR DEFERRED STOCK UNITS

The grant of Awards of Shares to Directors and the election by Directors to defer the receipt of the Awards of Shares (the "**Deferred Stock Units**") shall be governed by the provisions of Subpart A which is attached hereto. The provisions of Subpart A are attached hereto as part of this Plan and are incorporated herein by reference.

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12. STOCK APPRECIATION RIGHTS

Awards of SARs

12.1 A SAR is an award to receive a number of Shares (which may consist of Restricted Stock), or cash, or Shares and cash, as determined by the Administrator in accordance with Section 12.4 below, for services rendered to the Company. A SAR may be awarded pursuant to an Award Agreement that shall be in such form (which need not be the same for each Grantee) as the Administrator shall from time to time approve, and shall comply with and be subject to the terms and conditions of this Plan. A SAR may vary from Grantee to Grantee and between groups of Grantees, and may be based upon performance objectives (Refer to Performance Goals in Section 14.4).

Term

12.2 The term of a SAR shall be set forth in the Award Agreement as determined by the Administrator, provided that the term of a SAR shall expire not later than ten years after the Grant Date of such SAR.

Exercise

12.3 A Grantee desiring to exercise a SAR shall give written notice of such exercise to the Company, which notice shall state the proportion of Shares and cash that the Grantee desires to receive pursuant to the SAR exercised, subject to the discretion of the Administrator. Upon receipt of the notice from the Grantee, subject to the Administrator's election to pay cash as provided in Section 12.4 below, the Company shall deliver to the person entitled thereto (i) a certificate or certificates for Shares and/or (ii) a cash payment, in accordance with Section 12.4 below. The date the Company receives written notice of such exercise hereunder is referred to in this Section 12 as the "**exercise date**".

Number of Shares or Amount of Cash

12.4 Subject to the discretion of the Administrator to substitute cash for Shares, or some portion of the Shares for cash, the amount of Shares that may be issued pursuant to the exercise of a SAR shall be determined by dividing: (i) the total number of Shares as to which the SAR is exercised, multiplied by the amount by which the Fair Market Value of the Shares on the exercise date exceeds the Fair Market Value of a Share on the date of grant of the SAR; by (ii) the Fair Market Value of a Share on the exercise date; provided, however, that fractional Shares shall not be issued and in lieu thereof, a cash adjustment shall be paid. In lieu of issuing Shares upon the exercise of a SAR, the Administrator in its sole discretion may elect to pay the cash equivalent of the Fair Market Value of the Shares on the exercise date for any or all of the Shares that would otherwise be issuable upon exercise of the SAR.

Effect of Exercise

12.5 A partial exercise of a SAR shall not affect the right to exercise the remaining SAR from time to time in accordance with this Plan and the applicable Award Agreement with respect to the remaining shares subject to the SAR.

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Forfeiture

12.6 In the case of an event of forfeiture pursuant to the Award Agreement, including failure to satisfy any restriction period or a performance objective, any SAR that has not vested prior to the date of termination shall automatically expire, and all of the rights, title and interest of the Grantee thereunder shall be forfeited in their entirety.

13. DIVIDEND EQUIVALENT RIGHT

A dividend equivalent right is an Award entitling the recipient to receive credits based on cash distributions that would have been paid on the Shares specified in the dividend equivalent right (or other Award to which it relates) if such Shares had been issued to and held by the recipient (a "**Dividend Equivalent Right**"). A Dividend Equivalent Right may be granted hereunder to any Grantee as a component of another Award or as a freestanding Award. The terms and conditions of a Dividend Equivalent Right shall be specified in the grant. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional Shares, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment. Dividend Equivalent Rights may be settled in cash or Shares or a combination thereof, in a single instalment or instalments, all determined in the sole discretion of the Administrator. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other Award.

14. TERMS AND CONDITIONS OF AWARDS

In General

14.1 Subject to the terms of the Plan and Applicable Laws, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria.

Term of Award

14.2 The term of each Award shall be the term stated in the Award Agreement.

Transferability

14.3 (a) Limits on Transfer. No Award granted under the Plan may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, to a Grantee's spouse, former spouse or dependent pursuant to a court-approved domestic relations order which relates to the provision of child support, alimony payments or marital property rights or to the limited extent provided in this Section 14.3(a). All rights with respect to an Award granted to a Grantee shall be available during his or her lifetime only to the Grantee. Notwithstanding the foregoing, the Grantee may, in a manner specified by the Administrator, if the Administrator so permits, transfer an Award by bona fide gift and not for any consideration, to (i) a member or members of the Grantee's immediate family, (ii) a trust established for the exclusive benefit of the Grantee and or member(s) of the Grantee's immediate family, (iii) a partnership, limited liability company or other entity whose only members are the Grantee and/or member(s) of the Grantee's immediate family, or (iv) a foundation in which the Grantee and/or member(s) of the Grantee's immediate family control the management of the foundation's assets. Any such transfer shall be made in accordance with such procedures as the Administrator may specify from time to time.

(b) Beneficiaries. Notwithstanding Section 14.3(a), a Grantee may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Grantee and to receive any distribution with respect to any Award upon the Grantee's death. A beneficiary, legal guardian, legal representative or other person claiming any rights under the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Grantee, except to the extent the Plan and such Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If no beneficiary has been designated or survives the Grantee, payment shall be made to the Grantee's estate. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Grantee at any time, provided the change or revocation is filed with the Administrator.

Performance Goals

14.4 In order to preserve the deductibility of an Award under Section 162(m) of the Code, the Administrator may determine that any Award granted pursuant to this Plan to a Grantee that is or is expected to become a Covered

Employee shall be determined solely on the basis of (a) the achievement by the Company or Subsidiary of a specified target return, or target growth in return, on equity or assets, (b) the Company's stock price, (c) the Company's total shareholder return (stock price appreciation plus reinvested dividends) relative to a defined comparison group or target over a specific performance period, (d) the achievement by the Company or a Parent or Subsidiary, or a business unit of any such entity, of a specified target, or target growth in, net income, earnings per share, earnings before income and taxes, and earnings before income, taxes, depreciation and amortization, or (e) any combination of the goals set forth in (a) through (d) above. If an Award is made on such basis, the Administrator shall establish goals prior to the beginning of the period for which such performance goal relates (or such later date as may be permitted under Section 162(m) of the Code or the regulations thereunder but not later than 90 days after commencement of the period of services to which the performance goal relates), and the Administrator has the right for any reason to reduce (but not increase) the Award, notwithstanding the achievement of a specified goal. Any payment of an Award granted with performance goals shall be conditioned on the written certification of the Administrator in each case that the performance goals and any other material conditions were satisfied.

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In addition, to the extent that Section 409A is applicable, (i) performance-based compensation shall also be contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months in which the Eligible Participant performs services and (ii) performance goals shall be established not later than 90 calendar days after the beginning of any performance period to which the performance goal relates, provided that the outcome is substantially uncertain at the time the criteria are established.

Acceleration and Lapse of Restrictions

14.5 The Administrator may, in its sole discretion (but subject to the limitations of and compliance with Section 409A of the Code and Section 14.7 in connection therewith), in the event of a dissolution or liquidation of the Company, or a Corporate Transaction, Change of Control or Related Entity Disposition in which the Company is not the surviving corporation, accelerate the time within which outstanding Awards may be exercised, provided that no outstanding unvested Awards shall vest prior to the effectiveness of such dissolution or liquidation of the Company or Corporate Transaction, Change of Control or Related Entity Disposition in which the Company is not the surviving corporation. If there is a Change of Control, all outstanding unvested Awards shall fully vest immediately upon, but not prior to, the effectiveness of such a Change of Control. Refer to Section 19.

The Administrator may, in its sole discretion (but subject to the limitations of and compliance with Section 409A of the Code and Section 14.7 in connection therewith), at any time (including, without limitation, prior to, coincident with or subsequent to a Change of Control) determine that all or a part of the restrictions on all or a portion of the outstanding Awards shall lapse, as of such date as the Administrator may, in its sole discretion, declare.

The Administrator may discriminate among Grantees and among Awards granted to a Grantee in exercising its discretion pursuant to this Section 14.5.

Compliance with Section 162(m) of the Code

14.6 Notwithstanding any provision of this Plan to the contrary, if the Administrator determines that compliance with Section 162(m) of the Code is required or desired, all Awards granted under this Plan to Named Executive Officers shall comply with the requirements of Section 162(m) of the Code. In addition, in the event that changes are made to Section 162(m) of the Code to permit greater flexibility with respect to any Award or Awards under this Plan, the Administrator may make any adjustments it deems appropriate.

Compliance with Section 409A of the Code

14.7 Notwithstanding any provision of this Plan to the contrary, if any provision of this Plan or an Award Agreement contravenes any regulations or Treasury guidance promulgated under Section 409A of the Code or could cause an Award to be subject to the interest and penalties under Section 409A of the Code, such provision of this Plan or any Award Agreement shall be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A of the Code. In addition, in the event that changes are made to Section 409A of the Code to permit greater flexibility with

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respect to any Award under this Plan, the Administrator may make any adjustments it deems appropriate.

Section 280G of the Code

14.8 Notwithstanding any other provision of this Plan to the contrary, unless expressly provided otherwise in the Award Agreement, if the right to receive or benefit from an Award under this Plan, either alone or together with payments that a Grantee has a right to receive from the Company, would constitute a "parachute payment" (as defined in Section 280G of the Code), all such payments shall be reduced to the largest amount that shall result in no portion being subject to the excise tax imposed by Section 4999 of the Code.

Exercise of Award Following Termination of Continuous Service

14.9 An Award may not be exercised after the termination date of such Award set forth in the Award Agreement and may be exercised following the termination of a Grantee's Continuous Service only to the extent provided in the Award Agreement. Where the Award Agreement permits a Grantee to exercise an Award following the termination of the Grantee's Continuous Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever occurs first.

Cancellation of Awards

14.10 In the event a Grantee's Continuous Services has been terminated for "**Cause**", he or she shall immediately forfeit all rights to any and all Awards outstanding. The determination that termination was for Cause shall be final and conclusive. In making its determination, the Board shall give the Grantee an opportunity to appear and be heard at a hearing before the full Board and present evidence on the Grantee's behalf. Should any provision to this Section 14.10. be held to be invalid or illegal, such illegality shall not invalidate the whole of this Section 14, but, rather, this Plan shall be construed as if it did not contain the illegal part or narrowed to permit its enforcement, and the rights and obligations of the parties shall be construed and enforced accordingly.

15. ADDITIONAL TERMS FOR SO LONG AS THE SHARES ARE LISTED ON A STOCK EXCHANGE

15.1 For so long as the Shares are listed on a stock exchange, and to the extent required by the rules of such stock exchange, the following terms and conditions shall apply to an Award in addition to those contained herein, as applicable:

- (a) the exercise price of an Award must not be lower than 100% of the Fair Market Value (without discount) of the Shares on the stock exchange at the time the Award is granted;
 - (b) the number of securities issuable to Insiders, at any time, under all of the Company's security based compensation arrangements (whether entered into prior to or subsequent to such listing), cannot exceed 10% of the Company's total
-

issued and outstanding Common Stock, unless the Company obtains Disinterested Shareholder Approval; and

(c) the number of securities issued to Insiders, within any one year period, under all of the Company's security based compensation arrangements (whether entered into prior to or subsequent to such listing), cannot exceed 10% of the issued and outstanding Common Stock, unless the Company obtains Disinterested Shareholder Approval.

16. PAYMENT FOR SHARE PURCHASES

Payment

16.1 Payment for Shares purchased pursuant to this Plan may be made:

(a) Cash. By cash, cashier's check or wire transfer or, at the discretion of the Administrator expressly for the Grantee and where permitted by law as follows:

(b) Surrender of Shares. By surrender of shares of Common Stock of the Company that have been owned by the Grantee for more than six months, or lesser period if the surrender of shares is otherwise exempt from Section 16 of the Exchange Act, (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares);

(c) Deemed Net-Stock Exercise. By forfeiture of Shares equal to the value of the exercise price pursuant to a "**deemed net-stock exercise**" by requiring the Grantee to accept that number of Shares determined in accordance with the following formula, rounded down to the nearest whole integer:

where:

a

= net Shares to be issued to Grantee;

b

= number of Awards being exercised;

c

= Fair Market Value of a Share;
and

d

= Exercise price of the Awards; or

(d) Broker-Assisted. By delivering a properly executed exercise notice to the Company together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the exercise price and the amount of any required tax or other withholding obligations.

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Combination of Methods

16.2 By any combination of the foregoing methods of payment or any other consideration or method of payment as shall be permitted by applicable corporate law.

17. WITHHOLDING TAXES

Withholding Generally

17.1 Whenever Shares are to be issued in satisfaction of Awards granted under this Plan or Shares are forfeited pursuant to a deemed net-stock exercise, the Company may require the Grantee to remit to the Company an amount sufficient to satisfy the foreign, federal, state, provincial, or local income and employment tax withholding obligations, including, without limitation, on exercise of an Award. When, under applicable tax laws, a Grantee incurs tax liability in connection with the exercise or vesting of any Award, the disposition by a Grantee or other person of an Award or an Option prior to satisfaction of the holding period requirements of Section 422 of the Code, or upon the exercise of a Non-Qualified Stock Option, the Company shall have the right to require such Grantee or such other person to pay by cash, or check payable to the Company, the amount of any such withholding with respect to such transactions. Any such payment must be made promptly when the amount of such obligation becomes determinable.

Stock for Withholding

17.2 To the extent permissible under applicable tax, securities and other laws, the Administrator may, in its sole discretion and upon such terms and conditions as it may deem appropriate, permit a Grantee to satisfy his or her obligation to pay any withholding tax, in whole or in part, with Shares up to an amount not greater than the Company's minimum statutory withholding rate for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income. The Administrator may exercise its discretion, by (i) directing the Company to apply Shares to which the Grantee is entitled as a result of the exercise of an Award, or (ii) delivering to the Company Shares that have been owned by the Grantee for more than six months, unless the delivery of Shares is otherwise exempt from Section 16 of the Exchange Act. A Grantee who has made an election pursuant to this Section 17.2 may satisfy his or her withholding obligation only with Shares that are not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements. The Shares so applied or delivered for the withholding obligation shall be valued at their Fair Market Value as of the date of measurement of the amount of income subject to withholding.

18. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

In General

18.1 Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, as well as any other terms that the Administrator determines require adjustment shall be

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proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. The Administrator shall make the appropriate adjustments to (i) the maximum number and/or class of securities issuable under this Plan; and (ii) the number and/or class of securities and the exercise price per Share in effect under each outstanding Award in order to prevent the dilution or enlargement of benefits thereunder; provided, however, that the number of Shares subject to any Award shall always be a whole number and the Administrator shall make such adjustments as are necessary to insure Awards of whole Shares. Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive.

Company's Right to Effect Changes in Capitalization

18.2 The existence of outstanding Awards shall not affect the Company's right to effect adjustments, recapitalizations, reorganizations or other changes in its or any other corporation's capital structure or business, any merger or consolidation, any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares, the dissolution or liquidation of the Company's or any other corporation's assets or business or any other corporate act whether similar to the events described above or otherwise.

19. CORPORATE TRANSACTIONS/CHANGES IN CONTROL/RELATED ENTITY DISPOSITIONS

Company is Not the Survivor

19.1 Subject to Section 19.3 and except as may otherwise be provided in an Award Agreement, the Administrator shall have the authority, in its absolute discretion, exercisable either in advance of any actual or anticipated Corporate Transaction, Change of Control or Related Entity Disposition in which the Company is not the surviving corporation, or at the time of an actual Corporate Transaction, Change of Control or Related Entity Disposition in which the Company is not the surviving corporation (a) to cancel each outstanding in-the-money Award upon payment in cash to the Grantee of the amount by which any cash and the Fair Market Value of any other property which the Grantee would have received as consideration for the Shares covered by the Award if the Award had been exercised before such Corporate Transaction, Change of Control or Related Entity Disposition exceeds the exercise price of the Award, or (b) to negotiate to have such Award assumed by the surviving corporation. The determination as to whether the Company is the surviving corporation is at the sole and absolute discretion of the Administrator.

In addition to the foregoing, in the event of a dissolution or liquidation of the Company, or a Corporate Transaction, Change of Control or Related Entity Disposition in which the Company is not the surviving corporation, the Administrator may accelerate the time within which each outstanding Award may be exercised, provided that no outstanding unvested Awards shall vest prior to the effectiveness of such dissolution or liquidation of the Company or Corporate Transaction, Change of Control or Related Entity Disposition in which the Company is not the surviving corporation.

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The Administrator shall also have the authority:

- (a) to release the Awards from restrictions on transfer and repurchase or forfeiture rights of such Awards on such terms and conditions as the Administrator may specify; and

(b) to condition any such Award's vesting and exercisability or release from such limitations upon the subsequent termination of the Continuous Service of the Grantee within a specified period following the effective date of the Corporate Transaction, Change of Control or Related Entity Disposition.

Effective upon the consummation of a Corporate Transaction, Change of Control or Related Entity Disposition governed by this Section 19.1, all outstanding Awards under this Plan not exercised by the Grantee or assumed by the successor corporation shall terminate.

Company is the Survivor

19.2 In the event of a Corporate Transaction, Change of Control or Related Entity Disposition in which the Company is the surviving corporation, the Administrator shall determine the appropriate adjustment of the number and kind of securities with respect to which outstanding Awards may be exercised, and the exercise price at which outstanding Awards may be exercised. The Administrator shall determine, in its sole and absolute discretion, when the Company shall be deemed to survive for purposes of this Plan. Subject to any contrary language in an Award Agreement evidencing an Award, any restrictions applicable to such Award shall apply as well to any replacement shares received by the Grantee as a result.

Change of Control

19.3 If there is a Change of Control, all outstanding unvested Awards shall fully vest immediately upon, but not prior to, the effectiveness of such a Change of Control.

20. PRIVILEGES OF STOCK OWNERSHIP

No Grantee shall have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Grantee. After Shares are issued to the Grantee, the Grantee shall be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Grantee may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company shall be subject to the same restrictions as the Restricted Stock. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of the Award.

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21. RESTRICTION ON SHARES

At the discretion of the Administrator, the Company may reserve to itself and/or its assignee(s) in the Award Agreement that the Grantee not dispose of the Shares for a specified period of time, or that the Shares are subject to a right of first refusal or a right to repurchase by the Company at the Shares' Fair Market Value at the time of sale. The terms and conditions of any such rights or other restrictions shall be set forth in the Award Agreement evidencing the Award.

22. CERTIFICATES

All certificates for Shares or other securities delivered under this Plan shall be subject to such stock transfer orders, legends and other restrictions as the Administrator may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

23. ESCROW; PLEDGE OF SHARES

To enforce any restrictions on a Grantee's Shares, the Administrator may require the Grantee to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Administrator, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Administrator may cause a legend or legends referencing such restrictions to be placed on the certificates.

24. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE

Compliance With Applicable Law

24.1 An Award shall not be effective unless such Award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the Grant Date and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company shall have no obligation to issue or deliver certificates for Shares under this Plan prior to (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (ii) completion of any registration or other qualification of such Shares under any state or federal laws or rulings of any governmental body that the Company determines to be necessary or advisable. The Company shall be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company shall have no liability for any inability or failure to do so. Evidences of ownership of Shares acquired pursuant to an Award shall bear any legend required by, or useful for purposes of compliance with, applicable securities laws, this Plan or the Award Agreement.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards pursuant to

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this Plan and the exercise of Awards granted hereunder shall qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of this Plan or action by the Board or the Administrator does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board or the Administrator, and shall not affect the validity of this Plan. In the event that Rule 16b-3 is revised or replaced, the Administrator may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

Investment Representation

24.2 As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

25. NO OBLIGATION TO EMPLOY

Nothing in this Plan or any Award granted under this Plan shall confer or be deemed to confer on any Grantee any right to continue in the employ of, or to continue any other relationship with, the Company or to limit in any way the right of the Company to terminate such Grantee's employment or other relationship at any time, with or without Cause.

26. EFFECTIVE DATE AND TERM OF PLAN

This Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the shareholders of the Company. It shall continue in effect for a term of ten years unless sooner terminated.

27. SHAREHOLDER APPROVAL

This Plan shall be subject to approval by the shareholders of the Company within 12 months from the date the Plan is adopted by the Company's Board for any and all intended Incentive Stock Options granted hereunder. Such shareholder approval shall be obtained in the degree and manner required under Applicable Laws. The Administrator may grant Awards under this Plan prior to approval by the shareholders, however, until such approval is obtained, all Option Awards granted under this Plan shall be deemed Non-Qualified Stock Options. In the event that shareholder approval is not obtained within the 12 month period provided above, all Incentive Stock Option Awards previously granted under this Plan shall be deemed Non-Qualified Stock Options.

28. AMENDMENT, SUSPENSION OR TERMINATION OF THIS PLAN OR AWARDS

The Board may amend, suspend or terminate this Plan at any time and for any reason. To the extent necessary to comply with Applicable Laws, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required.

Shareholder approval shall be required for the following types of amendments to this Plan: (i) any change to those persons who are entitled to become participants under the Plan which would have the potential of broadening or increasing Insider participation; or (ii) the addition of any form of financial assistance or amendment to a financial assistance provision which is more favourable to Grantees.

Further, the Board may, in its discretion, determine that any amendment should be effective only if approved by the shareholders even if such approval is not expressly required by this Plan or by law. No Award may be granted during any suspension of this Plan or after termination of this Plan.

Any amendment, suspension or termination of this Plan shall not affect Awards already granted, and such Awards shall remain in full force and effect as if this Plan had not been amended, suspended or terminated, unless mutually agreed otherwise between the Grantee and the Administrator, which agreement must be in writing and signed by the Grantee and the Company. At any time and from time to time, the Administrator may amend, modify, or terminate any outstanding Award or Award Agreement without approval of the Grantee; provided, however, that subject to the applicable Award Agreement, no such amendment, modification or termination shall, without the Grantee's consent, reduce or diminish the value of such Award determined as if the Award had been exercised, vested, cashed in or otherwise settled on the date of such amendment or termination.

Notwithstanding any provision herein to the contrary, the Administrator shall have broad authority to amend this Plan or any outstanding Award under this Plan without approval of the Grantee to the extent necessary or desirable: (i) to comply with, or take into account changes in, applicable tax laws, securities laws, accounting rules and other applicable laws, rules and regulations; or (ii) to ensure that an Award is not subject to interest and penalties under Section 409A of the Code or the excise tax imposed by Section 4999 of the Code.

Further, notwithstanding any provision herein to the contrary, and subject to Applicable Law, the Administrator may, in its absolute discretion, amend or modify this Plan: (i) to make amendments which are of a "housekeeping" or clerical nature; (ii) to change the vesting provisions of an Award granted hereunder, as applicable; (iii) to change the termination provision of an Award granted hereunder, as applicable, which does not entail an extension beyond the

original expiry date of such Award; and (iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Maximum Number.

29. RESERVATION OF SHARES

The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of this Plan.

The Shares to be issued hereunder upon exercise of an Award may be either authorized but unissued; supplied to the Plan through acquisitions of Shares on the open market; or Shares forfeited back to the Plan.

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The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

30. BUYOUT OF AWARDS

Subject to Section 4.2 hereof, the Administrator may at any time buy from a Grantee an Award previously granted with payment in cash, Shares (including Restricted Stock) or other consideration, based on such terms and conditions as the Administrator and the Grantee may agree.

31. APPLICABLE TRADING POLICY

The Administrator and each Eligible Participant will ensure that all actions taken and decisions made by the Administrator or an Eligible Participant, as the case may be, pursuant to this Plan comply with any Applicable Laws and policies of the Company relating to insider trading or "blackout" periods.

32. GOVERNING LAW

The Plan shall be governed by the laws of the State of Nevada; provided, however, that any Award Agreement may provide by its terms that it shall be governed by the laws of any other jurisdiction as may be deemed appropriate by the parties thereto.

33. MISCELLANEOUS

Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the *Employee Retirement Income Security Act of 1974*, as amended.

SUBPART A

STOCK AND DEFERRED STOCK UNITS FOR ELIGIBLE DIRECTORS

A. **Stock Award.** The Administrator shall pay Eligible Remuneration to each Director pursuant to an Award Agreement.

B. **Election.** Further, the Administrator may, in its sole discretion, permit each Eligible Director to receive all or any portion of his Eligible Remuneration during the Remuneration Period in the form of Deferred Stock Units under this Plan (an "**Election**"). All deferrals pursuant to such an Election shall be evidenced by an Award Agreement.

For purposes of this Subpart A, the following definitions shall apply:

"**Annual Retainer**" for a particular Director means the retainer (including any additional amounts payable for serving as lead Director or on any committee of the Board), payable to that Director for serving as a Director for the relevant Remuneration Period, as determined by the Board;

"**Attendance Fee**" means amounts payable annually to a Director as a Board meeting attendance fee or a committee meeting attendance fee, or any portion thereof;

"**Canadian Director**" means a Director who is a resident of Canada for the purposes of the Canadian Tax Act, and whose income from employment by the Company or Related Entity is subject to Canadian income tax, notwithstanding any provision of the Canada-United States Income Tax Convention (1980), as amended;

"**Canadian Tax Act**" and "**Canadian Tax Regulations**" means respectively the *Income Tax Act* (Canada), as amended and the Income Tax Regulation promulgated thereunder, as amended;

"**Deferred Stock Unit**" means a right granted by the Company to an Eligible Director to receive, on a deferred payment basis, Shares under this Plan;

"**Eligible Director**" is any Director of this Company or Related Entity that the Administrator determines is eligible to elect to receive Deferred Stock Units under this Plan;

"**Eligible Remuneration**" means all amounts payable to an Eligible Director in Shares, including all or part of amounts payable in satisfaction of the Annual Retainer, Attendance Fees or any other fees relating to service on the Board which are payable to an Eligible Director or in satisfaction of rights or property surrendered by an Eligible Director to the Company; it being understood that the amount of Eligible Remuneration payable to any Eligible Director may be calculated by the Administrator in a different manner than Eligible Remuneration payable to another Eligible Director in its sole and absolute discretion;

"**Prescribed Plan or Arrangement**" means a prescribed plan or arrangement as defined in s.6801(d) of the Canadian Tax Regulation;

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"**Remuneration Period**" means, as applicable, (a) the period commencing on the Effective Date of this Plan and ending on the last day of the calendar year in which the Effective Date occurs; and (b) thereafter each subsequent calendar year, or where the context requires, any portion of such period; and

"**Salary Deferral Arrangement**" means a salary deferral arrangement as defined in the Canadian Tax Act.

1. **Election.** An Eligible Director who desires to defer receipt of all or a portion of his or her Eligible Remuneration in any calendar year shall make such election in writing to the Company specifying:

- (a) the dollar amount or percentage of Eligible Remuneration to be deferred; and

- (b) the deferral period.

Otherwise, such election must be made before the first day of the calendar year in which the Eligible Remuneration shall be payable, however a newly appointed Eligible Director shall be eligible to defer payment of future Eligible Remuneration by providing written election to the Company within 30 calendar days of his or her appointment to the Board of Directors. The elections made pursuant to this Section shall be irrevocable with respect to Eligible Remuneration to which such elections pertain and shall also apply to subsequent Eligible Remuneration payable in future calendar years unless such Eligible Director notifies the Company in writing, before the first day of the applicable calendar year, that he or she desires to change such election.

If the Eligible Director does not timely deliver an election in respect of a particular Remuneration Period, the Eligible Director will receive the Eligible Remuneration as provided for in the Award Agreement.

2. Determination of Deferred Stock Units. The Company will maintain a separate account for each Eligible Director to which it will quarterly credit at the end of March, June, September and December, or as otherwise determined by the Administrator, the Deferred Stock Units granted to the Eligible Director for the relevant Remuneration Period. The number of Deferred Stock Units (including fractional Deferred Stock Units, computed to three digits) to be credited to an account for an Eligible Director will be determined on the date approved by the Administrator by dividing the appropriate amount of Eligible Remuneration to be deferred into Deferred Stock Units by the Fair Market Value on that date.

3. No Voting Rights. The holders of Deferred Stock Units shall have no rights as stockholders of the Company.

4. Dividend Equivalency. The Company will, on any date on which a cash or stock dividend is paid on its outstanding Shares, credit to each Eligible Director's account that number of additional Deferred Stock Units (including fractional Deferred Stock Units, computed to three digits) calculated by (i) multiplying the amount of the dividend per Share by the number of Deferred Stock Units in the account as of the record date for payment of the dividend, and (ii)

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dividing the amount obtained by the Fair Market Value on the date on which the dividend is paid. (See Section 13 of the Plan, Dividend Equivalent Right).

5. Eligible Director's Account. A written confirmation of the balance in each Eligible Directors' Account will be sent by the Company to the Eligible Director upon request of the Eligible Director.

6. Creditor's Rights. A holder of Deferred Stock Units shall have no rights other than those of a general creditor of the Company. Deferred Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and condition of the applicable Award Agreement.

7. Settlement of Deferred Stock Units. Subject to Section 8, each Deferred Stock Unit shall be paid and settled by the issuance of Restricted or unrestricted Shares in accordance with the Award Agreement and if such settlement is subject to Section 409A of the Code only upon any one or more of the following as provided for in the Award Agreement:

- (a) a specific date or date determinable by a fixed schedule;
- (b) upon the Eligible Director's termination of Continuous Services to the extent the same constitutes a separation from services for the purposes of Section 409A of the Code except that if an Eligible Director is a "key employee" as defined in Section 409A of the Code for such purposes, then

payment or settlement shall occur 6 months following such separation of service;

- (c) as a result of the Eligible Director's death or Disability; or
- (d) in connection with or as a result of a Change of Control in compliance with 409A of the Code.

The Company will issue one Share for each whole Deferred Stock Unit credited to the Eligible Director's account (net of any applicable withholding tax as provided for in this Plan). Such payment shall be made by the Company as soon as reasonably possible following the settlement date. Fractional Shares shall not be issued, and where the Eligible Director would be entitled to receive a fractional Shares in respect of any fractional Deferred Stock Unit, the Company shall pay to such Eligible Director, in lieu of such fractional Shares, cash equal to the Fair Market Value of such fractional Shares calculated as of the day before such payment is made, net of any applicable withholding tax.

8. Canadian Directors. If a Deferred Stock Unit granted to an Eligible Director who is a Canadian Director would otherwise constitute a Salary Deferred Arrangement, the Award Agreement pertaining to that Deferred Stock Unit shall contain such other or additional terms as will cause the Deferred Stock Unit to be a Prescribed Plan or Arrangement.

9. Issuance of Stock Certificates. A stock certificate or certificates shall be registered and issued in the name of the holder of Deferred Stock Units and delivered to such holder as soon as practicable after such Deferred Stock Units have become payable or satisfied in accordance with the terms of the Plan.

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10. Non-Exclusivity. Nothing in this Subpart A shall prohibit the Administrator from making discretionary Awards to Eligible Directors pursuant to the other provisions of this Plan or outside this Plan, not otherwise inconsistent with these provisions.

11. Defined Terms. Capitalized terms used in this Subpart A and not defined herein have the meaning given in the Plan.
