

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NETAPP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

77-0307520
(I.R.S. Employer Identification No.)

495 East Java Drive,
Sunnyvale, California 94089
(Address of principal executive offices)

BYCAST INC. 2010 EQUITY INCENTIVE PLAN
INCENTIVE STOCK OPTION PLAN OF BYCAST INC.
(Full title of the plans)

Thomas Georgens
President and Chief Executive Officer
NetApp, Inc.
495 East Java Drive,
Sunnyvale, California 94089
(408) 822-6000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Steven E. Bochner, Esq.
Wilson Sonsini Goodrich & Rosati, P. C.
650 Page Mill Road
Palo Alto, CA 94304
(650) 493-9300

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be Registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock (par value \$0.001) reserved under the Bycast Inc. 2010 Equity Incentive Plan (2)	67,515	\$ 34.05(4)	\$ 2,298,886(4)	\$ 163.91
Common Stock (par value \$0.001) reserved under the Incentive Stock Option Plan of Bycast Inc. (3)	164,847	\$ 9.40(4)	\$ 1,549,562(4)	\$ 110.48

- (1) Pursuant to Rule 416(a) of the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement shall also cover any additional shares of the Registrant's Common Stock that become issuable under the applicable plan by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration that increases the number of outstanding shares of the Registrant's Common Stock.
- (2) Includes shares of Common Stock issuable upon exercise of stock options granted pursuant to the Bycast Inc. 2010 Equity Incentive Plan, which was assumed by the Registrant on May 13, 2010 pursuant to that certain Arrangement Agreement, dated as of April 6, 2010, by and among the Registrant, 7517025 Canada Ltd., Bycast Inc. and 0877638 B.C. Ltd., as the Equityholder Representative.
- (3) Includes shares of Common Stock issuable upon exercise of stock options granted pursuant to the Incentive Stock Option Plan of Bycast Inc., which was assumed by the Registrant on May 13, 2010 pursuant to that certain Arrangement Agreement, dated as of April 6, 2010, by and among the Registrant, 7517025 Canada Ltd., Bycast Inc. and 0877638 B.C. Ltd., as the Equityholder Representative.

- (4) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) and Rule 457(h) of the Securities Act. The price per share and aggregate offering price are based upon the weighted average exercise price of options assumed by the Registrant on May 13, 2010 pursuant to that certain Arrangement Agreement, dated as of April 6, 2010, by and among the Registrant, 7517025 Canada Ltd., Bycast Inc. and 0877638 B.C. Ltd., as the Equityholder Representative.
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PART I
INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information.

The documents containing the information specified in this Item 1 will be sent or given to employees, officers, directors or others as specified by Rule 428(b)(1). In accordance with the rules and regulations of the Securities and Exchange Commission (the "Commission") and the instructions to Form S-8, such documents are not being filed with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424.

Item 2. Registration Information and Employee Plan Annual Information.

The documents containing the information specified in this Item 2 will be sent or given to employees, officers, directors or others as specified by Rule 428(b)(1). In accordance with the rules and regulations of the Commission and the instructions to Form S-8, such documents are not being filed with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424. Such documents, together with the documents incorporated by reference herein pursuant to Item 3 of Part II of this Registration Statement on Form S-8, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act and are available upon written or oral request to: NetApp, Inc., Attn: General Counsel, 495 East Java Drive, Sunnyvale, CA 94089, Tel: 408.822.6000.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference

NetApp, Inc. (the “Registrant”) hereby incorporates by reference into this Registration Statement the following documents previously filed with the Commission:

- (a) The Registrant’s Annual Report on Form 10-K for the fiscal year ended April 30, 2010, filed with the Commission on June 18, 2010, pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “1934 Act”);
- (b) The Registrant’s Current Report on Form 8-K, filed with the Commission on May 13, 2010;
- (c) The Registrant’s Current Report on Form 8-K, filed with the Commission on May 27, 2010; and
- (d) The Registrant’s Registration Statement No. 000-27130 on Form 8-A filed with the Commission on November 1, 1995, which contains a description of the terms, rights and provisions applicable to the Registrant’s Common Stock.

All reports and definitive proxy or information statements filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act after the date of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which de-registers all securities then remaining unsold shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents; provided, however, that documents or information deemed to have been furnished and not filed in accordance with the rules of the Commission shall not be deemed incorporated by reference into this Registration Statement. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any subsequently filed document which also is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities

Not applicable.

Item 5. Interests of Named Experts and Counsel

Not applicable.

Item 6. Indemnification of Directors and Officers

Section 145 of the General Corporation Law of the State of Delaware authorizes a court to award (or a corporation's board of directors to grant) indemnification to directors and officers in terms sufficiently broad to permit the indemnification under some circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act. Article IX of the Registrant's Certificate of Incorporation provides that, subject to Delaware law, its directors will not be personally liable for monetary damages for breach of their fiduciary duties to the Registrant and its stockholders. This provision does not eliminate any director's fiduciary duties, and, in appropriate circumstances, equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. Such provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

Article VII of the Registrant's Bylaws provides for indemnification of its directors to the fullest extent authorized by General Corporation Law of the State of Delaware. The Registrant's Bylaws also provide that:

- The Registrant is required to advance the expenses, as incurred, of any such individual in connection with defending a proceeding, action or suit by reason of such individual's serving on behalf of and at the Registrant's request, except that such officer or director shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification;
- The rights conferred in the bylaws are not exclusive, and the Registrant is authorized to enter into indemnification arrangements with any person other than a director who is made a party to any action, suit or proceedings by reason of the fact that he is or was an officer or employee of the Registrant; and
- The Registrant may not retroactively amend the Bylaw provisions described above to reduce its indemnification obligations to its directors, officers, employees and agents.

In addition, the Registrant's policy is to enter into separate indemnification agreements with each of its directors and executive officers to provide for the maximum indemnification allowed to directors and executive officers by Section 145 of the General Corporation Law of the State of Delaware and which allow for certain additional procedural protections. The Registrant also maintains directors and officers insurance to insure such persons against certain liabilities.

Item 7. Exemption from Registration Claimed

Not applicable.

Item 8. Exhibits

Exhibit Number	Documents
5.1	Opinion of Wilson Sonsini Goodrich & Rosati, P.C.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Wilson Sonsini Goodrich & Rosati, P.C. is contained in Exhibit 5.1 to this Registration Statement.
24	Power of Attorney is contained on the signature page.
99.1	Bycast Inc. 2010 Equity Incentive Plan.
99.2	Incentive Stock Option Plan of Bycast Inc.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted for directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ MARK LESLIE</u> (Mark Leslie)	Director	June 18, 2010
<u>(Nicholas G. Moore)</u>	Director	June 18, 2010
<u>(George T. Shaheen)</u>	Director	June 18, 2010
<u>/s/ ROBERT T. WALL</u> (Robert T. Wall)	Director	June 18, 2010
<u>/s/ JEFFRY R. ALLEN</u> (Jeffry R. Allen)	Director	June 18, 2010
<u>/s/ ALAN EARHART</u> (Alan Earhart)	Director	June 18, 2010
<u>/s/ T. MICHAEL NEVENS</u> (T. Michael Nevens)	Director	June 18, 2010
<u>(Gerald Held)</u>	Director	June 18, 2010

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99.1	Bycast Inc. 2010 Equity Incentive Plan.
99.2	Incentive Stock Option Plan of Bycast Inc.

June 18, 2010
NetApp, Inc.
495 East Java Drive
Sunnyvale, California 94089

Ladies and Gentlemen:

You have requested our opinion with respect to certain matters in connection with the filing by NetApp, Inc. (the "Company") of a Registration Statement on Form S-8 (the "Registration Statement") with the Securities and Exchange Commission covering the offering of up to 67,515 shares of the Company's Common Stock, \$0.001 par value, pursuant to the Bycast Inc. 2010 Equity Incentive Plan, and 164,847 shares of the Company's Common Stock, \$0.001 par value (collectively, the "Shares"), pursuant to the Incentive Stock Option Plan of Bycast Inc. (together, the "Plans").

In connection with this opinion, we have examined the Registration Statement, your Certificate of Incorporation and By-laws, as amended, and such other documents, records, certificates, memoranda and other instruments as we deem necessary as a basis for this opinion. We have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies thereof, and the due execution and delivery of all documents where due execution and delivery are a prerequisite to the effectiveness thereof.

On the basis of the foregoing, and in reliance thereon, we are of the opinion that the Shares, when sold and issued in accordance with the Plans and the Registration Statement, will be validly issued, fully paid, and nonassessable (except as to shares issued pursuant to certain deferred payment arrangements, which will be fully paid and nonassessable when such deferred payments are made in full).

We consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Wilson Sonsini Goodrich & Rosati
Wilson Sonsini Goodrich & Rosati, P.C.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports dated June 18, 2010, relating to the consolidated financial statements and financial statement schedule of NetApp, Inc. and its subsidiaries (collectively, the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in the Annual Report on Form 10-K of the Company for the year ended April 30, 2010.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
June 18, 2010

**BYCAST INC.
2010 EQUITY INCENTIVE PLAN**

**ARTICLE ONE
GENERAL PROVISIONS**

I. PURPOSE OF THE PLAN

This 2010 Equity Incentive Plan is intended to promote the interests of Bycast Inc. by providing eligible persons with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Corporation as an incentive for them to remain in the service of the Corporation.

Capitalized terms shall have the meanings assigned to such terms in the attached Appendix.

II. STRUCTURE OF THE PLAN

A. The Plan shall be divided into five separate equity programs:

(i) the Discretionary Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase Common Shares,

(ii) the Stock Appreciation Rights Program under which eligible persons may, at the discretion of the Plan Administrator, be granted stock appreciation rights that will allow individuals to receive the appreciation in Fair Market Value of the Common Shares subject to the award between the exercise date and the date of grant,

(iii) the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued Common Shares directly, either through the issuance or immediate purchase of such shares or as a bonus for services rendered the Corporation (or any Parent or Subsidiary) or pursuant to restricted stock units on such terms as the Plan Administrator deems appropriate,

(iv) the Performance Share and Performance Unit Program under which eligible persons may, at the discretion of the Plan Administrator, be granted performance shares and performance units, which are awards that will result in a payment to a Participant only if the performance goals or other vesting criteria the established by the Plan Administrator are achieved or the awards otherwise vest.

B. The provisions of Articles One and Six shall apply to all equity programs under the Plan and shall accordingly govern the interests of all persons under the Plan.

III. ADMINISTRATION OF THE PLAN

A. The Primary Committee shall have sole and exclusive authority to administer the Discretionary Option Grant, the Stock Appreciation Rights Program, Stock Issuance Programs and the Performance Share and Performance Unit Program with respect to Section 16 Insiders. Administration of the Discretionary Option Grant, Stock Appreciation Rights, Stock Issuance and Performance Share and Performance Unit Programs with respect to all other eligible persons may, at the Board's discretion, be vested in the Primary Committee or a Secondary Committee, or the Board may retain the power to administer that program with respect to all such persons.

B. Members of the Primary Committee or any Secondary Committee shall serve for such period of time as the Board may determine and may be removed by the Board at any time. The Board may also at any time terminate the functions of any Secondary Committee and reassume all powers and authority previously delegated to such committee.

C. Each Plan Administrator shall, within the scope of its administrative functions under the Plan, have full power and authority to establish such rules and regulations as it may deem appropriate for proper administration of the Discretionary Option Grant, Stock Appreciation Rights, Stock Issuance and Performance Share and Performance Unit Programs and to make such determinations under, and issue such interpretations of, the provisions of such programs and any outstanding options thereunder as it may deem necessary or advisable. Decisions of the Plan Administrator within the scope of its administrative functions under the Plan shall be final and binding on all parties who have an interest in the Discretionary Option Grant, Stock Appreciation Rights, Stock Issuance or Performance share and Performance Unit Program under its jurisdiction or any award granted thereunder.

D. Service by Board members on the Primary Committee or the Secondary Committee shall constitute service as a Board member, and Board members of each such committee shall accordingly be entitled to full indemnification and reimbursement as Board members for their service on such committee. No member of the Primary Committee or the Secondary Committee shall be liable for any act or omission made in good faith with respect to the Plan or any option grants under the Plan.

E. The foregoing provisions of this Section III are subject to Board approval of all grants to the extent required by applicable law.

IV. ELIGIBILITY

A. The persons eligible to participate in the Discretionary Option Grant, Stock Appreciation Rights, Stock Issuance and Performance Share and Performance Unit Programs are as follows:

(i) Employees, and

(ii) consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary), except that, in the case of the Discretionary Option Grant Program, only Eligible Consultants shall be eligible to participate pursuant to this Section IV.A(ii).

B. Each Plan Administrator shall, within the scope of its administrative jurisdiction under the Plan, have full authority (subject to the provisions of the Plan) to determine (i) with respect to the Discretionary Option Grant and Stock Appreciation Rights Programs, which eligible persons are to receive awards under the Discretionary Option Grant and Stock Appreciation Rights Programs, the time or times when such awards are to be made, the number of shares to be covered by each such grant, the status of an option as either an Incentive Option or a Non-Statutory Option, the time or times when each award is to become exercisable, the vesting schedule (if any) applicable to the award, the maximum term for which the award is to remain outstanding, and whether to modify or amend each award, including the discretionary authority to extend the post-termination exercisability period of awards longer than is otherwise provided for in the Plan, and (ii) with respect to awards granted under the Stock Issuance and Performance Share and Performance Unit Programs, which eligible persons are to receive awards, the time or times when such awards are to be made, the number of shares subject to awards to be issued to each Participant, the vesting schedule (if any) applicable to the awards, the consideration, if any, to be paid for shares subject to such awards and the form (cash, Common Shares, or a combination thereof) in which the award is to be settled.

V. STOCK SUBJECT TO THE PLAN

A. The shares issuable under the Plan shall be shares of authorized but unissued Common Shares. The maximum number of Common Shares which may be issued over the term of the Plan shall not exceed 349,000 shares. Shares issued under the Corporation's 2002 Incentive Stock Option Plan shall not reduce or otherwise affect the number of Common Shares available for issuance under this Plan.

B. Common Shares subject to outstanding awards shall be available for subsequent issuance under the Plan to the extent the awards expire or terminate for any reason prior to any shares being issued in settlement or upon exercise thereof. In addition, any unvested shares issued under the Plan and subsequently repurchased or reacquired by the Corporation pursuant to the Corporation's repurchase rights under the Plan shall be added back to the number of Common Shares reserved for issuance under the Plan and shall accordingly be available for reissuance through one or more subsequent awards under the Plan. Should the exercise price of an award under the Plan be paid with Common Shares or should Common Shares otherwise issuable under the Plan be withheld by the Corporation in satisfaction of the withholding taxes incurred in connection with the exercise of an award or the vesting or disposition of exercised shares or stock issuances under the Plan, then the number of Common Shares available for issuance under the Plan shall be reduced by the gross number of shares for which the award is exercised or the gross number of exercised shares or stock issuances which vest, and not by the net number of Common Shares issued to the holder of such award or exercised shares or stock issuances.

C. Should any change be made to the Common Shares by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Shares as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the 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. The adjustments determined by the Plan Administrator shall be final, binding and conclusive.

ARTICLE TWO
DISCRETIONARY OPTION GRANT PROGRAM

I. OPTION TERMS

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document shall comply with the terms specified below. Each document evidencing an Incentive Option shall, in addition, be subject to the provisions of the Plan applicable to such options.

A. Exercise Price.

1. The exercise price per share shall be fixed by the Plan Administrator but shall not be less than one hundred percent (100%) of the Fair Market Value per Common Share on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall be payable in one or more of the forms specified by the Plan Administrator, including without limitation, by one of the following forms of consideration:

(i) cash or check made payable to the Corporation, or

(ii) through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable instructions to (a) a brokerage firm reasonably satisfactory to the Corporation for purposes of administering such procedure to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such exercise and (b) the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale transaction.

Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. Exercise and Term of Options. Each option shall be exercisable at such time or times, during such period and for such number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the option. However, no option shall have a term in excess of seven (7) years measured from the option grant date (the "Option Term").

C. Effect of Termination of Service.

1. The following provisions shall govern the exercise of any options held by the Optionee at the time of cessation of Service or death:

(i) Any option outstanding at the time of the Optionee's cessation of Service for any reason shall remain exercisable for such period of time thereafter as shall be determined by the Plan Administrator and set forth in the documents evidencing the option, but no such option shall be exercisable after the expiration of the Option Term.

(ii) Any option exercisable in whole or in part by the Optionee at the time of death may be exercised subsequently by the personal representative of the Optionee's estate or by the person or persons to whom the option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution.

(iii) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of shares for which the option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the Option Term, the option shall terminate and cease to be outstanding for any shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for shares.

(iv) Should the Optionee's Service be terminated for Misconduct, then all outstanding options held by the Optionee shall terminate immediately and cease to be outstanding.

2. The Plan Administrator shall have the discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding, to extend the period of time for which the option is to remain exercisable following the Optionee's cessation of Service from the period otherwise in effect for that option to such greater period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the Option Term.

D. Shareholder Rights. The holder of an option shall have no shareholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares.

E. Limited Transferability of Options. During the lifetime of the Optionee, Incentive Options shall be exercisable only by the Optionee and shall not be assignable or transferable other than by will or by the laws of inheritance following the Optionee's death. However, with the consent of the Plan Administrator and subject to compliance with any applicable securities laws, Non-Statutory Options may be assigned in whole or in part during the Optionee's lifetime to a Permitted Assign. The person or persons who acquire a proprietary interest in the option pursuant to the assignment may only exercise the assigned portion. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate.

II. INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section II, all the provisions of Articles One, Two and Six shall be

applicable to Incentive Options. Options which are specifically designated as Non-Statutory Options when issued under the Plan shall not be subject to the terms of this Section II.

A. **Eligibility.** Incentive Options may only be granted to Employees.

B. **Dollar Limitation.** The aggregate Fair Market Value of the Common Shares (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may for the first time become exercisable as Incentive Options during any one (1) calendar year shall not exceed the sum of One Hundred Thousand Dollars (\$100,000). To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

C. **10% Stockholder.** If any Employee to whom an Incentive Option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per Common Share on the option grant date, and the Option Term shall not exceed five (5) years measured from the option grant date.

III. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. Each option, to the extent outstanding under the Plan at the time of a Corporate Transaction but not otherwise exercisable for all the option shares, shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Corporate Transaction, become exercisable for all of the Common Shares at the time subject to such option and may be exercised for any or all of those shares as fully-vested Common Shares. However, an outstanding option shall not become exercisable on such an accelerated basis if and to the extent: (i) such option is, in connection with the Corporate Transaction, to be assumed by the successor corporation (or parent thereof) or replaced with a comparable option to purchase shares of the capital stock of the successor corporation (or parent thereof), (ii) such option is to be replaced with a cash incentive program of the successor corporation which preserves the spread existing on the unvested options at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to those options or (iii) the acceleration of such option is subject to other limitations imposed by the Plan Administrator at the time of the option grant. The determination of option comparability under clause (i) above shall be made by the Plan Administrator, and its determination shall be final, binding and conclusive.

B. Immediately following the consummation of the Corporate Transaction, all outstanding options shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

C. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments to reflect such Corporate Transaction shall also be made to (i) the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall

remain substantially the same and (ii) the maximum number and/or class of securities available for issuance over the remaining term of the Plan.

D. The Plan Administrator shall have the full power and authority to accelerate the vesting of options granted under the Discretionary Option Grant Program upon a Corporate Transaction or Change in Control or upon an event or events occurring in connection with such transactions. The portion of any Incentive Option accelerated in connection with a Corporate Transaction or Change in Control shall remain exercisable as an Incentive Option only to the extent the applicable One Hundred Thousand Dollar limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Non-Qualified Option under the Federal tax laws.

E. The outstanding options shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

ARTICLE THREE **STOCK APPRECIATION RIGHTS PROGRAM**

I. STOCK APPRECIATION RIGHT TERMS

Each share appreciation right shall be evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document shall comply with the terms specified below.

A. Exercise Price.

1. The exercise price per share shall be fixed by the Plan Administrator but shall not be less than one hundred percent (100%) of the Fair Market Value per Common Share on the option grant date.

B. **Payment of SAR Amount.** Upon exercise of a stock appreciation right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

1. The difference between the Fair Market Value of a Common Share on the date of exercise over the exercise price; times
2. The number of Common Shares with respect to which the stock appreciation right is exercised.

At the discretion of the Plan Administrator, the payment upon the exercise of a stock appreciation right may be in cash, in Common Shares of equivalent value, or in some combination thereof.

C. **Exercise and Term of Stock Appreciation Rights.** Each stock appreciation right shall be exercisable at such time or times, during such period and for such number of shares as

shall be determined by the Plan Administrator and set forth in the documents evidencing the stock appreciation right. However, no stock appreciation right shall have a term in excess of seven (7) years measured from the stock appreciation right grant date.

D. **Effect of Termination of Service.** A stock appreciation right granted under the Plan will expire upon the date determined by the Plan Administrator, in its sole discretion, and set forth in the agreement evidencing the award. Notwithstanding the foregoing, the rules of Article Two Section I.C. also will apply to stock appreciation rights.

E. **Shareholder Rights.** The holder of a stock appreciation right shall have no shareholder rights with respect to the shares subject to the stock appreciation right until such person shall have exercised the stock appreciation right and become a holder of record of shares, if any, issued thereunder.

II. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. Each stock appreciation right, to the extent outstanding under the Plan at the time of a Corporate Transaction but not otherwise exercisable for all the shares subject thereto, shall automatically accelerate so that each such stock appreciation right shall, immediately prior to the effective date of the Corporate Transaction, become exercisable for all of the Common Shares at the time subject to such stock appreciation right and may be exercised for any or all of those shares as fully-vested Common Shares. However, an outstanding stock appreciation right shall not become exercisable on such an accelerated basis if and to the extent: (i) such stock appreciation right is, in connection with the Corporate Transaction, to be assumed by the successor corporation (or parent thereof) or replaced with a comparable award, (ii) such stock appreciation right is to be replaced with a cash incentive program of the successor corporation which preserves the spread existing on the unvested shares subject to the award at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to the award or (iii) the acceleration of such stock appreciation right is subject to other limitations imposed by the Plan Administrator at the time of grant. The determination of stock appreciation right comparability under clause (i) above shall be made by the Plan Administrator, and its determination shall be final, binding and conclusive.

B. Immediately following the consummation of the Corporate Transaction, all outstanding stock appreciation rights shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

C. Each stock appreciation right which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Participant in consummation of such Corporate Transaction had the stock appreciation right been exercised immediately prior to such Corporate Transaction. Appropriate adjustments to reflect such Corporate Transaction shall also be made to (i) the exercise price payable per share under each outstanding stock appreciation right, provided the aggregate exercise price for such award shall remain substantially the same and (ii) the maximum number and/or class of securities available for issuance over the remaining term of the Plan.

D. The Plan Administrator shall have the full power and authority to accelerate the vesting of stock appreciation rights granted under the Stock Appreciation Rights Program upon a Corporate Transaction or Change in Control or upon an event or events occurring in connection with such transactions.

E. The outstanding stock appreciation rights shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

ARTICLE FOUR **STOCK ISSUANCE PROGRAM**

I. STOCK ISSUANCE TERMS

Common Shares may be issued under the Stock Issuance Program through direct and immediate issuances without any intervening option grants. Each such stock issuance shall be evidenced by a Stock Issuance Agreement which complies with the terms specified below. Common Shares may also be issued under the Stock Issuance Program pursuant to grants of restricted stock and restricted stock units which entitle the recipients to retain or receive, as applicable, the shares underlying the award upon the attainment of designated performance goals or the satisfaction of specified Service requirements. The Plan Administrator, in its sole discretion, shall determine the number of Common Shares and/or restricted stock units to be granted to each Participant.

A. Purchase Price.

1. The purchase price per Common Share, if any, shall be fixed by the Plan Administrator.

2. Common Shares may be issued under the Stock Issuance Program for any item of consideration which the Plan Administrator may deem appropriate in each individual instance, including, without limitation, the following:

- (i) cash or check made payable to the Corporation, or
- (ii) past services rendered to the Corporation (or any Parent or Subsidiary).

B. Vesting/Issuance Provisions.

1. The Plan Administrator may issue Common Shares under the Stock Issuance Program which are fully and immediately vested upon issuance or which are to vest in one or more installments over the Participant's period of Service or upon attainment of specified performance objectives. Common Shares may also be issued under the Stock Issuance Program pursuant to restricted stock units which entitle the recipients to receive the shares underlying the restricted stock units and which vest in one or more installments over the Participant's period of

Service or upon attainment of specified performance objectives. The elements of the vesting schedule applicable to any awards granted under the Stock Issuance Program, namely:

(i) the Service period to be completed by the Participant or the performance objectives to be attained,

(ii) the number of installments in which the awards are to vest,

(iii) the interval or intervals (if any) which are to lapse between installments, and

(iv) the effect which death, Permanent Disability or other event designated by the Plan Administrator is to have upon the vesting schedule shall be determined by the Plan Administrator and incorporated into the Stock Issuance Agreement.

2. Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to his or her unvested Common Shares by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Shares as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting requirements applicable to the Participant's unvested Common Shares and (ii) such escrow arrangements as the Plan Administrator shall deem appropriate.

3. The Participant shall have full shareholder rights with respect to any Common Shares issued to the Participant under the Stock Issuance Program (for these purposes, shares to be issued upon settlement of a restricted stock unit award will not be issued until the award has actually been settled), whether or not the Participant's interest in those shares is vested. Accordingly, the Participant shall have the right to vote such shares and to receive any regular cash dividends paid on such shares.

4. Should the Participant cease to remain in Service while holding one or more unvested Common Shares issued under the Stock Issuance Program or should the performance objectives not be attained with respect to one or more such unvested Common Shares, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further shareholder rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for cash consideration, unless the Plan Administrator provides otherwise, the Corporation shall repay that consideration to the Participant at the time the shares are surrendered.

5. The Plan Administrator may in its discretion waive the surrender and cancellation of one or more unvested Common Shares (or other assets attributable thereto) which would otherwise occur upon the cessation of the Participant's Service or the non-attainment of the performance objectives applicable to those shares. Such waiver shall result in the immediate vesting of the Participant's interest in the Common Shares as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives.

6. Outstanding restricted stock units under the Stock Issuance Program shall automatically terminate, and no Common Shares shall actually be issued in satisfaction of those awards, if the performance goals or Service requirements established for such awards are not attained or satisfied. The Plan Administrator, however, shall have the discretionary authority to issue Common Shares under outstanding awards in satisfaction of one or more outstanding restricted stock unit awards as to which the designated performance goals are not attained or satisfied. On the date set forth in the Stock Issuance Agreement, all unearned restricted stock units shall be forfeited to the Company.

7. Upon meeting the applicable vesting criteria, the Participant shall be entitled to a payout of restricted stock units as specified in the Stock Issuance Agreement. Notwithstanding the foregoing, after the grant of restricted stock units, the Plan Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such restricted stock units. Payment of earned restricted stock units shall be made as soon as practicable after the date(s) set forth in the Stock Issuance Agreement or as otherwise provided in the applicable Stock Issuance Agreement or as required by applicable laws. The Plan Administrator, in its sole discretion, may pay earned restricted stock units in cash, in Common Shares (which have an aggregate Fair Market Value equal to the value of the earned restricted stock units), or a combination thereof.

II. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. All of the Corporation's outstanding repurchase rights under the Stock Issuance Program shall terminate automatically, and all the Common Shares subject to those terminated rights and the awards issued under the Stock Issuance Program shall immediately vest in full (with all performance goals or other vesting criteria deemed achieved at target levels), in the event of any Corporate Transaction, except to the extent (i) the awards as to which those repurchase rights or other vesting criteria pertain are to be assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed in the Stock Issuance Agreement.

B. The Plan Administrator shall have the discretionary authority, exercisable either at the time the unvested shares are issued or any time while the Corporation's repurchase rights remain outstanding under the Stock Issuance Program or while the awards under the Stock Issuance Program are unvested, to provide that those rights or awards shall automatically terminate in whole or in part, and the Common Shares subject to those terminated rights or awards shall immediately vest upon a Corporate Transaction or Change in Control or upon an event or events associated with such transactions.

III. SHARE ESCROW/LEGENDS

Unvested shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing those unvested shares.

ARTICLE FIVE
PERFORMANCE SHARE AND PERFORMANCE UNIT PROGRAM

I. PERFORMANCE UNITS AND PERFORMANCE SHARES

Common Shares or cash may be issued under the Performance Share or Performance Unit Program through awards of performance shares and performance units, which are awards that will result in a payment to a Participant only if the performance goals or other vesting criteria established by the Plan Administrator are achieved or the awards otherwise vest. Each award granted hereunder shall be evidenced by an agreement in such form as the Plan Administrator shall determine which complies with the terms specified below.

A. **Grant of Performance Units/Shares.** The Plan Administrator will have complete discretion in determining the number of performance units and performance shares granted to each Participant provided that during any calendar year.

B. **Value of Performance Units/Shares.** Each performance unit will have an initial value that is established by the Plan Administrator on or before the date of grant. Each performance share will have an initial value equal to the Fair Market Value of a Common Share on the date of grant.

C. **Performance Objectives and Other Terms.** The Plan Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as an Employee) in its discretion which, depending on the extent to which they are met, will determine the number or value of performance units/shares that will be paid out to the Participant. Each Award of performance units/shares will be evidenced by an agreement that will specify the Performance Period, and such other terms and conditions as the Plan Administrator, in its sole discretion, will determine. The Plan Administrator may set performance objectives based upon the achievement of Company-wide, divisional, or individual goals, or any other basis determined by the Plan Administrator in its discretion.

D. **Earning of Performance Units/Shares.** After the applicable Performance Period has ended, the holder of performance units/shares will be entitled to receive a payout of the number of performance units/shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a performance unit/share, the Plan Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance unit/share.

E. **Form and Timing of Payment of Performance Units/Shares.** Payment of earned performance units/shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned performance units/shares in the form of cash, in Common Shares (which have an aggregate Fair Market Value equal to the value of the earned performance units/shares at the close of the applicable Performance Period) or in a combination thereof.

F. **Cancellation of Performance Units/Shares.** On the date set forth in the agreement evidencing the award, all unearned or unvested performance units/shares will be forfeited to the Company, and again will be available for grant under the Plan.

II. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. All performance goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met with respect to performance shares and performance units in the event of any Corporate Transaction, except to the extent (i) those awards are assumed or an equivalent option or right substituted by the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed in the award Agreement.

B. The Plan Administrator shall have the discretionary authority, exercisable either at the time the unvested awards are granted or any time while such awards remain unvested and outstanding under the Performance Share or Performance Unit Program, to provide that those awards shall immediately vest upon a Corporate Transaction or Change in Control or upon an event or events associated with such transactions.

ARTICLE SIX **MISCELLANEOUS**

I. TAX WITHHOLDING

A. The Corporation's obligation to deliver Common Shares upon the exercise or issuance of awards or vesting of such shares under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

B. The Plan Administrator may, in its discretion, provide any or all holders of unexercised or unvested awards under the Plan with the right to use Common Shares in satisfaction of all or part of the minimum Withholding Taxes to which such holders become subject in connection with the exercise of their awards or the vesting or disposition of their shares issued pursuant thereto. Such right may be provided to any such holder in either or both of the following formats:

(i) Stock Withholding: The election to have the Corporation withhold, from the Common Shares otherwise issuable upon the exercise of such award, the vesting or issuance of such shares or upon disposition of the shares, a portion of those shares with an aggregate Fair Market Value equal to the percentage of the Withholding Taxes (not to exceed one hundred percent (100%) of the minimum amount required to be withheld) designated by the holder.

(ii) Stock Delivery: The election to deliver to the Corporation, at the time the award is exercised, the shares vest or are otherwise issued or upon disposition of the shares, one or more Common Shares previously acquired by such holder (other than in connection with the exercise of an award or stock vesting triggering the Withholding Taxes) with an aggregate Fair Market Value equal to the percentage of the Withholding Taxes (not to exceed one hundred percent (100%) of the minimum amount required to be withheld) designated by the holder.

II. EFFECTIVE DATE AND TERM OF THE PLAN

The Plan became effective on the Plan Effective Date and shall remain in effect until the earliest of (i) the tenth (10th) anniversary of the Plan Effective Date, (ii) the date on which all shares available for issuance under the Plan shall have been issued or (iii) the termination of all outstanding awards in connection with a Corporate Transaction (unless the acquiror assumes the Plan in the transaction). Upon such Plan termination, all outstanding awards and unvested shares issued pursuant to awards shall continue to have force and effect in accordance with the provisions of the documents evidencing such awards.

III. AMENDMENT OF THE PLAN

The Board or the Primary Committee shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects, subject to any shareholder approval which may be required pursuant to applicable laws or regulations; provided, however, that the Board or the Primary Committee may not, without shareholder approval, (i) increase the number of Common Shares authorized for issuance under the Plan, or (ii) materially increase the benefits offered to participants under the Plan. No amendment or modification shall adversely affect any rights and obligations with respect to awards at the time outstanding under the Plan unless the Optionee or Participant consents to such amendment or modification. The Board or the Primary Committee may modify or amend awards to reduce the exercise price of an award after it has been granted or cancel any outstanding award and immediately replace it with a new award with a lower exercise price, provided, that the per share exercise price of an award may never be less than Fair Market Value on the date of such modification or amendment.

IV. REGULATORY APPROVALS

A. The implementation of the Plan, the granting of any award under the Plan and the issuance of any Common Shares pursuant to an award shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the awards granted under it and the Common Shares issued pursuant to it.

B. No Common Shares or other assets shall be issued or delivered under the Plan unless and until there shall have been compliance with all applicable requirements of Federal, state and Canadian provincial securities laws and all applicable listing requirements of any stock exchange (or national market system, if applicable) on which the Common Shares are then listed for trading.

V. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of Common Shares under the Plan shall be used for general corporate purposes.

VI. NO EMPLOYMENT/SERVICE RIGHTS

Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining such person) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

APPENDIX

The following definitions shall be in effect under the Plan:

A. **Board** shall mean the Corporation's Board of Directors.

B. **Change in Control** shall mean a change in ownership or control of the Corporation effected through either of the following transactions:

(i) the acquisition, directly or indirectly, by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation), of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's shareholders, or

(ii) a change in the composition of the Board over a period of thirty-six (36) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

C. **Code** shall mean the Internal Revenue Code of 1986, as amended.

D. **Common Share** shall mean a common share of the Corporation, without nominal or par value.

E. **Corporate Transaction** shall mean either of the following shareholder-approved transactions to which the Corporation is a party:

(i) a merger or consolidation or other transaction in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction; or

(ii) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation.

F. **Corporation** shall mean Bycast Inc., and any corporate successor to all or substantially all of the assets or voting stock of Bycast Inc. which shall by appropriate action adopt the Plan.

G. **Discretionary Option Grant Program** shall mean the discretionary option grant program in effect under Article Two of the Plan.

H. **Eligible Consultant** shall mean a person, other than an Employee of the Corporation or of a related entity of the Corporation, that

(i) is engaged to provide services to the Corporation or a related entity of the Corporation, other than services provided in relation to a distribution,

(ii) provides the services under a written contract with the Corporation or a related entity of the Corporation, and

(iii) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a related entity of the Corporation

and may include (x) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner, and (y) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a related entity of the Corporation.

I. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

J. **Exercise Date** shall mean the date on which the Corporation shall have received written notice of the option exercise.

K. **Fair Market Value** per Common Share on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Shares are at the time traded on a national market system, then the Fair Market Value shall be the closing selling price per Common Share on the date immediately preceding the date in question, as such price is officially quoted in the composite tape of transactions on such national market system or published in *The Wall Street Journal*. If there is no closing selling price for the Common Shares on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Shares are at the time listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per Common Share on the date immediately preceding the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Shares, as such price is officially quoted in the composite tape of transactions on such exchange and published in *The Wall Street Journal*. If there is no closing selling price for the Common Shares on the date immediately preceding the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of an established market for the Common Shares, the Fair Market Value thereof shall be determined in good faith by the Plan Administrator.

L. **Incentive Option** shall mean an option which satisfies the requirements of Code Section 422.

M. **Misconduct** shall mean the commission of any act of fraud, embezzlement or dishonesty by the Optionee, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by such person adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not be deemed to be inclusive of all the acts or omissions which the Corporation (or any Parent or Subsidiary) may consider as grounds for the dismissal or discharge of any Optionee or other person in the Service of the Corporation (or any Parent or Subsidiary).

N. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended.

O. **Net Income** means as to any Performance Period, the Corporation's or a business unit's income after taxes.

P. **Non-Statutory Option** shall mean an option not intended to satisfy the requirements of Code Section 422.

Q. **Optionee** shall mean any person to whom an option is granted under the Plan.

R. **Parent** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in, and has the power to direct the management and policies of, one of the other corporations in such chain.

S. **Participant** shall mean any person who is issued an award under the Stock Appreciation Rights, Stock Issuance, or Performance Share and Performance Unit Programs.

T. **Performance Period** means any fiscal year of the Corporation or such other period as determined by the Administrator in its sole discretion.

U. **Performance Share and Performance Unit Program** shall mean the performance share and performance unit program in effect under Article Five of the Plan.

V. **Permanent Disability or Permanently Disabled** shall mean the inability of the Optionee or the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

W. **Permitted Assign** shall mean, for a person that is an Employee or an Eligible Consultant of the Corporation or of a related entity of the Corporation,

- (i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
- (ii) a holding entity of the person,
- (iii) a RRSP, RRIF, or TFSA of the person,
- (iv) the spouse of the person,
- (v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,
- (vi) a holding entity of the spouse of the person, or
- (vii) a RRSP, RRIF, or TFSA of the spouse of the person.

X. **Plan** shall mean the Corporation's 2010 Equity Incentive Plan, as set forth in this document.

Y. **Plan Administrator** shall mean the particular entity, whether the Primary Committee, the Board or the Secondary Committee, which is authorized to administer the Discretionary Option Grant, Stock Appreciation Rights, Stock Issuance and Performance Share and Performance Unit Programs with respect to one or more classes of eligible persons, to the extent such entity is carrying out its administrative functions under such program with respect to the persons under its jurisdiction; provided, however, that the Plan Administrator shall mean the Board to the extent required by applicable law in connection with grants under the Plan.

Z. **Plan Effective Date** shall mean April 4, 2010 the date on which the Board adopted the Plan.

AA. **Primary Committee** shall mean the committee of two (2) or more non-employee Board members appointed by the Board to administer the Discretionary Option Grant Program with respect to Section 16 Insiders; provided, however, that the Primary Committee shall mean the Board to the extent required by applicable law in connection with grants under the Plan.

BB. **Secondary Committee** shall mean a committee of Board members or of other individuals satisfying applicable laws appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to eligible persons other than Section 16 Insiders.

CC. **Section 16 Insider** shall mean an officer or director of the Corporation subject to the short-swing profit liabilities of Section 16 of the 1934 Act.

DD. **Service** shall mean the provision of services to the Corporation (or any Parent or Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of

directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option grant or stock issuance.

EE. **Stock Appreciation Rights Program** shall mean the stock appreciation rights program in effect under Article Three of the Plan.

FF. **Stock Exchange** shall mean the American Stock Exchange, the NASDAQ Stock Market or the New York Stock Exchange.

GG. **Stock Issuance Agreement** shall mean the agreement entered into by the Corporation and the Participant at the time of issuance of Common Shares or the grant of restricted stock units under the Stock Issuance Program.

HH. **Stock Issuance Program** shall mean the stock issuance program in effect under Article Four of the Plan.

II. **Subsidiary** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in, and has the power to direct the management and policies of, one of the other corporations in such chain.

JJ. **10% Stockholder** shall mean the owner of stock (as determined under Code Section 424(d)) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or any Parent or Subsidiary).

KK. **Withholding Taxes** shall mean the Federal, state and local income and employment withholding taxes or source deduction obligations to which the holder of options or unvested Common Shares, or the Corporation (or any Parent or Subsidiary), becomes subject in connection with the exercise of those options, or the vesting of those shares or upon the disposition of shares acquired pursuant to an option or stock issuance.

**INCENTIVE STOCK OPTION PLAN
OF BYCAST INC.**

1. Purpose of the Plan

1.1 The purpose of the Plan is to attract and retain superior directors, officers, employees and other persons or companies engaged to provide ongoing services to the Corporation, to provide a strong incentive for such persons to put forth maximum effort for the continued success and growth of the Corporation, and in combination with these goals, to encourage their equity participation in the Corporation.

2. Definitions

2.1 For the purposes of the Plan, the following terms have the respective meanings set forth below:

- (a) “Board” means the board of directors of the Corporation;
 - (b) “Committee” means the Compensation Committee of the Board, which may be constituted as provided in Section 3 hereof and if none is so constituted, means the full Board;
 - (c) “Convertible Shares” means Equity Securities which are convertible into any class of share capital of the Corporation only;
 - (d) “Corporation” means Bycast Inc., a corporation incorporated under the laws of Canada, or its successors;
 - (e) “Disability” means a physical or mental incapacity of a nature which the Board determines prevents or would prevent the Optionee from satisfactorily performing the substantial and material duties of his or her position with the Corporation;
 - (f) “Effective Date” has the meaning ascribed to that term in Subsection 13.1 hereof;
 - (g) “Eligible Person” means, from time to time
 - (i) any director, senior officer or employee of the Corporation or of an affiliate of the Corporation, and any Permitted Consultant approved by the Board; and
 - (ii) any person who as of the Effective Date is a former director, former senior officer or former employee of the Corporation or of an affiliate of the Corporation or a former Permitted Consultant and to whom the Corporation had previously committed to grant stock options to;
 - (h) “Equity Securities” means:
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- (i) shares or any other security of the Corporation that carries the residual right to participate in the earnings of the Corporation and, on liquidation, dissolution or winding-up, in the assets of the Corporation, whether or not the security carries voting rights;
 - (ii) any warrants, options or rights entitling the holders thereof to purchase or acquire any such securities; or
 - (iii) any securities issued by the Corporation which are convertible or exchangeable into such securities.
- (i) “Exchange” means any exchange upon which the Shares are listed;
- (j) “Exemption Order” means exemption order BC Instrument 45-507, of the British Columbia Securities Commission, as amended or replaced from time to time;
- (k) “Fully Converted Basis” at any time means that all shares of any class in the share capital of the Corporation convertible into Shares outstanding at that time shall be deemed to have been fully converted, in accordance with the rights, privileges, restrictions and conditions attached thereto, into Shares and Shares issuable as a result thereof shall be deemed to have been issued and to form part of the holdings of the person(s) entitled to receive such Shares.
- (l) “Fully Diluted Basis” at any time means that all options, warrants or other rights of any kind to acquire Shares and all securities convertible or exchangeable into Shares outstanding at that time shall be deemed to have been fully exercised, converted or exchanged, as the case may be, and the Shares issuable as a result thereof shall be deemed to have been fully issued and to form part of the holdings of the person(s) entitled to receive such Shares;
- (m) “Grant Date” has the meaning ascribed to that term in Subsection 5.1 hereof;
- (n) “Market Value” of a Share means, on any given day:
- (i) where the Share is not listed on an Exchange, the fair market value of a Share on that day determined by the Board in good faith;
 - (ii) where the Exemption Order is not relied on by the Corporation in trading an Option to a Permitted Consultant and where the Share is listed on an Exchange, the closing board lot sale price per share of Shares on the Exchange on the trading day immediately preceding the relevant date and if there was not a board lot sale on the Exchange on such date, then the last board lot sale prior thereto; and
 - (iii) where the Exemption Order is relied on by the Corporation in trading an Option to a Permitted Consultant and where the Share is listed on an Exchange, the simple average of the closing prices per Share on the Exchange for each of the business days on which there was a closing price
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falling not more than 20 business days before that date, or if the Exemption Order requires a different Market Value, that Market Value;

- (o) “Option” means an option, granted pursuant to Section 5 hereof, to purchase a Share;
 - (p) “Option Agreement” means, in respect of an Option, the Option Agreement entered into pursuant to Subsection 7.1 hereof;
 - (q) “Option Period” has the meaning ascribed to that term in Subsection 6.3 hereof;
 - (r) “Option Price” means the price per Share at which Shares may be purchased under the Option, as determined pursuant to Paragraph 5.1(b) hereof and as may be adjusted in accordance with Section 10 hereof;
 - (s) “Optionee” means an Eligible Person to whom an Option has been granted;
 - (t) “Permitted Consultant” means an Eligible Person who is a “permitted consultant” as that term is used in the Exemption Order;
 - (u) “Plan” means the Incentive Stock Option Plan of the Corporation as set forth herein as the same may be amended and/or restated from time to time;
 - (v) “Purchaser” means a bona fide third party, or third parties acting in concert, who is/are at arms-length (as such term is defined in the Income Tax Act (Canada)) with the Corporation;
 - (w) “Retirement” has the meaning ascribed to that term in Subsection 8.1 hereof;
 - (x) “Sale Transaction” means:
 - (i) any sale of all or substantially all of the assets of the Corporation (other than in a spin-off or similar transaction); or
 - (ii) any amalgamation, arrangement, merger or other consolidation after which the voting securities of the Corporation outstanding immediately prior thereto represent (either by remaining outstanding or by being converted into voting securities of the surviving or acquiring entity) less than 50% of the combined voting power of the voting securities of the Corporation or such surviving or acquiring entity outstanding immediately after such event; or
 - (iii) any other sale of the business of the Corporation, as determined by the Board other than a Substantial Sale;
 - (y) “Securities Regulators” has the meaning ascribed to that term in Section 11 hereof;
-

- (z) “Selling Shareholders” means a member or group of members of the Corporation who agree to sell Equity Securities;
- (aa) “Share” means, subject to Section 10 hereof, a Common share without nominal or par value in the capital of the Corporation; and
- (bb) “Substantial Sale” means the agreement of Selling Shareholders to sell to a Purchaser Equity Securities representing more than 70% of all Shares of the Company (calculated on a Fully Diluted Basis, provided that the term Fully Diluted Basis for the purposes of this definition shall not include any Equity Securities which, if exercised, converted or exchanged, would put the holder thereof in a worse economic position given the purchase prices payable by the Purchaser to the Selling Shareholders) where the Purchaser also offers to buy the Options of all Optionees.

2.2 Unless otherwise indicated, all dollar amounts referred to in this Option Plan are in Canadian funds.

2.3 As used in this Plan, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa, unless the context otherwise requires.

3. Administration of the Plan

3.1 The Plan shall be administered by the Board with the assistance of a Compensation Committee (the “Committee”) if one is so constituted.

3.2 If so constituted, the members of the Committee shall be appointed from time to time by, and serve at the pleasure of, the Board. A majority of the Committee shall constitute a quorum thereof. Acts approved in writing by all members of the Committee shall constitute valid acts of the Committee as if taken at a meeting at which a quorum was present.

3.3 The Committee, if one is so constituted, shall, on at least an annual basis, make recommendations to the Board as to the grant of Options.

3.4 The Board may wait until such time as the financial statements of the preceding fiscal year are approved by the Board before making any determination regarding the grant of Options.

3.5 In addition to the powers granted to the Board under the Plan and subject to the terms of the Plan, the Board shall have full and complete authority to interpret the Plan, to prescribe such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and to take such actions in connection therewith as it deems necessary or advisable. Any such interpretation, rule, determination or other act of the Board shall be conclusively binding upon all persons.

3.6 The Board may authorize one or more officers of the Corporation to execute and deliver and to receive documents on behalf of the Corporation.

4. Shares Subject to the Plan

4.1 The maximum aggregate number of Shares which may be issued under the Plan shall not exceed 2,285,837 Shares, subject to adjustment as provided in Section 10 hereof.

4.2 The total number of Shares that may be reserved for issuance to any one person pursuant to Options shall not exceed 5% of the total number of shares of all classes of the share capital of the Corporation outstanding on a non-diluted basis on the Grant Date of the Options.

4.3 Where the Exemption Order is or has been relied on by the Corporation in granting an Option to a Permitted Consultant, the total number of Shares reserved for issuance under options granted to Permitted Consultants shall not exceed 2% of the total number of shares of all classes of the share capital of the Corporation outstanding on a non-diluted basis on the Grant Date of the Option.

4.4 Anything in this Plan to the contrary notwithstanding:

- (a) the maximum number of Shares that may reserved for issuance pursuant to Options granted under the Plan to insiders of the Corporation (as "insider" is defined in the Securities Act (British Columbia) but excluding any person within that definition solely by virtue of being a director or officer of a subsidiary) and their associates, together with the number of Shares reserved for issuance to such insiders and their associates under the Corporation's other previously established or proposed share compensation arrangements, shall not exceed 10% of the Shares of the Corporation outstanding on a non-diluted basis at the Grant Date of the Options; and
- (b) the maximum number of Shares which may be issued to insiders of the Corporation and their associates under the Plan within any one-year period, when taken together with the number of Shares issued to such insiders and their associates under the Corporation's other previously established or proposed share compensation arrangements, shall not exceed 10% of the Shares of the Corporation outstanding on a non-diluted basis at the end of such period and, in the case of any one insider and his associates, shall not exceed 5% of such outstanding Shares.

4.5 Options may be granted in respect of authorized and unissued Shares. Shares in respect of which Options have expired shall be available for subsequent Options under the Plan. No fractional Shares may be purchased or issued under the Plan.

4.6 For purposes of this Section 4 all outstanding but unexercised Options shall be included when determining the total number of Shares of the Corporation.

4.7 If an Option expires or becomes unexercisable for any reason without having been exercised in full, or is surrendered, the unpurchased Shares that were subject thereto shall unless the Plan has been terminated become available for future grant under the Plan.

5. Grants of Options

5.1 Subject to the provisions of the Plan, the Board shall, in its sole discretion and from time to time, determine those Eligible Persons to whom Options shall be granted and the date on which such Options are to be granted (the "Grant Date"). The Board shall also determine, in connection with each grant of Options:

- (a) the number of Options to be granted;
- (b) the Option Price applicable to each Option, but the Option Price shall not be less than the Market Value per Share on the Grant Date except in the case of Options which are being granted to Eligible Persons pursuant to commitments of the Corporation made prior to the Effective Date in which case the Option Price shall be equal to the price at which the Corporation agreed to grant such Options;
- (c) the vesting schedule for such Options; and
- (d) the other terms and conditions (which need not be identical and which, without limitation, may include non-competition provisions) of all Options covered by any grant.

6. Eligibility, Vesting and Terms of Options

6.1 Options may be granted to Eligible Persons only.

6.2 Subject to the adjustments provided for in Section 10 hereof, each Option shall entitle the Optionee to purchase one Share.

6.3 The option period (the "Option Period") of each Option commences on the Grant Date and expires at 4:30 p.m. Vancouver time on the tenth anniversary of the Grant Date.

6.4 An Option which has vested may be exercised (in each case to the nearest full Share) at any time during the Option Period.

6.5 Subject to the provisions of Subsections 6.6 and 6.7 hereof and compliance with all applicable law and the rules of an Exchange, Options shall vest as follows:

- (a) in accordance with the vesting schedule which is set out in the Option Agreement; or
 - (b) if no vesting schedule is set out in the Option Agreement, then the Options shall vest as follows:
 - (i) 25% of the Options granted shall vest on the first anniversary of the Grant Date; and
 - (ii) an additional 6.25% of the Options granted shall vest each three months after the first anniversary of the Grant Date.
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6.6 In the event the Board decides that the Shares should become listed for trading on any recognized stock exchange in Canada or the United States or NASDAQ or the Corporation commences a public offering, then:

- (a) the Board may in its discretion accelerate the vesting of Options prior to the date the Shares are listed for trading; and
- (b) the Optionee shall enter into all such escrow, pooling or other agreements as are required by the securities regulatory authorities, the exchange, the agents or the underwriters in connection with such listing or public offering.

6.7 Upon the occurrence of a Sale Transaction, the Board or the board of directors of the surviving or acquiring entity (as used in this Subsection 6.7 and Subsection 6.8, also the "Board"), shall, as to outstanding Options (on the same basis or on different bases, as the Board shall specify), make appropriate provision for the continuation of such Options by the Corporation or the assumption of such Options by the surviving or acquiring entity and by substituting on an equitable basis for the Shares then subject to such Options either: (a) the consideration payable with respect to the outstanding Shares in connection with the Sale Transaction, (b) shares of the surviving or acquiring corporation, or (c) such other securities as the Board deems appropriate, the fair market value of which (as determined by the Board in its sole discretion) shall not materially differ from the fair market value of the Shares subject to such Options immediately preceding the Sale Transaction. In addition to or in lieu of the foregoing, with respect to outstanding Options, the Board may, upon written notice to the affected Optionees, provide that one or more Options must be exercised, to the extent then exercisable or to be exercisable as a result of the Sale Transaction, within a specified number of days of the date of such notice, at the end of which period such Options shall terminate; or terminate one or more Options in exchange for a cash payment equal to the excess of the fair market value (as determined by the Board in its sole discretion) of the Shares subject to such Options (to the extent then exercisable or to be exercisable as a result of the Sale Transaction) over the exercise price thereof. Further, in the event of a Sale Transaction the Board may in its discretion accelerate the vesting of Options prior to the date of the Sale Transaction on such terms and conditions as the Board may deem appropriate. Without limiting the foregoing, such conditions may include a condition precedent that prior to issuing any Shares to an Optionee pursuant to the exercise of an Option the Optionee must agree in writing to sell his or her Shares to the acquiring entity on the same terms and conditions as accepted by the other shareholders of the Corporation.

6.8 For the purposes of the Board determining the fair market value of the Options in Subsection 6.7, if the Selling Shareholders have agreed to sell Convertible Shares, the Board shall calculate the fair market value on an as converted basis (and if there is more than one conversion rate applicable to different classes or series of Convertible Shares outstanding, the conversion shall be computed on a pro rata basis based upon the ratio of the number of shares which holders of each class or series of Convertible Shares may acquire to the total number of shares which all holders of all classes and series of Convertible Shares may acquire).

6.9 Upon the occurrence of a Substantial Sale, the Optionee must sell his or her Options to the Purchaser at a price equal to:

The number of Shares then exercisable under the Option X The price per Share being paid by the Purchaser to the Selling Shareholders **minus** the exercise price per Share under the Option

and on otherwise similar terms and conditions as are applicable under the Substantial Sale. If the Selling Shareholders have agreed to sell Convertible Shares, the price per Share applicable in the above formula shall be calculated on an as converted basis (and if there is more than one conversion rate applicable to different classes or series of Convertible Shares outstanding, the conversion shall be computed on a pro rata basis based upon the ratio of the number of Shares which holders of each class or series of Convertible Shares may acquire to the total number of Shares which all holders of all classes and series of Convertible Shares may acquire.)

If the Purchaser offers to buy the Options of an Optionee and the Optionee does not sell the Options to the Purchaser as contemplated above, then that Optionee's Options will expire, terminate and be cancelled on completion of the Substantial Sale.

6.10 An Option is personal to the Optionee and may not be sold, pledged, mortgaged, assigned, transferred or otherwise disposed of otherwise than by will or by the laws governing the devolution of property in the event of death of the Optionee.

7. Option Agreement

7.1 Upon the grant of an Option, the Corporation and the Optionee shall enter into an option agreement, in a form approved by the Board, subject to the terms and conditions of the Plan, which agreement shall set out the Optionee's agreement that the Options are subject to the terms and conditions set forth in the Plan as it may be amended or replaced from time to time, the Grant Date, the name of the Optionee, the Optionee's position with the Corporation, the number of Options, the Option Price, the expiry date of the Option Period, the vesting schedule if it is different from that set out in Paragraph 6.5(b) hereof and such other terms and conditions as the Board may deem appropriate.

8. Termination of Employment, Engagement or Directorship

8.1 Any Optionee whose employment, engagement or directorship with the Corporation is terminated due to retirement on or after such Optionee's normal retirement date under the applicable retirement plan or policy of his or her employer or due to early retirement with the consent of the Board (collectively, "Retirement") shall have 90 days from the date of such termination to exercise any Option granted hereunder to the extent such Option was exercisable and had vested on such date of termination; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto.

8.2 Any Optionee whose employment, engagement or directorship with the Corporation is terminated due to Disability shall have 180 days from the date of such termination to exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of such termination; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto.

8.3 In the event of the death of an Optionee, either while in the employment or engagement or while a director of the Corporation or after Retirement, the Optionee's estate may, within 180 days from the date of the Optionee's death, exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of the Optionee's death; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto. The Optionee's estate shall include only the executors or administrators of such estate and persons who have acquired the right to exercise such Option directly from the optionee by bequest or inheritance.

8.4 In the event an Optionee's employment, engagement or directorship terminates for any reason other than death, Disability, Retirement or cause, the Optionee may exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of termination (which termination in the case of an employee is determined to be the last day of active employment regardless of any salary continuance or notice period to the Corporation) no later than ninety (90) days after such termination; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto. In the event an Optionee's employment, engagement or directorship is terminated for cause, each Option held by the Optionee that has not been effectively exercised prior to the date of termination shall lapse and become null and void immediately on the date of termination.

8.5 The Board may also in its sole discretion, either at the time of grant or subsequently, increase the periods permitted to exercise all or any of the Options covered by any Grant following a termination of employment, engagement or directorship as provided in Subsections 8.1, 8.2, 8.3 or 8.4 above, if allowable under applicable law; provided, however, that in no event shall any Option be exercisable following the expiration of the Option Period applicable thereto.

8.6 The Plan shall not confer upon any Optionee any right with respect to a continuation of employment or engagement by, or directorship of, the Corporation nor shall it interfere in any way with the right of the Corporation to terminate any Optionee's employment or engagement at any time.

9. Exercise of Options

9.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised, together with a certified cheque or bank draft for the aggregate of the Option Prices to be paid for the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

9.2 No less than 100 Options may be exercised at any one time, except where a smaller number of Options is or remains exercisable pursuant to a grant, in which case, such smaller number of Options must be exercised at one time.

9.3 The Board may at any time offer to buy out for a payment in cash or Shares an Option previously granted under the Plan based on such terms and conditions as the Board shall establish and communicate to the Optionee at the time such offer is made.

10. Adjustment on Alteration of Share Capital

10.1 In the event of a subdivision, consolidation or reclassification of outstanding Shares or other capital adjustment, or the payment of a stock dividend thereon, the number of Shares reserved or authorized to be reserved under the Plan, the number of Shares receivable on the exercise of an Option and the Option Price therefor shall be increased or reduced proportionately and such other adjustments shall be made as may be deemed necessary or equitable by the Board.

10.2 If the Corporation amalgamates, consolidates with or merges with or into another body corporate, whether by way of amalgamation, statutory arrangement or otherwise (the right to do so being hereby expressly reserved), then, subject to Subsections 6.7 and 6.9 hereof, any Share receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his or her Option immediately prior to the effective date of such amalgamation, consolidation or merger and the Option Price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

10.3 In the event of a change in the Corporation's currently authorized Shares which is limited to a change in the designation thereof, the shares resulting from any such change shall be deemed to be Shares within the meaning of the Plan.

10.4 In the event of any other change affecting the Shares, such adjustment, if any, shall be made as may be deemed equitable by the Board to properly reflect such event.

10.5 No adjustment provided in this Section 10 shall require the Corporation to issue a fractional Share and the total adjustment with respect to each Option shall be limited accordingly.

11. Regulatory Approval

11.1 Notwithstanding any of the provisions contained in the Plan or any Option, the Corporation's obligation to issue Shares and to issue and deliver certificates for such Shares to an Optionee pursuant to the exercise of an Option shall be subject to:

- (a) compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities in Canada ("Securities Regulators")
 - (b) compliance with the requirements of an Exchange; and
 - (c) receipt from the Optionee of such covenants, agreements, representations and undertakings, including as to future dealings in such Shares, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.
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11.2 The Corporation shall in no event be obligated to take any action in order to cause the issuance and delivery of such certificates to comply with any laws, regulations, rules, orders or requirements.

11.3 If any amendment, modification or termination to the provisions hereof or any Option made pursuant hereto are required by any Securities Regulators or an exchange as a condition of approval to a distribution to the public of any Shares or to obtain a listing of any Shares, the Board is authorized to make such amendments and thereupon the terms of the Plan, any Options, including any option agreement made pursuant hereto, shall be deemed to be amended accordingly without requiring the consent or agreement of any Optionee.

12. Miscellaneous

12.1 An Optionee entitled to Shares as a result of the exercise of an Option shall not be deemed for any purpose to be, or to have rights as, a shareholder of the Corporation by such exercise, except to the extent Shares are issued therefor and then only from the date such Shares are issued. No adjustment shall be made for dividends or distributions or other rights which the record date is prior to the date such Shares are issued.

12.2 The Corporation may require an Optionee, as a condition of exercise of an Option, to pay or reimburse any taxes which are required to be withheld in connection with the exercise of such Option.

13. Effective Date, Amendment and Termination

13.1 The Plan is effective as of, March 12, 2002 (the "Effective Date").

13.2 The Board may, subject to required Securities Regulators and/or Exchange approval, from time to time amend, suspend or terminate the Plan in whole or in part.

13.3 No action by the Board to terminate the Plan pursuant to this Section 13 shall affect any Options granted hereunder which became effective pursuant to the Plan prior to such action.

13.4 The Board may amend, modify or terminate any outstanding Option, including, but not limited to, substituting another award of the same or of a different type or changing the date of exercise; provided, however that, the Optionee's consent to such action shall be required unless the Board determines that the action, when taken with any related action, would not materially and adversely affect the Optionee or is made pursuant to Section 11 hereof.

BYCAST INC.
INCENTIVE STOCK OPTION PLAN
OPTION AGREEMENT

This Option Agreement is entered into between Bycast Inc. (the "Corporation") and the Optionee named below pursuant to the Corporation's Stock Option Plan (the "Plan") a copy of which is attached hereto, and confirms the following:

1. Grant Date: _____
2. Optionee: _____
3. Optionee's Position with the Corporation: _____
4. Number of Options: _____
5. Option Price (CDN\$ per Common Share): _____
6. Expiry Date: Ten years after the Grant Date subject to the terms of the Plan.

[Note: Where the Board has determined to extend the period following termination etc. that the Optionee may exercise the Option then the wording of paragraph 6 should be reworded as follows:

"Ten years after the Grant Date. Pursuant to a determination made by the Board under Subsection 8.5 of the Plan, the period during which such Option is exercisable following a termination of employment, engagement or directorship has been extended so that such Option shall be exercisable for the full ten year period following the Grant Date."

7. Vesting Schedule: _____ % _____
_____ % _____
_____ % _____
_____ % _____

Note: If no vesting schedule is specified then Options shall vest in accordance with Subsection 6.5(b) of the Plan.

8. Subject to the terms of the Plan, each Option that has vested in accordance with the Plan entitles the Optionee to purchase one Common Share at any time on or before the Expiry Date noted above.
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9. This Option Agreement is subject to the terms and conditions set out in the Plan, as amended or replaced from time to time. In the case of any inconsistency between this Option Agreement and the Plan, the Plan shall govern.

10. Unless otherwise indicated, all defined terms shall have the respective meanings attributed thereto in the Plan.

11. The Optionee acknowledges that he, she, or its authorized representative has read and understands the Plan.

12. [The Optionee acknowledges that the Options granted hereunder are being granted in full satisfaction of the Corporation's agreement to grant to the Optionee that number of options set out above pursuant to the employment agreement entered into by the Corporation and the Optionee dated •, 200 ____.]

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the _____ day of _____, 200____.

Signature of Optionee

Name of Optionee (Please Print)

BYCAST INC.

By: _____
Authorized Signatory