



**MOSAID TECHNOLOGIES INCORPORATED**  
**DEFERRED SHARE UNIT PLAN**

**1. INTRODUCTION**

**1.1 Purpose**

The MOSAID Technologies Incorporated Deferred Share Unit Plan has been established to provide non-employee directors and senior officers of MOSAID Technologies Incorporated and its subsidiaries with the opportunity to acquire deferred share units in order to allow them to participate in the long term success of MOSAID Technologies Incorporated and to promote a greater alignment of interests between its non-employee directors, senior officers and shareholders.

**1.2 Definitions**

For purposes of the MOSAID Technologies Incorporated Deferred Share Unit Plan:

- (a) “Acknowledgement and Election Form” means a document substantially in the form of Schedule “A”;
- (b) “Affiliate” has the meaning assigned by the *Securities Act* (Ontario), as amended from time to time;
- (c) “Applicable Withholding Taxes” has the meaning set forth in Section 2.3 of the Plan;
- (d) “Associate” has the meaning assigned by the *Securities Act* (Ontario), as amended from time to time;
- (e) “Award Date” means in respect of Deferred Share Units awarded as (i) the Director’s Retainer, as contemplated by Section 3, the last day of each of March, June, September and December of a calendar year on which dates the Deferred Share Units shall be deemed to be awarded, in arrears, to a Participant; or (ii) a discretionary award as contemplated by Section 4, on such date as the Board determines;
- (f) “Award Market Value” means the weighted average trading price of the Shares on the TSX on the five (5) trading days immediately preceding the Award Date;
- (g) “Board” means the board of directors of the Corporation;

- (h) “Change in Control” means: (i) when any person, together with any Affiliate or Associate of such person (other than the Corporation or its subsidiaries, or an employee benefit plan of the Corporation or its subsidiaries, including any trustee of such plan acting as trustee) hereafter acquires, the direct or indirect “beneficial ownership”, as defined by the *Canada Business Corporations Act*, of securities of the Corporation representing fifty (50%) percent or more of the combined voting power of the Corporation’s then outstanding securities; or (ii) the occurrence of a transaction requiring approval of the Corporation’s shareholders involving the acquisition of the Corporation or all or substantially all of its business by an entity through purchase of assets by amalgamation, arrangement or otherwise;
- (i) “Committee” means the committee of the Board responsible for recommending to the Board the compensation of the Participants, which at the effective date of the Plan is the Human Resources Committee;
- (j) “Corporate Secretary” means the corporate secretary of the Corporation;
- (k) “Corporation” means MOSAID Technologies Incorporated and its successors and assigns, and any reference in the Plan to activities by the Corporation means action by or under the authority of the Board or the Committee;
- (l) “Deferred Share Unit” means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Section 5;
- (m) “Director’s Retainer” means the basic retainer payable to a Non-employee Director for service as a member of the Board during a calendar year and, for greater certainty, shall not include, if any, Board or committee chairperson retainers, committee member retainers, Board or committee meeting fees, special remuneration for *ad hoc* services rendered to the Board or any discretionary grant of Deferred Share Units;
- (n) “Distribution Dates” means up to two dates elected by Participants in a timely manner as described below, provided that in no event shall a Participant be permitted to elect a date which is earlier than the ninetieth (90) day following the Separation Date or later than the last business day of the calendar year following the calendar year in which the Separation Date occurs, and *provided, further*, that for any U.S. taxpayer who is also a “specified employee” (as determined for purposes of Section 409A of the U.S. Internal Revenue Code), the first Distribution Date shall be no earlier than six (6) months following the Separation Date. If no Distribution Date is elected, or if it is not elected in a timely manner, “Distribution Date” shall mean the first business day following the six-month anniversary of the Separation Date. A Distribution Date shall be deemed to be elected “in a timely manner” if it specifies the percentage of the Deferred Share Units the Participant wishes to have distributed to him or her under Section 5.4 of the Plan and the Participant complies with the following rules:
  - (i) for Participants who are U.S. taxpayers, the election shall be delivered to the Corporate Secretary in the form prescribed by the Corporation, a copy

of which is attached hereto as Schedule “C”, prior to December 31 by current Participants with such election to apply in respect of the following calendar year, or for new Participants who are eligible for the first time to participate in the Plan pursuant to Section 3 or Section 4, within 30 days following notice of such eligibility with such election to apply in respect of that calendar year of eligibility. Such elections shall be irrevocable; and

(ii) for Participants resident in Canada only and who are not U.S. taxpayers, the election specifying the first Distribution Date shall be delivered prior to the Separation Date to the Corporate Secretary in the form prescribed by the Corporation, a copy of which is attached hereto as Schedule “D”, and the election, if any, specifying the second Distribution Date shall be delivered in writing to the Corporate Secretary prior to the occurrence of the first Distribution Date.

- (o) “Distribution Value” means the weighted average trading price of the Shares on the TSX on the five (5) trading days immediately preceding the Distribution Date;
- (p) “Dividend Equivalents” means a bookkeeping entry whereby each Deferred Share Unit is credited with the equivalent amount of the dividend paid on a Share in accordance with Section 5.2;
- (q) “Dividend Market Value” means the weighted average trading price of the Shares on the TSX on the five (5) trading days immediately following the dividend record date for the payment of any dividend made on the Shares;
- (r) “Non-employee Director” means any member of the Board who is not employed by the Corporation or any of its subsidiaries;
- (s) “Option Plan” means the MOSAID Technologies Incorporated Employee and Director Stock Option Plan;
- (t) “Ownership Threshold” means the aggregate number of Deferred Share Units a Senior Officer may hold, as determined by the Board from time to time and set out in the Corporation’s DSU Ownership Threshold Policy;
- (u) “Participant” means a current or former Non-employee Director or Senior Officer who has been or is eligible to be credited with Deferred Share Units under the Plan;
- (v) “Plan” means the MOSAID Technologies Incorporated Deferred Share Unit Plan, as amended from time to time;
- (w) “Senior Officer” means the president of the Corporation, the chief executive officer of the Corporation, any executive vice-president of the Corporation, any senior vice-president of the Corporation and any vice-president or other employee of the Corporation designated by the Board as a Senior Officer for the purposes of this Plan;

- (x) “Separation Date” means the date on which a Participant has retired from all positions with the Corporation and its subsidiaries or when a Participant, except as a result of death, has ceased to hold any and all positions with the Corporation and its subsidiaries;
- (y) “Share” means a common share of the Corporation;
- (z) “Share Ownership Guidelines” means the share ownership guidelines established by the Board from time to time;
- (aa) “Share Ownership Threshold” means the aggregate number of Shares or Deferred Share Units or any combination thereof which are recommended as minimum ownership levels in the Corporation’s Share Ownership Guidelines; and
- (bb) “TSX” means the Toronto Stock Exchange.

### **1.3 Effective Date of the Plan**

The effective date of the Plan shall be September 30, 2005. The Board shall review and confirm the terms of the Plan from time to time.

## **2. ADMINISTRATION**

### **2.1 Administration of the Plan**

The Plan shall be administered by the Board, which shall have full authority to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan and to make such determinations as it deems necessary or desirable for the administration of the Plan; and (b) all actions taken and decisions made by the Board in this regard shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Corporation, the Participants and their legal representatives.

### **2.2 Determination of Value if Shares Not Publicly Traded**

Should the Shares not be publicly traded on the TSX at the relevant time such that the Distribution Value and/or the Award Market Value and/or the Dividend Market Value cannot be determined in accordance with the formulae set out in the definitions of those terms, such values shall be determined by the Committee acting in good faith.

### **2.3 Taxes and Other Source Deductions**

The Corporation shall be authorized to deduct from any amount paid or credited hereunder such minimum amount of taxes and other minimum amounts as it may be required by law to withhold pursuant to applicable law, in such manner as it determines (the “Applicable Withholding Taxes”).

## **2.4 Information**

Each Participant shall provide the Corporation with all information it requires in order to administer the Plan.

### **3. PAYMENT OF NON-EMPLOYEE DIRECTOR'S RETAINER**

A Non-employee Director shall have the right to elect each calendar year the manner in which the Participant wishes to receive, and the Corporation shall pay and/or issue, as the case may be, the Director's Retainer (i.e., in cash, vested Deferred Share Units or a combination thereof) by completing, signing and delivering to the Corporate Secretary the Acknowledgement and Election Form: (a) in the case of a current Non-employee Director, by December 31 with such election to apply in respect of the Director's Retainer payable to such Non-employee Director for services as a member of the Board for the following calendar year; or (b) in the case of a new Non-employee Director, within thirty (30) days after the Non-employee Director's appointment with such election to apply in respect of that calendar year of appointment.

### **4. DISCRETIONARY GRANTS**

(a) Subject to this Section 4 and such other terms and conditions as the Board or Committee may prescribe, the Committee may recommend and the Board may, from time to time, approve a grant of Deferred Share Units to a Participant.

(b) A Participant shall always have the right to elect to receive, and the Corporation shall issue, Deferred Share Units or a combination of Deferred Share Units and options equal in value to the options he or she would have been granted under the Option Plan in lieu of any stock option grant by completing, signing and delivering to the Corporate Secretary the Acknowledgement and Election Form: (a) in the case of a current Participant, by December 31 with such election to apply in respect of the following calendar year; or (b) in the case of a new Participant, within thirty (30) days after the Participant's appointment with such election to apply in respect of that calendar year of appointment.

(c) The number of Deferred Share Units to be received by a Participant in lieu of stock options (i.e., equal in value to the options he or she would have been granted under the Option Plan) will be determined at the discretion of the Board.

(d) If a Participant who is a Covered Person (as such term is defined in the Share Ownership Guidelines) has not satisfied the applicable Share Ownership Threshold as of the time the Committee recommends and the Board considers a grant of options under the Option Plan to such Participant, it is recommended that the Participant elect to take Deferred Share Units equal in value to the options he or she would have been granted under the Option Plan in lieu of any stock option grant until the Share Ownership Threshold is achieved by that Participant.

(e) Notwithstanding the election right described in (b) above, a Participant who is a Senior Officer may only elect to take Deferred Share Units equal in value to the options

he or she would have been granted under the Option Plan in lieu of any stock option grant if the total number of Deferred Share Units held by that Senior Officer, or that will be held by that Senior Officer upon receipt of the discretionary grant, does not exceed his or her Ownership Threshold. Any election by a Senior Officer which would result in him or her exceeding the applicable Ownership Threshold shall be adjusted accordingly and the excess amount shall be granted to such Senior Officer in the form of options.

## **5. DEFERRED SHARE UNITS**

### **5.1 Number of Deferred Share Units**

All Deferred Share Units received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation as of the Award Date, except where Deferred Share Units have been granted pursuant to Section 4, in which case such Deferred Share Units shall be credited to the Participant's account according to a vesting schedule recommended by the Committee and approved by the Board at its discretion. For administrative purposes, a separate register shall be maintained for each Participant by the Corporation for unvested Deferred Share Units. Unless otherwise determined by the Board, such Deferred Share Units shall cease to vest on the Separation Date and any Deferred Share Units which have not vested on the Separation Date shall be cancelled. Notwithstanding the foregoing, unless otherwise determined by the Committee or the Board at or after the Award Date, any Deferred Share Units outstanding immediately prior to the occurrence of a Change in Control, but which are not then vested, shall become fully vested upon the occurrence of a Change in Control. In addition, the Committee or the Board shall have the right to determine, at its discretion, that Deferred Share Units outstanding, but which are not then vested, shall not become fully vested and shall be cancelled in the event of a Change in Control. Notwithstanding Section 2.2, in the event that the Change in Control will result in the Shares no longer being publicly traded on the TSX, prior to the occurrence of the Change in Control the Committee or the Board, acting in good faith, shall determine the formulae that shall be used to determine any Distribution Value and/or the Award Market Value and/or the Dividend Market Value after the occurrence of the Change in Control.

The number of Deferred Share Units (including fractional Deferred Share Units) to be credited as of the Award Date in respect of the Director's Retainer shall be determined by dividing (a) the amount of the Director's Retainer to be paid in Deferred Share Units by (b) the Award Market Value, with fractions computed to three decimal places. The number of Deferred Share Units (including fractional Deferred Share Units) to be credited as of the Award Date in respect of a grant under Section 4 shall be the number of Deferred Share Units as determined by the Board as of the Award Date.

The award of Deferred Share Units to a Participant shall be evidenced by a letter to the Participant from the Corporation in the form attached as Schedule "B".

### **5.2 Credits for Dividends**

A Participant's account shall be credited with Dividend Equivalents in the form of additional fully vested Deferred Share Units on each dividend payment date in respect of which normal cash dividends are paid on the Shares. Such Dividend Equivalents shall be

computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of Deferred Share Units recorded in the Participant's account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places. For greater certainty, a Senior Officer's account shall always be credited with Dividend Equivalents in the form of additional fully vested Deferred Share Units as provided in this Section 5.2 notwithstanding that such additional Deferred Share Units may result in that Senior Officer holding an amount of Deferred Share Units which exceeds the applicable Ownership Threshold.

### **5.3 Reporting of Deferred Share Units**

Statements of the Deferred Share Unit accounts will be provided to the Participants on an annual basis.

### **5.4 Distribution of Deferred Share Units**

- (a) Subject to Section 5.4(b), Participant shall receive, on the applicable Distribution Date, a lump sum payment in cash equal to the number of Deferred Share Units recorded in the Participant's account on the Distribution Date multiplied by the Distribution Value of a Share, less any Applicable Withholding Taxes. Upon payment in full of the value of the Deferred Share Units, the Deferred Share Units shall be cancelled and no further payments shall be made to the Participant under the Plan.
- (b) Where a Participant resident in Canada only has elected to receive a portion of the Deferred Share Units on two Distribution Dates in accordance with Section 1.2 (k), that Participant shall receive (i) on the first Distribution Date a lump sum payment in cash equal to the number of Deferred Share Units recorded in the Participant's account on such date which the Participant has elected to have distributed, multiplied by the Distribution Value of a Share, less any Applicable Withholding Taxes and (ii) on the second Distribution Date the Participant shall receive a lump sum payment in cash equal to the number of Deferred Share Units remaining in the Participant's account on such date multiplied by the Distribution Value of a Share, less any Applicable Withholding Taxes. Upon payment in full of the value of the Deferred Share Units, the Deferred Share Units shall be cancelled and no further payments shall be made to the Participant under the Plan. Where a Participant who is a U.S. taxpayer has elected to receive a portion of the Deferred Share Units on either one or two Distribution Dates for each year Deferred Share Units were issued to such Participant in accordance with Section 1.2(k), that Participant shall receive (i) on each first Distribution Date a lump sum payment in cash equal to the number of Deferred Share Units recorded in the Participant's account on such date which the Participant has elected to have distributed, multiplied by the Distribution Value of a Share, less any Applicable Withholding Taxes and (ii) on each second Distribution Date the Participant shall receive a lump sum payment in cash equal to the number of Deferred Share Units recorded in the Participant's account which the Participant has elected to have distributed on such date multiplied by the Distribution Value of a Share, less any Applicable Withholding Taxes. For greater certainty, on the last elected second Distribution Date, the Participant shall also

receive a lump sum payment in cash equal to the number of Deferred Share Units remaining, if any, in the Participant's account on such date multiplied by the Distribution Value of a Share, less any Applicable Withholding Taxes. Upon payment in full of the value of the Deferred Share Units, the Deferred Share Units shall be cancelled and no further payment shall be made to the Participant under the Plan.

### **5.5 Death of Participant Prior to Distribution**

Upon the death of a Participant prior to the distribution of the Deferred Share Units credited to the account of such Participant under the Plan, a cash payment shall be made to the estate of such Participant on or about the thirtieth (30th) day after the Corporation is notified of the death of the Participant. Such cash payment shall be equivalent to the amount which would have been paid to the Participant pursuant to and subject to Section 5.4, calculated on the basis that the day on which the Participant dies is the Distribution Date. Upon payment in full of the value of all of the Deferred Share Units that become payable under this Section 5.5, the Deferred Share Units shall be cancelled and no further payments will be made from the Plan in relation to the Participant.

### **5.6 Adjustments**

In the event of any change in the outstanding Shares by reason of (a) a stock split, spin-off, share dividend or share combination, or (b) reclassification, recapitalization, merger or similar event that results in a holder thereof being entitled to a different class or type of security or other property, the Committee may, subject to applicable law, adjust appropriately the account of each Participant and the Deferred Share Units outstanding under the Plan shall be adjusted in such manner, if any, as the Committee may in its discretion deem appropriate to preserve proportionally the interests of Participants under the Plan.

## **6. GENERAL**

### **6.1 Amendment, Suspension, or Termination of Plan**

The Board may from time to time amend or suspend the Plan in whole or in part and may at any time terminate the Plan without prior notice. However, any such amendment, suspension, or termination shall not adversely effect the Deferred Share Units previously granted to a Participant at the time of such amendment, suspension or termination, without the consent of the affected Participant.

If the Board terminates the Plan, no new Deferred Share Units (other than Deferred Share Units referred to in Section 5.2 and Deferred Share Units that have been granted but vest subsequently pursuant to Section 5.1) will be credited to the account of a Participant, but previously credited (and subsequently vesting) Deferred Share Units shall be paid out in accordance with the terms and conditions of the Plan existing at the time of termination. The Plan will finally cease to operate for all purposes when the last remaining Participant receives payment of all Deferred Share Units recorded in the Participant's account.

### **6.2 Compliance with Laws**

- (a) The administration of the Plan shall be subject to and made in conformity with all applicable laws and any applicable regulations of a duly constituted authority. Should the Committee recommend and the Board, in its sole discretion, determine that it is not feasible or desirable to honour an election in favour of Deferred Share Units due to such laws or regulations, its obligation shall be satisfied by means of an equivalent cash payment (equivalence being determined on a before-tax basis).
- (b) In the event that the Committee recommends and the Board, after consultation with the Corporation's Chief Financial Officer and external accountants, determines that it is not feasible or desirable to honour an election in favour of Deferred Share Units or to honour any other provision of the Plan (other than the Distribution Date) under generally accepted accounting principles as applied to the Plan and the accounts established under the Plan for each Participant, the Committee shall recommend and the Board shall make such changes to the Plan as the Board reasonably determines, after consultation with the Corporation's Chief Financial Officer and external accountants, are required in order to avoid adverse accounting consequences to the Corporation with respect to the Plan and the accounts established under the Plan for each Participant, and the Corporation's obligations under the Plan shall be satisfied by such other reasonable means as the Committee shall in its good faith determine.

### **6.3 Reorganization of the Corporation**

The existence of any Deferred Share Units shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

### **6.4 General Restrictions and Assignment**

Except as required by law, the rights of a Participant under the Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

Rights and obligations under the Plan may be assigned by the Corporation to a successor in the business of the Corporation.

### **6.5 No Right to Service**

Neither participation in the Plan nor any action taken under the Plan shall give or be deemed to give any Participant a right to continued appointment as a member of the Board or as a Senior Officer or continued employment with the Corporation and shall not

interfere with any right of the shareholders of the Corporation to remove any Participant as a member of the Board or any right of the Corporation to terminate a Senior Officer's office or employment with the Corporation at any time.

#### **6.6 No Shareholder Rights**

Under no circumstances shall Deferred Share Units be considered Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Shares, nor shall any Participant be considered the owner of the Shares by virtue of the award of Deferred Share Units.

#### **6.7 Units Non-Transferable**

Deferred Share Units are non-transferable (except to a Participant's estate as provided in Section 5.5) and certificates representing Deferred Share Units will not be issued by the Corporation.

#### **6.8 Unfunded and Unsecured Plan**

Unless otherwise determined by the Board, the Plan shall be unfunded and the Corporation will not secure its obligations under the Plan. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Deferred Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation.

#### **6.9 No Other Benefit**

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

#### **6.10 Governing Law**

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflict of laws.

#### **6.11 Interpretation**

In this text, words importing the singular meaning shall include the plural and vice versa, and words importing the masculine shall include the feminine gender.

## 6.12 Severability

The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this Plan.

APPROVED by the Board of MOSAID Technologies Incorporated on September 30, 2005, as amended on February 22, 2007 and June 7, 2007.

A handwritten signature in blue ink, reading "Carl P. Schlachte". The signature is written in a cursive style with a long horizontal stroke extending to the right.

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Carl Schlachte  
Chairman of the Board

## SCHEDULE "A"

### MOSAID TECHNOLOGIES INCORPORATED DEFERRED SHARE UNIT PLAN

**THIS ACKNOWLEDGEMENT AND ELECTION FORM MUST BE RETURNED TO THE CORPORATE SECRETARY OF MOSAID TECHNOLOGIES INCORPORATED (THE "CORPORATION") (AT THE FOLLOWING FAX NUMBER: (613) 591-8148 BY 5:00 P.M. (EASTERN TIME)) BEFORE DECEMBER 31, 200 . [FOR NEW PARTICIPANTS: WITHIN 30 DAYS OF ELIGIBILITY TO PARTICIPATE]**

#### ACKNOWLEDGEMENT AND ELECTION FORM

##### Part A: General

I, \_\_\_\_\_, acknowledge that:

1. I have received and reviewed a copy of the MOSAID Technologies Incorporated Deferred Share Unit Plan (the "Plan") and agree to be bound by it.
2. The value of a Deferred Share Unit is based on the trading price of a Share and is thus not guaranteed. The eventual value of a Deferred Share Unit on the applicable payment date may be higher or lower than the value of the Deferred Share Unit at the time it was allocated to my account in the Plan.
3. I will be liable for income tax when Deferred Share Units (including Dividend Equivalents converted to Deferred Share Units) are paid in cash on a Distribution Date, in accordance with the terms of the Plan. Payments from the Plan shall be net of applicable source deductions. **I understand that the Corporation is making no representation to me regarding taxes applicable to me under this Plan and I will confirm the tax treatment with my own tax advisor.**
4. No funds will be set aside to guarantee the payment of Deferred Share Units. Future payments from the Plan are an unfunded liability recorded on the books of the Corporation. Any rights under the Plan by virtue of a grant of Deferred Share Units shall be no greater than the rights of an unsecured creditor.
5. I understand that:
  - (a) All capitalized terms shall have the meanings attributed to them under the Plan;
  - (b) All payments will be net of any Applicable Withholding Taxes; and
  - (c) If I am a Non-employee Director and I resign or am removed from the Board or if I am a Senior Officer and I cease to be employed by the Corporation, unless otherwise determined by the Board, I will forfeit any Deferred Share Units which have not yet vested on such date, as set out in detail in the Plan.

**Part B: Director's Retainer**

6. I am a Non-employee Director and I hereby elect irrevocably to have 100% of my Director's Retainer for the 200\_\_ calendar year payable as follows:

A. \_\_\_\_ % in Deferred Share Units; and

B. \_\_\_\_ % in cash.

***The total amount of A and B must equal 100%. You must elect in increments of 10% under A and B.***

**Part C: Discretionary Grants**

7. (a) I am a **Non-Employee Director** and in lieu of receiving a discretionary grant of options to purchase Shares of the Corporation under the Option Plan, I elect to receive such discretionary grant payable as follows:

A. \_\_\_\_ % in Deferred Share Units; and

B. \_\_\_\_ % in options (***the total amount of A and B must equal 100%. You must elect in increments of 10% under A and B***)

**OR**

(b) I am a **Senior Officer** and in lieu of receiving a discretionary grant of options to purchase Shares of the Corporation under the Option Plan, I elect to receive such discretionary grant payable as follows:

A. \_\_\_\_ Deferred Share Units; and

B. the remainder in options

where such number of Deferred Share Units and options is equal in value to the options I would have received under the Option Plan. I understand that such number of Deferred Share Units (i.e., the conversion ratio) will be determined at the discretion of the Board. I further understand that if I am a Senior Officer, the number of Deferred Share Units held by me or that will be held by me upon receipt of the discretionary grant cannot exceed the applicable Ownership Threshold.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Participant Name (please print)

\_\_\_\_\_  
Date

SCHEDULE "B"



MOSAID Technologies Incorporated

Personal & Confidential

[Date]

[Name of Non-employee Director/Senior Officer]

Dear [Name]:

This is to confirm that for the [year] calendar year, you have elected to receive Deferred Share Units ("DSUs") in lieu of [number]% of the stock options that you might have received under the MOSAID Technologies Incorporated Employee and Director Stock Option Plan.

Pursuant to this election, we are pleased to advise you that [number] DSUs have been awarded to you at the discretion of the Board of Directors of MOSAID Technologies Incorporated pursuant to the MOSAID Technologies Incorporated Deferred Share Unit Plan (the "Plan") and will be credited to your account in accordance with the following vesting schedule:

Vesting Date	Number of DSUs

In accordance with the terms of the Plan, all DSUs credited to your account will be paid out at the time and in the manner specified in the Plan.

If you have any questions on the above, or would like more details, please do not hesitate to contact me.

Yours truly,

Phillip S. Shaer  
Corporate Secretary

Tel: (613) 599-9539 ext. 1304  
Email: shaer@mosaid.com

**SCHEDULE “C”**

**U.S. TAXPAYER FORM OF ELECTION**

**FOR TIMING AND AMOUNT OF PAYMENT**

THIS ELECTION FORM MUST BE RETURNED TO THE CORPORATE SECRETARY OF THE CORPORATION (AT THE FOLLOWING FAX NUMBER: (613) 591-8148 BY 5:00 P.M. (EASTERN TIME)) BEFORE **DECEMBER 31, 200** . [FOR NEW PARTICIPANTS: WITHIN 30 DAYS OF ELIGIBILITY TO PARTICIPATE]

I am currently a U.S. taxpayer due to my U.S. citizenship or tax residency.

I hereby irrevocably elect the following Distribution Date(s) and amounts:

<u>First Distribution Date:</u>  _____ days (minimum of 90 days (unless I am a “specified employee” in which case a minimum of 185 days)) following my Separation Date.	Percentage of Deferred Share Units to Distribute to me on the First Distribution Date:  _____ % (must be in increments of 5%)  Will be rounded up to the nearest unit.
<u>Second Distribution Date (optional):</u>  _____ days (minimum of 90 days (unless I am a “specified employee” in which case a minimum of 185 days)) following my Separation Date.	Remainder of Deferred Share Units will be delivered to me on the Second Distribution Date.

*Please note* that regardless of the elections above, if either Distribution Date falls on or after December 31 of the calendar year following the year during which the Participant’s Separation Date occurs, then the all amounts credited to a Participant’s account shall be automatically distributed on the business day that immediately precedes such December 31.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date

**SCHEDULE "D"**

**NON-U.S. TAXPAYER: FORM OF ELECTION  
FOR TIMING AND AMOUNT OF PAYMENT**

THIS ELECTION FORM MUST BE RETURNED TO THE CORPORATE SECRETARY OF THE CORPORATION (AT THE FOLLOWING FAX NUMBER: (613) 591-8148 BY 5:00 P.M. (EASTERN TIME)) **PRIOR TO THE SEPARATION DATE, WITH RESPECT TO THE FIRST DISTRIBUTION DATE** AND PRIOR TO THE FIRST DISTRIBUTION DATE, WITH RESPECT TO THE SECOND DISTRIBUTION DATE.

I hereby irrevocably elect the following Distribution Date(s) and Amounts.

<u>First Distribution Date:</u>  _____ days (minimum of 90 days) following my Separation Date.	Percentage of Deferred Share Units to Distribute to me on the First Distribution Date:  _____ % (must be in increments of 5%)  Will be rounded up to the nearest unit.
<u>Second Distribution Date (optional):</u>  _____ days (minimum of 90 days) following my Separation Date.	Remainder of Deferred Share Units will be delivered to me on the Second Distribution Date.

*Please note* that regardless of the elections above, if either Distribution Date falls on or after December 31 of the calendar year following the year during which the Participant's Separation Date occurs, then the all amounts credited to a Participant's account shall be automatically distributed on the business day that immediately precedes such December 31.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date