Comparison of New Canadian Executive Compensation Disclosure Rules to Current Rules and U.S. Rules

Item	Current Rules	What Has Changed Under the New Rules	How U.S. Rules Differ
Purpose/Objective	• Disclosure of all compensation, whatever the source, to certain executive officers and directors for services to the company and its subsidiaries.	• Communicate what the board of directors intended to pay or award to certain executive officers and directors for the financial year. • All compensation to certain executive officers and directors for services to the company and its subsidiaries must be disclosed.	
Definition of Named Executive Officer (NEO)	• CEO, CFO and the next three highest paid executive officers based on total salary and bonus. • No disclosure if total salary and bonus is less than Cdn$150,000.	• CEO, CFO and the next three highest paid executive officers based on total compensation but excluding (i) pension value (ii) compensation due to termination of employment, change of control or change in responsibilities and (iii) cost of living supplements for foreign assignments. • No disclosure if such modified "total compensation" is less than Cdn$150,000.	• Threshold total compensation for executive officer disclosure is US$100,000 (as opposed to Cdn$150,000). • Only pension amounts are excluded from the calculation of total compensation.
Compensation Discussion and Analysis (CD&A)	• Must include a Report on Executive Compensation, which is a report of the compensation committee, or other board committee performing equivalent functions, describing the policies for determining the compensation of executive officers.	• No Report on Executive Compensation. • Must provide a CD&A which will include a detailed discussion and analysis of the compensation of the NEOs.	• A Report on Executive Compensation is still required, but the report merely confirms whether the compensation committee has reviewed and discussed the CD&A with management and recommended the CD&A for disclosure.
	• The report must discuss: the relative emphasis of the company on different forms of compensation and annual versus long-term compensation; whether outstanding equity awards were taken into account in awarding new options; the specific relationship of the company's performance to executive compensation, and, in particular, a description of each measure of a company's performance on which executive compensation was based and the weight assigned to each measure;	• The CD&A must describe all significant elements of compensation and explain the decisions relating to compensation provided to each NEO. The CD&A should give readers a sense of how compensation is tied to the NEO's performance. • Performance goals or similar conditions (i.e., targets) must be disclosed if based on objective, identifiable measures unless disclosure "*would seriously prejudice the company's interests*". If the target is subjective, it need only be described. If the company does not disclose specific target levels, the company must state what percentage of the NEO's total compensation	• The CD&A is subject to CEO and CFO certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. The CD&A will not be subject to the CEO/CFO certification in Canada (unless executive compensation disclosure is included in the AIF because the issuer is not

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	and any waivers or adjustments to performance criteria.	relates to the undisclosed information and how difficult it could be to achieve the undisclosed target levels. • Must describe option grant practices, including whether outstanding option-based awards were taken into account in awarding new options.	required to send a management information circular). • No requirement to disclose the percentage of compensation relating to undisclosed target levels.
	• Specific disclosure is required respecting the CEO's compensation for the most recent financial year, including the factors and criteria used and the relative weight assigned to each factor and, if competitive rates were used, information concerning the comparator group and the level used within the group, and the relationship of the company's performance to the CEO's compensation.	• Disclosure applies to all NEOs equally. • Must name each company in the comparator group.	
Summary Compensation Table	• Salary. Includes cash and non-cash base salary amounts.	• No change.	
	• Bonus. Includes cash and non-cash base bonus amounts.	• Bonus column has been deleted and all non-equity incentive compensation is to be disclosed in the non-equity incentive plan compensation column.	• A bonus column is still included, but includes only discretionary cash bonuses (including non-equity incentive plan payments exceeding the amount which would have been paid based on the level of performance achieved).
	• Other Annual Compensation. Includes all annual compensation which is neither salary nor bonus, including perquisites.	• Now forms part of the All other compensation column.	
	• Securities Under Options/SARs. Includes the number of securities under option and the number of securities subject to SARs.	• Option-Based Awards. Rather than disclosing the number granted, disclose the grant date fair value of the awards for the financial year. If the grant date fair value is different from the accounting fair value, the amount and an explanation of the difference must be disclosed in a footnote or narrative. The footnote or narrative must also describe and explain the methodology used to calculate the grant date fair value.	• The accounting expense of all awards recognized for financial reporting purposes for the fiscal year is reported instead of the grant date fair value.

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		Fair value is the value the board of directors intended to award as compensation. • Must include the incremental fair value for the repricing or modification of options, computed as of the repricing or modification date and set out the amount in a footnote.	
	• Shares/Units Subject to Resale Restrictions. Includes the dollar value of any share or unit subject to resale restrictions.	• Share-Based Awards. Share-based awards means an award that falls under Section 3870 of the CICA Handbook which does not have option-like features, including restricted shares or restricted share units, phantom shares or units, deferred share units, common share equivalents and stock. • Disclose the grant date fair value of the share-based awards for the financial year. If it is different from the accounting fair value, the amount and an explanation of the difference must be disclosed in a footnote or narrative to the table. The footnote or narrative must also describe and explain the methodology used to calculate the grant date fair value.	• The accounting expense of all awards recognized for financial reporting purposes for the fiscal year is reported instead of the grant date fair value.
	• LTIP Payouts. Includes the dollar value of all LTIP payouts.	• Non-Equity Incentive Plan Compensation. The non-equity incentive plan column is split into two columns based on the length of the performance period associated with the awards: i) Annual Incentive Plans – includes annual non-equity incentive plan compensation such as bonuses (relate only to a single financial year) and discretionary amounts; and ii) Long-Term Incentive Plans – includes all non-equity incentive plan compensation related to a period longer than one year.	• There is no distinction between annual incentive plans and long-term incentive plans. • Non-equity incentive plan payments exceeding the amount which would have been paid based on the level of performance achieved are reported in the Bonus column of the table.
	N/A	• Pension Value. A new column must include all compensatory items for defined benefit and defined contribution plans (such as service costs, plan changes and earnings that are different from the estimated earnings for defined benefits plans and above-market earnings for defined contribution plans).	• Must disclose aggregate change in actuarial present value of accumulated benefit rather than compensatory cost. • Must include above-market earnings on

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			compensation deferred on a basis that is not tax qualified. • Each item included in this column must be identified and quantified in a footnote.
	• <u>All Other Compensation</u>. Includes but is not limited to termination and change of control amounts, contributions to defined contribution or employee benefit plans, insurance premiums, etc.	• <u>All Other Compensation</u>. The current Other Annual Compensation and All Other Compensation columns will be replaced with one All other compensation column. All other compensation includes perquisites, post-retirement benefits, tax gross-ups, incremental benefits due to termination of employment, change in responsibilities or a change of control, personal insurance premiums, earnings on share-based or option-based awards (unless factored into the grant date fair value), compensation cost for securities bought at a discount to the market price and above-market earnings on deferred compensation.	
	• <u>Perquisites.</u> Threshold for disclosure of perquisites is the lower of Cdn$50,000 and 10% of salary and bonus. Must identify and quantify each perquisite representing 25% or more of the perquisite amount.	• <u>Perquisites</u>. Threshold for disclosure of perquisites is the lower of Cdn$50,000 and 10% of salary only. There is new guidance on the determination and valuation of perquisites for reporting purposes. A benefit that is integrally and directly related to the performance of the executive's duties is not a perquisite, even if it provides some personal benefit. If the benefit is not integrally and directly related to the performance of the executive's duties, then it is a perquisite unless (i) there is no direct or indirect personal benefit or (ii) it is generally available on a non-discriminatory basis to all employees. Must identify and quantify each perquisite representing more than 25% of the perquisite amount.	• The U.S. rules lowered the perquisite disclosure threshold to US$10,000. Must identify each perquisite and quantify any perquisite representing more than the greater of US$25,000 or 10% of the perquisite amount.
	N/A	• New Total compensation column	
Performance Graph	• Must include a 5-year performance graph comparing company total shareholder return to a broad market index.	• Performance graph is to be included in the CD&A. • Must also describe how the trend in the graph compares to the trend in compensation to the company's executive officers reported under the form.	• Performance graph is required but is no longer part of executive compensation disclosure. • No need to compare the trend in the graph to the trend in compensation.

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Equity and Non-Equity Based Awards	• Issuers must disclose in a *Option/SAR Grants During The Most Recently Completed Financial Year* table, for each grant, the number of granted securities, the percent of total options/SARs granted to employees in that financial year, the exercise price, the market value of the securities underlying the options/SARs on the date of the grant and the expiration date. • The material terms of the grant must be disclosed in a footnote including but not limited to the class or series of security which is subject to the grant, the date exercisable, dividend equivalents, any performance-based conditions and any re-load features. • Shares or units must be disclosed in the *Summary Compensation* Table under the Shares or Units Subject to Resale Restrictions column, unless subject to performance-based conditions prior to vesting, in which event they may be disclosed in the *LTIP Awards In Most Recently Completed Financial Year* table (which requires, for each award, the number of granted securities, the period until payout and the threshold, target and maximum dollar amount or number of securities payable).	• The table has been deleted.	• The U.S. rules require disclosure in a separate table of all grants of equity incentive awards and non-equity incentive awards made in the last fiscal year combined in a single table, including: (i) separate disclosure of the date the directors acted to grant such awards if different from the grant date, (ii) threshold, target and maximum payouts, if applicable, (iii) the per share exercise price and, if it is less than the closing stock price on the grant date, such closing price, and (iv) the unamortized grant date fair value determined in accordance with U.S. GAAP.
	• Issuers must disclose in an *Aggregate Option/SAR Exercises During The Most Recently Completed Financial Year and Financial Year-End Option/SAR Values* table, for each exercise, the number of securities acquired on exercise, the aggregate dollar value realized upon exercise, the number of unexercised options/SARs (exercisable and unexercisable), and the dollar value of the unexercised in-the-money options/SARs	• The number (and in the case of options-based awards, exercise price and expiration date) of all outstanding equity grants must be disclosed in a separate *Outstanding share-based awards and option-based awards* table, including the value of the unexercised in-the-money options and the value of unvested stock awards. Disclosure of option-based awards must be made on an award-by-award basis. • The value of any option-based or share-based awards which vested during the financial year must be disclosed in an *Incentive plan award s– value vested or*	• The U.S. rules require the number of unexercised options to be broken down into (i) exercisable, (ii) unexercisable and no longer subject to performance conditions (i.e., earned), and (iii) unexercisable and unearned. Similarly, unvested stock awards

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	at fiscal year end (exercisable and unexercisable). • Must disclose in a *LTIP Awards In Most Recently Completed Financial Year* table, for each LTIP award (does not include options, SARs or shares or units subject to resale restrictions), the number of granted units or rights, the period until payout, the threshold, target and maximum dollar amount or number of securities payable.	*earned during the year* table. This table includes a "Non-equity incentive plan compensation – Value earned during the year" column to capture non-equity incentive plan earnings. • There is no obligation to report (i) the value realized upon exercise of previously vested option-based awards or (ii) amounts received upon settlement of share-based awards or non-equity incentive plan compensation where settlement occurs after vesting or the date the incentive was earned, as applicable.	must separately identify the number and value of those which have been earned versus unearned. • The U.S. rules require disclosure of the value realized on exercise of options rather than the value as at the vesting date. The number of exercised options or vested shares must be disclosed.
	• <u>Repricing of Options and SARs.</u> Must disclose in a *Table of Option and SAR Repricings* for each downward repricing of options or SARs, the date of repricing, the number of securities which underlie the repriced options or SARs, the market price of the securities at the time of repricing, the exercise price at the time of repricing, the new exercise price and the length of the original option/SAR term remaining at the date of repricing. Must disclose in a separate narrative before and after the repricing disclosure table the basis for any repricings.	• <u>Repricing of Options and SARs.</u> The incremental fair value for the repricing or modification of options, computed as of the repricing or modification date, must be included in the Option-based awards column of the Summary Compensation Table and disclosed in a footnote.	• The incremental accounting expense of options repriced or materially modified which is recognized for financial reporting purposes with respect to the fiscal year is reported instead of the incremental fair value.
Description of Plan-based Awards	• The material terms of (i) long-term incentive plan awards and (ii) options and SARs must be disclosed in a footnote to the *LTIP-Awards In Most Recently Completed Financial Year* table or the *Option/SAR Grants During The Most Recently Completed Financial Year* table, respectively.	• Must explain in narrative form the material terms of all awards, both equity and non-equity, including information on non-equity plan awards such as estimated future payouts (threshold, target and maximum payouts). • Must disclose in narrative form the material terms of any deferred compensation plans.	
Retirement Plan Benefits	• Must disclose in a *Pension Plan* table, for all defined benefits or actuarial plans under which benefits are determined primarily by final compensation and years of service, the estimated annual benefits payable upon retirement to the NEOs. • Must also include in narrative form a	• A new *Defined benefit plans table* will disclose the details of all defined benefit retirement plans including: the number of years of credited service, the annual benefits payable, the accrued obligation at the start of the year, the compensatory and non-compensatory changes in the accrued obligation and the accrued obligation at year end.	• The U.S. rules require two separate tables. • A Pension Benefits table requires disclosure on a plan-by-plan basis of: (i) actuarial present value of the accumulated benefit

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	discussion of the compensation covered by the plan and the basis on which benefits are computed.	• A new table, similar to that proposed for defined benefit plans, will disclose the details of defined contribution plans. • Must explain, for each retirement plan in which an NEO participates, any significant factors necessary to understand the information disclosed in the tables (including, significant terms and conditions for payments and benefits, normal and early retirement payments, benefit formula, contribution formula and provisions for early retirement, as well as an explanation of who is entitled to extra years of credited service and why such crediting is appropriate).	rather than the plan cost and (ii) the dollar amount of any benefits paid in the last year. • A Non-Qualified Deferred Compensation table requires, for each defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax qualified, disclosure of: (i) aggregate of executive contributions and company contributions during the last fiscal year, (ii) dollar amount of interest or other earnings during the last fiscal year, (iii) amount of withdrawals by and distributions to the NEO during the last fiscal year, and (iv) fiscal year end balance of the NEO's account.
Termination and Change of Control Benefits	• Must describe the terms and conditions of any arrangement between an NEO and the issuer or its subsidiaries and any compensation plan or agreement where an NEO is entitled to receive more than Cdn$100,000 from the issuer in the event of resignation, retirement, termination, a change of control of the issuer or a change of the NEO's responsibilities following a change of control.	• Must describe the terms and conditions of any payments that would be triggered upon the occurrence of any termination of employment, change in control of the company (regardless of whether the change of control results in termination of employment) or a change in an NEO's responsibilities. • Issuers must provide estimated incremental payouts and benefits that NEOs would receive upon various termination events assuming that the termination took place on the last business day of the issuer's last completed financial year and the price per share of the issuer's stock was the closing price on that day. • Issuers must quantify, disclose and explain only the incremental payments and benefits that would be provided in each circumstance.	

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Director Compensation	• Issuers must describe all compensation arrangements with directors for services as a director and as a consultant or expert and, in the case of compensation paid for services as a consultant or expert, the director's name and amount paid.	• A new *Director compensation table* (similar to the Summary Compensation Table for NEOs) requires disclosure of director compensation, including identification of compensation paid for services other than as a director. • Companies must disclose the same information about equity and non-equity based awards to directors that is required of NEOs. • If a director is also an NEO, compensation received for services rendered as a director must be reflected in the Summary Compensation Table.	
Venture Issuers	• Exempt from several executive compensation disclosure requirements, including the requirements to provide disclosure concerning option and SAR repricings, defined benefit or actuarial plans, the composition of the Venture Issuer's compensation committee, the report on executive compensation and the performance graph. No executive compensation disclosure is required if the Venture Issuer does not send a proxy circular or file an annual information form.	• Exempt only from the requirement to provide a performance graph.	N/A
Corporate Governance	• Must comply with disclosure requirements relating to compensation under National Instrument 58-101 Corporate Governance Disclosure. Non-venture issuers must describe their compensation process, the responsibilities of the compensation committee, if any, and identify any compensation consultants and describe the work performed by such consultants.	• No change.	