

Corporate Securities

DECEMBER 10, 2002

Timing Obligations Under The New Shareholder Communication Regime

Earlier this year National Instrument 54-101 (the "Instrument"), and National Instrument 54-102 replaced the provisions of National Policy 41 ("NP41") pertaining to communication by public companies with beneficial owners of their securities. In advance of the next proxy season, this communication includes the timetable now applicable to call a meeting of shareholders.

Purpose and Application of the Instrument

One of the stated purposes of NP41 was to provide a framework to ensure that non-registered holders of securities of public company issuers had the same access to corporate information and voting rights as registered holders. The Instrument continues and builds on this objective by establishing a procedure for issuers to directly send proxy-related and other securityholder materials to the non-registered beneficial owners of their securities.

Under the Instrument, issuers (as well as third parties such as offerors for take-over bids and dissidents in proxy contests) have the right to obtain a list from intermediaries containing the names, addresses, email addresses and securities holdings of beneficial owners of the issuer's securities who do not object to the disclosure of their information (called "Non-Objecting Beneficial Owners" or "NOBOs").

Effective September 1, 2004, issuers will have the option of sending proxy-related materials directly to NOBOs and indirectly to those beneficial owners who object to disclosure of their names to the issuer (called "Objecting Beneficial Owners" or "OBOs") or continuing to send proxy-related materials indirectly through intermediaries to both NOBOs and OBOs.

If an issuer chooses to send proxy-related materials directly to NOBOs, it must assume the same responsibilities that intermediaries have with respect to the sending of materials, including:

- providing an explanation in plain language of the right of the NOBO to attend and exercise the voting rights attached to the securities;
- ensuring that a request for voting instructions (in lieu of a form of proxy) is included in the materials sent and disclosing where and when the NOBO is to return the voting instructions; and
- tabulating the voting instructions received from NOBOs and executing such instructions (to the extent that management of the issuer holds the corresponding proxies).

For further detailed discussion of the major substantive changes between NP41 and the Instrument, please refer to our Client Communication "Changes to the Shareholder Communication Regime" of May 6, 2002 (which can be found on our website at www.goodmans.ca).

Timing Requirements

The timetable attached hereto sets out a checklist of actions issuers are required to take in connection with a meeting of shareholders accompanied by the time limits prescribed by the Instrument and corporate law. The following is a brief discussion of certain of the issuer's obligations under the Instrument and as referenced in the timetable.

THE UPDATE

The Instrument has shortened the minimum number of days between the date on which an issuer calls a meeting of shareholders and the date of the meeting from 60 days to 55 days by reducing the minimum period of time between the record date and the meeting date from 35 days in NP41 to 30 days. Unlike its predecessor however, the Instrument does not permit an abridgement of the 30-day time period between the record and meeting dates unless the issuer obtains a formal exemption.

Issuers are still required to give notice of the meeting and record dates at least 25 days before the record date and to send a request for beneficial ownership information to intermediaries at least 20 days before the record date. However, the Instrument allows these timing requirements to be abridged provided that the issuer complies with all other requirements of the Instrument (including the mailing of proxy-related materials to beneficial owners at least 21 days before the meeting date) and the issuer files an officer's certificate at the time it files the proxy-related materials acknowledging it has satisfied the other requirements of the Instrument.

The deadline for an issuer to deliver proxy-related materials to intermediaries has been relaxed under the Instrument from 33 days before the meeting date (as was the case under NP41) to at least four business days (for materials sent by prepaid mail other than first-class mail) or three business days (for materials sent by first-class mail) before the 21st day before the meeting date. In addition, the deadline for issuers sending materials directly to beneficial owners has been relaxed from 25 days before the meeting date under NP41 to 21 days before the meeting date under the Instrument.

The time frames stipulated by the Instrument are minimum requirements. For a meeting that will deal with contentious matters, it is expected that good corporate practice will often require that materials be sent earlier than the minimum required dates to ensure that securityholders have a full opportunity to understand and react to the matters raised.

We invite you to contact any member of the Goodmans securities team to help you prepare for a meeting of shareholders.

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TIMETABLE FOR MEETINGS OF SHAREHOLDERS

ACTION TO BE TAKEN	RESPONSIBLE PARTY	WHEN	NO. OF DAYS BEFORE MEETING
1. Directors to fix Record Date and Meeting Date	Corporation		55
2. Send notice of Meeting Date and Record Date to all depositories, securities regulatory authorities and stock exchanges	Corporation	At least 25 days before the Record Date ⁽¹⁾	55
3. Deliver intermediary search request to Depository requesting: (i) the holders registered in the name of the Depository as holding securities of the Corporation entitled to receive notice of the meeting; (ii) a list of all intermediaries and registered nominees if Transfer Agent does not keep list updated monthly; (iii) a list of participants holding securities entitled to receive notice of the meeting; and (iv) the omnibus proxy appointing each applicable participant the Depository's proxyholder in respect of the securities held by the Depository on behalf of the participant	Corporation	At least 25 days before the Record Date ⁽¹⁾	55
4. Deliver response to intermediary search request	Depository	Within two business days of receipt of request in item 3 above	53
5. Deliver request for beneficial ownership information to intermediaries identified as participants by the Depository or as a registered holder of securities entitled to receive notice of the meeting to intermediaries	Transfer Agent	At least 20 days before the Record Date ⁽¹⁾	50
6. Deliver response to request for beneficial ownership information (except for NOBO list) to Corporation including the number of sets of proxy-related materials required for forwarding by the Intermediary to beneficial owners	Intermediary	Within 3 business days after receipt of request for beneficial ownership information	47
7. Complete and approve information circular, form of proxy and notice of meeting	Corporation	To be completed for delivery to intermediaries at least 21 calendar days and 3 business days before the Meeting Date	-
8. Publication Date	Corporation Depository	At least 7 days before the Record Date	37
9. Record Date		No fewer than 30 days or no more than 50 days before the Meeting Date ^{(2) (3)}	30
10. Send the NOBO list to Corporation	Intermediary	Within 3 business days after Beneficial Ownership Determination Date ⁽⁴⁾	Record Date and 3 business days
11. Deliver omnibus proxy to Corporation	Depository	Within 2 business days after the Record Date	28
12. Deliver proxy solicitation materials to intermediaries	Corporation	At least 21 calendar days and 3 business days ⁽⁵⁾ before the Meeting Date	21 calendar days and 3 business days
13. Mail proxy solicitation materials to NOBOs and OBOs	Intermediary	Within 3 business days after receipt of the proxy solicitation materials from the Corporation and not less than 21 days before the Meeting Date ⁽⁶⁾	21
14. Mail proxy solicitation materials to registered shareholders	Corporation	Must provide at least 21 clear days notice	21
15. Deliver proxy to Corporation (if applicable)	Intermediary	At least 2 days before the Meeting Date	2
16. Meeting Date			0

- (1) A reporting issuer may abridge these time periods provided that materials are mailed to all beneficial owners at least 21 days before the Meeting Date. The reporting issuer must comply with all other requirements of the Instrument and file a certificate of one of its officers reporting that it has abridged the time periods and complied with the Instrument in all other respects.
- (2) Although National Instrument 54-101 provides for a maximum of 60 days, the *Business Corporations Act* (Ontario) and the *Business Corporations Act* (Canada) limit this to a maximum of 50 days prior to the Meeting Date.
- (3) For British Columbia corporations ONLY – no more than 49 days before the Meeting Date pursuant to Section 73(2) of the *Company Act* (British Columbia).
- (4) "Beneficial Ownership Determination Date" means the Record Date for voting, or in the absence of a Record Date for voting, the Record Date for notice of the meeting.
- (5) Three business days for materials sent by first-class mail and four business days for materials sent by prepaid mail other than first-class mail.
- (6) This time difference allows intermediaries adequate time to prepare for bulk mailings.