

TIDELANDS OIL & GAS CORP/WA
Form 10-Q
August 20, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

Form 10-Q

(Mark one)

Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For the quarterly period ending June 30, 2007

Transition Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 0-29613

TIDELANDS OIL & GAS CORPORATION

(Exact name of small business issuer as specified in its charter)

Nevada
(State of incorporation)

66-0549380
(IRS Employer ID Number)

1862 West Bitters Rd., San Antonio, TX 78248
(Address of principal executive offices)

(210) 764-8642
(Issuer's telephone number)

Securities registered under Section 12 (b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock - \$0.001 par value

Check whether the issuer has (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

As of August 14, 2007, there were 106,084,806 shares of Common Stock issued and outstanding.

Transitional Small Business Disclosure Format: Yes No

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FORM 10-Q**

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CONDENSED CONSOLIDATED BALANCE SHEETS****ASSETS**

	June 30, 2007 (Unaudited)	December 31, 2006
Current Assets:		
Cash	\$ 85,762	\$ 367,437
Accounts and Other Receivable	163,438	388,754
Inventory	115,782	84,030
Prepaid Expenses	411,571	148,551
Total Current Assets	776,553	988,772
Property Plant and Equipment, Net	10,995,265	12,364,359
Other Assets:		
Deposits	187,324	56,708
Cash Restricted	53,703	52,642
Deferred Charges	0	565,221
Goodwill	1,158,937	1,158,937
Total Other Assets	1,399,964	1,833,508
Total Assets	\$ 13,171,782	\$ 15,186,639

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Current Maturities - Note Payable	\$ 7,303,290	\$ 225,000
Accounts Payable and Accrued Expenses	2,381,748	1,624,752
Customer Deposits	9,150	0
Reserve for Litigation	2,250,000	2,250,000
Total Current Liabilities	11,944,188	4,099,752
Long-Term Debt	0	8,934,294
Total Liabilities	11,944,188	13,034,046
Stockholders' Equity:		
Common Stock, \$.001 Par Value per Share, 250,000,000 Shares Authorized, 104,908,344 and 86,457,922 Shares Issued and Outstanding at June 30, 2007 and December 31, 2006 Respectively	104,909	86,459

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Additional Paid-in Capital	51,796,193	46,703,202
Subscriptions Receivable	(110,000)	(220,000)
Minority Interest	-	-
Accumulated (Deficit)	(50,563,508)	(44,417,068)
Total Stockholders' Equity	1,227,594	2,152,593
Total Liabilities and Stockholders' Equity	\$ 13,171,782	\$ 15,186,639

See Accompanying Notes to Consolidated Financial Statements

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TIDELANDS OIL & GAS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006
Revenues:		
Gas Sales and Pipeline Fees	\$ 405,372	\$ 392,108
Construction Services	78,627	15,016
Total Revenues	483,999	407,124
Expenses:		
Cost of Sales	206,876	206,413
Operating Expenses	92,732	99,587
Depreciation	123,135	116,038
Impairment Loss	2,605,061	2,395,791
Interest Expense	182,322	373,950
Stock-Based Compensation – Related Parties	134,498	597,500
Sales, General and Administrative	834,858	1,002,303
Total Expenses	4,179,482	2,395,791
(Loss) From Operations	(3,695,483)	(1,988,667)
Other Income (Expense)		
(Loss) on Sale of Assets	(6,888)	0
Interest and Dividend Income	7,249	28,118
Miscellaneous	38	0
Total Other Income (Expenses)	399	28,118
Net (Loss)	\$ (3,695,084)	\$ (1,960,549)
Net (Loss) Per Common Share:		
<u>Basic and Diluted</u>	\$ (0.04)	\$ (0.03)
Weighted Average Number of Common		
Shares Outstanding	101,798,627	80,080,815

See Accompanying Notes to Condensed Consolidated Financial Statements

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TIDELANDS OIL & GAS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Revenues:		
Gas Sales and Pipeline Fees	\$ 1,407,254	\$ 1,064,614
Construction Services	180,716	144,404
Total Revenues	1,587,970	1,209,018
Expenses:		
Cost of Sales	774,597	583,279
Operating Expenses	176,103	184,118
Depreciation	245,744	231,802
Impairment Loss	2,605,061	0
Interest Expense	528,426	485,009
Stock-Based Compensation – Related Parties	1,234,498	1,187,400
Sales, General and Administrative	2,171,005	2,255,345
Total Expenses	7,735,434	4,926,953
(Loss) From Operations	(6,147,464)	(3,717,935)
Other Income (Expense)		
(Loss) on Sale of Assets	(6,888)	0
Interest and Dividend Income	7,874	61,739
Miscellaneous	38	0
Total Other Income (Expenses)	1,024	61,739
Net (Loss)	\$ (6,146,440)	\$ (3,656,196)
Net (Loss) Per Common Share:		
<u>Basic and Diluted</u>	\$ (0.06)	\$ (0.05)
Weighted Average Number of Common		
Shares Outstanding	95,683,133	79,876,700

See Accompanying Notes to Condensed Consolidated Financial Statements

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TIDELANDS OIL & GAS CORPORATION
STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Cash Flows Provided (Required) By		
Operating Activities:		
Net (Loss)	\$ (6,146,440)	\$ (3,656,196)
Adjustments to Reconcile Net (Loss) to Net Cash Provided (Required) By		
Operating Activities:		
Depreciation	245,744	231,802
Impairment Loss	2,605,061	0
Issuance of Common Stock:		
For Services Provided – Related Parties	1,234,498	1,187,400
For Services Provided – Other	908,967	311,900
Changes in:		
Accounts Receivable	225,316	161,714
Inventory	(31,752)	57,858
Prepaid Expenses	(208,854)	(115,873)
Deferred Charges	565,221	(1,264,245)
Deposits	(50)	(60,000)
Restricted Cash	(1,061)	25,096
Accounts Payable and Accrued Expenses	1,100,240	(89,539)
Customer Deposits	9,150	0
Net Cash Provided (Required) By Operating Activities	506,040	(3,210,083)
Cash Flows Provided (Required)		
By Investing Activities:		
Proceeds from Sale of Assets	2,200	0
Acquisitions of Property, Plant and Equipment	(1,483,911)	(1,383,436)
Net Cash (Required) By Investing Activities	(1,481,711)	(1,383,436)

See Accompanying Notes to Condensed Consolidated Financial Statements

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TIDELANDS OIL & GAS CORPORATION
STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS
(CONTINUED)

(UNAUDITED)

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Cash Flows Provided (Required)		
by Financing Activities:		
Proceeds from Stock Subscriptions Receivable	0	110,000
Proceeds from Exercise of Stock Option	550,000	0
Proceeds from Long-Term Loans	0	6,678,415
Proceeds from Short-Term Loan	143,996	0
Repayment of Loan by Related Party	0	3,219
Net Cash Provided by Financing Activities	693,996	6,791,634
Net Increase (Decrease) in Cash	(281,675)	2,198,115
Cash at Beginning of Period	367,437	1,113,911
Cash at End of Period	\$ 85,762	\$ 3,312,026
Supplemental Disclosures of Cash Flow Information:		
Cash Payments for Interest	\$ 103,301	\$ 408,657
Cash Payments for Income Taxes	\$ 0	\$ 0
Non-Cash Investing and Financing Activities:		
Issuance of Common Stock:		
Payments of Accrued Expenses & Accounts Payable	\$ 343,244	\$ 445,000
Conversion of Debentures	2,000,000	0
Legal Fee – Retainer	130,566	0
Prepaid Legal Fees	54,166	0
Cancellation of Common Stock:		
In Payment of Stock Subscription	(110,000)	0
Total Non-Cash Investing and Financing Activities	\$ 2,417,976	\$ 445,000

See Accompanying Notes to Condensed Consolidated Financial Statements

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 1—BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements for the six month periods ended June 30, 2007, and 2006, have been prepared in conformity with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Please note that the prior year's presentations for the Condensed Consolidated Statement of Operations and the Condensed Consolidated Statements of Cash Flows were changed to conform to current year's presentation. The financial information as of December 31, 2006, is derived from the registrant's Form 10-K for the year ended December 31, 2006. Certain information or footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission.

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, the accompanying financial statements include all adjustments necessary (which are of a normal and recurring nature) for the fair presentation of the results of the interim periods presented. While the registrant believes that the disclosures presented are adequate to keep the information from being misleading, it is suggested that these accompanying financial statements be read in conjunction with the registrant's audited consolidated financial statements and notes for the year ended December 31, 2006, included in the registrant's Form 10-K for the year ended December 31, 2006.

Operating results for the six-month period ended June 30, 2007, are not necessarily indicative of the results that may be expected for the remainder of the fiscal year ending December 31, 2007. The accompanying unaudited condensed consolidated financial statements include the accounts of the registrant, its wholly-owned subsidiaries, Rio Bravo Energy, LLC, Sonora Pipeline, LLC, Sonterra Energy Corporation, Arrecefe Management, LLC, Marea Associates, LP, Reef Ventures, LP, Reef International, LLC, Reef Marketing, LLC, Terranova Energia S. de R. L. de C. V., Esperanza Energy, LLC, and Tidelands Exploration & Production Corporation. All significant inter-company accounts and transactions have been eliminated in consolidation.

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 2- GOING CONCERN

The Company has sustained recurring losses and negative cash flows from operations. Over 2006, the Company's growth had been funded through issuance of convertible debentures. As of June 30, 2007, the Company had approximately \$85,762 of unrestricted cash. However, the Company has experienced and continues to experience negative cash flows from operations, as well as an ongoing requirement for substantial additional capital investment. The Company needs to raise substantial additional capital to accomplish its business plan this year and over the next several years. The Company is seeking to obtain such additional funding through private equity sources, from financial partners for some of its projects and the possible sale of certain operating assets along with a continued reduction of operating expenses. There can be no assurance as to the availability or terms upon which such financing and capital might be available or that asset sales will be possible at suitable pricing.

The Company's ability to continue as a going concern will depend on management's ability to successfully implement a business plan which will increase revenues, control costs, and obtain additional forms of debt and/or equity financing or financial partners. These financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3- IMPAIRMENT CHARGE

The Company incurred a non-cash impairment charge as of June 30, 2007, to reflect the difference between the carrying value and the market value of the affected asset which is its natural gas pipeline between Eagle Pass, Texas and Mexico. The charge taken was \$2,605,061 which reduced the gross value on the Company's books to \$3,501,194 from \$6,106,255 before taking accumulated depreciation into account.

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 4- PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at June 30, 2007 and December 31, 2006 is as follows:

	June 30, 2007	December 31, 2006	Estimated Economic Life
Pre-Construction Costs:			
International Crossings to Mexico	\$ 960,744	\$ 818,271	N/A
Mexican Gas Storage Facility and Related Pipelines	2,679,894	2,359,451	N/A
Domestic LNG System	2,572,852	1,567,642	N/A
Total	6,213,490	4,745,364	
Office Furniture, Equipment and Leasehold Improvements			
	182,798	185,174	5 Years
Pipeline – Eagle Pass, TX to Piedras Negras, Mexico			
	3,501,194	6,106,255	20 Years
Tanks & Lines – Propane Distribution System			
	1,913,163	1,908,247	5 Years
Machinery and Equipment	75,185	67,357	5 Years
Trucks, Autos and Trailers	126,464	126,464	5 Years
Pipeline – South TX Gas Production	490,000	490,000	15 Years
Well Equipment	2,371	2,060	5 Years
Leaseholds	11,700	10,000	N/A
Total	12,516,365	13,640,921	
Less: Accumulated Depreciation	1,521,100	1,276,562	
Net Property, Plant and Equipment	\$ 10,995,265	\$ 12,364,359	

Depreciation expense for the six months ended June 30, 2007 and for the year ended December 31, 2006 was \$245,744 and \$466,241 respectively.

NOTE 5- LONG-TERM DEBT

A summary of long-term debt at June 30, 2007 and December 31, 2006 is as follows:

	June 30, 2007	December 31, 2006
Note Payable, Secured by Reef International		

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Pipeline, Interest Bearing at 2% Over Prime Rate, Maturing May 25, 2008	\$	4,928,999	\$	4,785,003
Convertible Debentures, Unsecured, Including Prepaid Interest, Maturing January 20, 2008		2,374,291		4,374,291
		7,303,290		9,159,294
Less: Current Maturities		7,303,290		225,000
Total Long-Term Debt	\$	0	\$	8,934,294

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 6- COMMON STOCK TRANSACTIONS

On April 2, 2007, the Company issued 246,212 shares of its common stock valued at \$54,167 to law firm for 2007 legal services related to securities law matters.

On April 4, 2007, the Company issued 125,000 shares of its restricted common stock valued at \$25,000 for 2007 investor public relations services.

On April 10, 2007, the Company issued 1,190,476 shares of its common stock to a Director for \$250,000 as a result of his exercise of stock options at \$0.21 per share.

On April 16, 2007, the Company issued 53,441 shares of its common stock to a Director/Officer valued at \$8,551 as compensation for services and related costs.

On April 18, 2007, the Company issued 50,000 shares of its common stock to an officer valued at \$8,000 in accordance with his employment contract.

On May 9, 2007, the Company issued 103,478 shares of its common stock to a Director/Officer valued at \$10,348 as compensation for services and related costs.

On May 10, 2007, the Company issued 476,190 shares of its common stock to a Director for \$100,000 as a result of his exercise of stock options at \$0.21 per share.

On May 22, 2007, the Company issued 641,667 shares of its common stock valued at \$77,000 to a law firm for future services regarding ongoing litigation.

On May 30, 2007, the Company issued 2,692,308 shares of its common stock valued at \$350,000 for future legal services connected with listing its stock on European stock exchanges.

On June 1, 2007, the Company issued 40,663 shares of its common stock to a Director/Officer valued at \$6,099 as compensation for services and related costs.

On June 6, 2007, the Company issued a total of 600,000 shares of its restricted common stock valued at \$90,000 as stock bonuses to two officers and an employee.

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(UNAUDITED)

NOTE 7- RELATED PARTY TRANSACTION

During the quarter, the Company issued 197,582 shares of common stock valued at \$24,998 to one outside Director for Corporate Secretary services and related costs.

NOTE 8- LITIGATION

Matter No. 1:

On January 6, 2003, we were served as a third party defendant in a lawsuit titled Northern Natural Gas Company vs. Betty Lou Sheerin vs. Tidelands Oil & Gas Corporation, ZG Gathering, Ltd. and Ken Lay, in the 150th Judicial District Court, Bexar County, Texas, Cause Number 2002-C1-16421. The lawsuit was initiated by Northern Natural Gas ("Northern") when it sued Betty Lou Sheerin ("Sheerin") for her failure to make payments on a note she executed payable to Northern in the original principal amount of \$1,950,000. Northern's suit was filed on November 13, 2002. Sheerin answered Northern's lawsuit on January 6, 2003. Sheerin's answer generally denied Northern's claims and raised the affirmative defenses of fraudulent inducement by Northern, estoppel, waiver and the further claim that the note does not comport with the legal requirements of a negotiable instrument. Sheerin seeks a judicial ruling that Northern be denied any recovery on the note. Sheerin's answer included a counterclaim against Northern, ZG Gathering, and Ken Lay generally alleging, among other things, that Northern, ZG Gathering, Ltd. and Ken Lay, fraudulently induced her execution of the note. Northern has filed a general denial of Sheerin's counterclaims. Sheerin's answer included a third party cross claim against Tidelands Oil and Gas Corporation ("Tidelands"). She alleges that Tidelands entered into an agreement to purchase the Zavala Gathering System from ZG Gathering Ltd. and that, as a part of the agreement, Tidelands agreed to satisfy all of the obligations due and owing to Northern, thereby relieving Sheerin of all obligations she had to Northern on the \$1,950,000 promissory note in question.

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 8- LITIGATION (CONTINUED)

Matter No. 1: (Continued)

In September 2002, as a pre-closing deposit to the purchase of the Zavala Gathering System, the Company executed a \$300,000 promissory note to Betty L. Sheerin, a partner of ZG Gathering, Ltd. In addition, the Company issued 1,000,000 shares of its common stock to various partners of ZG Gathering, Ltd. On December 3, 2003, Sheerin filed a separate lawsuit against Tidelands in the 150th District Court of Bexar County, Texas on this promissory note seeking a judgment against Tidelands for the principle amount of the note, plus interest. On December 29th, 2003, Tidelands answered this lawsuit denying liability on the note. On April 1, 2004, Tidelands filed a plea in abatement asking the court to dismiss or abate Sheerin's lawsuit on the \$300,000 promissory note as it was related to and its outcome was dependent on the outcome of the Sheerin third party cross action against Tidelands in Cause Number 2002-C1-16421. The Company believes that the promissory note and shares of common stock should be cancelled based upon the outcome of the litigation described above. Accordingly, our financial statements reflect this belief.

On September 15, 2004 and again on October 15, 2004 respectively, Sheerin amended her pleadings to include a third and fourth amended third party cross action against Tidelands adding a claim for the \$300,000 promissory note. After adding the claim on the \$300,000 promissory note to the third party claims of Sheerin against Tidelands in Cause No. 2002-C1-16421, Sheerin dismissed Cause Number 2002-C1-16421.

Tidelands won a partial summary judgment against Sheerin as to all of her tort claims pled against Tidelands, save and except only her claim for conversion of 500,000 shares of Tidelands' stock.

Sheerin seeks damages against Tidelands for indemnity for any sums found to be due from her to Northern, unspecified amounts of actual damages, statutory damages, unspecified amounts of exemplary damages, attorneys fees, costs of suit, and prejudgment and post judgment interest.

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 8 – LITIGATION (CONTINUED)

Matter No. 1: (Continued)

On November 28, 2005, ZG Gathering, Ltd. and ZG Pipeline Management ("ZG") filed its answer to Northern's Fifth Amended Petition, its counter-claim against Northern, and its answer and cross claim against Tidelands. ZG contends that the promissory notes given by ZG and Sheerin to Northern were procured by Northern's fraudulent misrepresentations and it claims unspecified amounts of damages against Northern. ZG's cross action against Tidelands claims Tidelands entered into an agreement to purchase the Zavala Gathering System from ZG and that, as part of that agreement, Tidelands agreed to satisfy the \$3,700,914 Northern indebtedness of ZG, and to defend, indemnify, and hold ZG and Sheerin harmless from such indebtedness, to pay off a Sheerin loan of \$300,000, and to issue 1 million shares of Tidelands' stock, of which 500,000 was to be free trading shares. ZG claims that Tidelands breached this agreement by failing to satisfy the Northern indebtedness, failing to defend and indemnify it from such debt, failing to pay off the \$300,000 note, failing to issue the free trading shares in Tidelands, and by placing a stop transfer order on the restricted stock that was issued by Tidelands. ZG seeks specific performance of the agreement, recovery of an unspecified amount of damages, and its attorney's fees.

On March 16, 2006, the Court denied Tidelands' motion for summary judgment against Sheerin on Tidelands' affirmative defense of mutual mistake. On July 19, 2006, the Court denied ZG's motion for summary judgment to strike Tidelands' affirmative defense of mutual mistake.

The trial date has been extended to January 9, 2008, by mutual agreement of the litigants unless a settlement is reached before that date. The parties are continuing with settlement negotiations and the Company is hopeful that an agreement will be concluded prior to the end of the year. Based on negotiations, the Company has reserved \$2,250,000 as an estimated litigation settlement and that amount has been included in this report.

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 8- LITIGATION (CONTINUED)

Matter No. 2:

Cause No. GN 500948, Goodson Builders, Ltd., Plaintiff, vs. Jim Blackwell, BNC Engineering, Et. Al, Defendants, was filed April 7, 2005, in the 345th District Court of Travis County, Texas. This case involves a claim that Defendant Toll Brothers Property, LP (“Toll Brothers”) sold Plaintiff Goodson Builder, Ltd. (“Plaintiff” or “Goodson”) property without disclosing a propane easement. Plaintiff sued Sonterra Energy Corp. (“Sonterra”) for trespassing through the use of the easement. Goodson’s primary claim is against the seller for fraud and non-disclosure. Toll Brothers has responded with a claim for sanctions because the claim is frivolous. Toll Brothers offers a witness who is Plaintiff’s former employee and took pictures of the propane tank prior to the Plaintiff’s purchase. Goodson seeks damages in the hundreds of thousands of dollars. Insurance would not cover these damages.

The case is pending summary judgment. The Company is contesting the case vigorously.

Matter No. 3:

Cause No. GM 501625, Senna Hills, Ltd., Plaintiff, vs. Sonterra Energy Corp., Defendant, was filed in the 53rd Judicial District of Travis County, Texas and Cause No. GN 501626, HBH Development Co., LLC, Plaintiff, vs. Sonterra Energy Corp., Defendant, was filed in the 98th Judicial District Court of Travis County, Texas. The above matters were each filed against Sonterra in May 2005 and involve the same claims arising from the same propane service agreement. In each case, the plaintiff initially brought claims against Sonterra arising from Sonterra’s failure, as an assignee of the agreement, to pay easement use fees to the plaintiff. Sonterra obtained summary judgment as to the plaintiffs’ respective breach of contract and failure of assignment claims arising from the failure to pay easement use fees. The cases were not, however, fully dismissed because the plaintiffs added new causes of action for failure to pay easement use fees, claims for unpaid developer bonus, reformation of the agreements to require payment of easement use fees and alleged failure of assignment. These separate lawsuits have since been consolidated into one suit for purposes of pretrial and trial. The trial date will likely be reset in September 2007; however, the Company expects to file a motion for summary judgment prior to September 1st.

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 8- LITIGATION (CONTINUED)

Matter No. 4:

Cause No. 2007-CI-07451, Michael R. Ward vs. Tidelands Oil & Gas Corporation, was filed on May 17, 2007 in the 224th District Court of Bexar County, Texas. This case involves two claims by the Plaintiff, Michael R. Ward, the former President and CEO of Tidelands Oil & Gas Corporation against the Company. The first claim is for a breach of the Letter Agreement dated December 8, 2006 alleging a failure to pay Ward's salary for the months of March through June 2007 pursuant to the terms of said Letter Agreement. The second claim involves an allegation by Ward that the Company prevented Ward from selling 1,650,000 shares of Company stock during the period of February 20, 2007 through April 4, 2007 and that Ward suffered economic damages as a result of a decline in share price during the relevant time periods. The Company filed a general denial on June 27, 2007. On July 18, 2007, Plaintiff Ward filed a Motion for Partial Summary Judgment with respect to the first claim for breach of the Letter Agreement, a Motion setting the case for trial on the second claim for September 28, 2007, and discovery notices. On August 7, 2007, the Company filed an abatement request requesting Court ordered mediation pursuant to the Letter Agreement of December 8, 2006. The Company expects that its request for mediation will be honored by the Court and that the case will be set for mediation in September 2007.

Matter No. 5:

Cause No. 2007-CI 11661, Bentley Energy Corp. vs. Tidelands Exploration & Production, Inc. (*Please note that the suit was filed with incorrect corporate name. It should be Tidelands Exploration & Production Corp.*) was filed on August 7, 2007 in the 407th District Court of Bexar County, Texas. This case involves a claim for breach of the Joint Operating Agreement and Participation Agreement between Tidelands Exploration & Production Corp. ("TEP") and Bentley Energy Corp. ("BENTLEY"), as Assignee of Regency Energy, Inc. ("REGENCY"). BENTLEY is majority owned by Michael R. Ward, the former President and CEO of Tidelands Oil & Gas Corporation, which is the parent company for TEP. REGENCY is majority owned by Royis Ward, a former director of Tidelands Oil & Gas Corporation and the father of Michael R. Ward. Pursuant to the terms of the Joint Operating Agreement, TEP, as non-operator, granted REGENCY a lien or security interest in all the oil and gas leases and pipelines covered by the Joint Operating Agreement. BENTLEY seeks foreclosure of these interests due to TEP's failure to pay joint interest billings under the Joint Operating Agreement. TEP has not yet filed an answer to this lawsuit, but expects to reply in the near future.

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TIDELANDS OIL & GAS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
(UNAUDITED)

NOTE 8- LITIGATION (CONTINUED)

In accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," management has reached the conclusion that there is a remote possibility that the claims enumerated in Matters No. 2, 3, 4 and 5 above would be upheld at trial and has also determined that the amount of the claims cannot be reasonably estimated. Accordingly, the Company's financial statements reflect no accrual of a loss contingency with respect to these legal matters.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

We have included forward-looking statements in this report. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may", "will", "expect", "believe", "anticipate", "estimate", "plan" or "continue" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors. Factors that might cause forward-looking statements to differ materially from actual results include, among other things, overall economic and business conditions, demand for the Company's products, competitive factors in the industries in which we compete or intend to compete, natural gas availability and cost and timing, impact and other uncertainties of our future acquisition plans.

Business Overview

Our products and services are primarily focused on development and operation of transportation, processing, distribution and storage projects of natural gas and natural gas liquids in the northeastern states of Mexico (Coahuila, Nuevo Leon and Tamaulipas) and the states of Texas and California in the United States of America.

We derive our revenue from transportation fees from delivery of natural gas to Conagas, the local distribution company in Piedras Negras, Coahuila, through the pipeline owned by Reef Ventures, LP and the sale of propane gas to residential customers through the assets owned by Sonterra Energy Corporation ("Sonterra"). Sonterra also designs and constructs residential propane delivery systems for new residential developments in Central Texas. We derive revenue from this activity in two ways, the first being from construction revenue for yard lines and meter sets installed to a homeowner's lot, and the second being the sale of LPG gas to customers in the residential subdivisions. Sonterra Energy Corporation has recently begun performing construction services for third-party utility companies in order to more efficiently utilize its existing expertise and assets.

Recent Developments

On July 12, 2007, Sonora Pipeline, LLC ("Sonora"), a wholly-owned subsidiary of the Company, announced that it had received the following authorizations from the Federal Energy Regulatory Commission ("FERC"), with respect to the Mission and Progreso International Pipelines:

A Presidential Permit and authorization to site, construct, operate and maintain two bi-directional border crossing natural gas facilities at the international boundary between the United States and Mexico; and

A Certificate of public convenience and necessity to site, construct, operate and maintain the United States portion of a pipeline system consisting of approximately 29 miles of 30-inch diameter pipeline and appurtenant facilities that will extend into Mexico via two border crossings, all to be located in Hidalgo County, Texas.

These natural gas pipelines in the United States will interconnect with the pipeline system being developed by another wholly-owned subsidiary of the Company, Terranova Energia, S. de R.L. de C.V. ("Terranova"). Terranova previously received approval from the Comision Reguladora de Energia ("CRE") for the interconnecting pipeline segments in Mexico on May 23, 2006.

The pipeline systems in the United States and Mexico are known as the Burgos Hub Export/Import Project which is being developed to serve the demand for importation of natural gas into Mexico, which is expected to increase

dramatically beginning in the year 2010. The pipelines will also be interconnected with a proposed underground natural gas storage facility being developed by Terranova to serve Mexican power generation and industrial customer needs for management of swings in demand and seasonal spread in natural gas prices. Terranova has previously applied for a permit to construct and operate the storage facility with the CRE and is expecting a decision on the application in the third quarter of 2007. The current catalog of FERC correspondence for Sonora's activities is located at www.ferc.gov under Docket No. PF07-74 et sequence.

On March 7, 2007, Esperanza Energy, LLC ("Esperanza") announced plans to file applications with state and federal agencies to build a floating liquefied natural gas ("LNG") receiving facility 15 miles off the Port of Long Beach, California. The project, named Port Esperanza, will bring natural gas to the Southern California marketplace. Esperanza plans to formally file its application in early 2008. The LNG receiving facility has attracted the commercial interest of several parties who could participate as co-venturers and/or gas purchasers. More information is available at www.esperanza-energy.com.

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Results of Operations

THREE MONTHS ENDED JUNE 30, 2007 COMPARED TO THREE MONTHS ENDED JUNE 30, 2006

REVENUES: The Company reported revenues of \$483,999 for the three months ended June 30, 2007 compared to revenues of \$407,124 for the three months ended June 30, 2006 which is an improvement of 18.9 percent for the three months ended June 30, 2007 versus the three months ended June 30, 2006. The revenue increase resulted from increasing volumes and product prices for propane sold by our Sonterra Energy Corporation subsidiary to residential customers.

TOTAL COSTS AND EXPENSES: Total Costs and Expenses for the three months ended June 30, 2007 were \$4,179,482 versus \$2,395,791 for the three months ended June 30, 2006. The primary reason for the increase in Total Costs and Expenses was the non-cash impairment loss of \$2,605,061 incurred during the three months ended June 30, 2007 versus no impairment loss for the three months ended June 30, 2006.

NET INCOME (LOSS): Net Loss for the three months ended June 30, 2007 was (\$3,695,084) versus the Net Loss of (\$1,960,548) for the three months ended June 30, 2006. The Impairment Loss of (\$2,605,061) materially affected the increase in Net Loss but was offset by significant revenue increases and decreases in other costs and expenses for the three months ended June 30, 2007 versus the three months ended June 30, 2006.

SIX MONTHS ENDED JUNE 30, 2007 COMPARED TO SIX MONTHS ENDED JUNE 30, 2006

REVENUES: The Company reported revenues of \$1,587,970 for the six months ended June 30, 2007 as compared with revenues of \$1,209,018 for the six months ended June 30, 2006, which is a 31% increase in revenue for the six months ended June 30, 2007 compared to the six months ended June 30, 2006. Revenues from Reef Ventures, LP decreased to \$78,533 for the six months ended June 30, 2007 compared to \$123,076 for the six months ended June 30, 2006. The decrease was due to lower volumes of gas transported in Mexico through the 12-inch natural gas pipeline owned by Reef Ventures, LP. Revenues from Sonterra Energy Corporation increased to \$1,472,492 for the six months ended June 30, 2007 compared to \$1,085,942 for the six months ended June 30, 2006. Gas sales at Sonterra increased to \$1,291,776 for the six months ended June 30, 2007 compared to \$941,538 for the six months ended June 30, 2006. The increase in gas sales was primarily due to an increase in total customers served by Sonterra Energy Corporation. Construction services revenues at Sonterra increased to \$180,716 for the six months ended June 30, 2007 compared to \$144,404 for the six months ended June 30, 2006. Revenues from Tidelands Exploration & Production Corporation were \$36,945 for the six months ended June 30, 2007 compared to \$0 for the six months ended June 30, 2006.

TOTAL COSTS AND EXPENSES: Total costs and expenses increased to \$7,735,434 for the six months ended June 30, 2007 compared to \$4,926,953 for the six months ended June 30, 2006. The most significant increase in costs occurred from an impairment loss of \$2,605,061 incurred with respect to the natural gas pipeline owned by Reef Ventures, LP.

COST OF SALES: Cost of sales increased to \$774,597 for the six months ended June 30, 2007 compared to \$583,279 for the six months ended June 30, 2006. The increase was due primarily to increased cost and volume of propane sold through our Sonterra Energy Corporation subsidiary. Cost of sales for Tidelands Exploration & Production Corporation were \$13,740 for the six months ended June 30, 2007 compared to \$0 for the six months ended June 30, 2006.

OPERATING EXPENSES: Operating expenses decreased to \$176,103 for the six months ended June 30, 2007 compared to \$184,118 for the six months ended June 30, 2006. This decrease was primarily attributable to reduced operating costs from Sonterra Energy Corporation.

DEPRECIATION EXPENSE: Depreciation Expense increased to \$245,744 for the six months ended June 30, 2007 compared to \$231,802 for the six months ended June 30, 2006. The increase in depreciation expense is primarily from the additions of depreciable property in the Tidelands Exploration & Production Corporation subsidiary.

INTEREST EXPENSE: Interest expense increased to \$528,426 for the six months ended June 30, 2007 compared to \$485,009 for the six months ended June 30, 2006. The increase of \$43,417 resulted primarily from additional interest expense associated with the promissory note due to Impact International, LLC and the increased write-off of prepaid interest relating to a 2006 financing transaction.

STOCK-BASED COMPENSATION – RELATED PARTIES: Stock-based compensation to related parties increased to \$1,234,498 for the six months ended June 30, 2007 compared to \$1,187,400 for the six months ended June 30, 2006. The increase resulted primarily from Directors' Fees of \$1,100,000 less a reduction of stock-based compensation paid to the Chief Executive Officer.

STOCK-BASED COMPENSATION – OTHER: Stock-based compensation for services provided by others increased to \$908,967 for the six months ended June 30, 2007 compared to \$311,900 for the six months ended June 30, 2006. The increase of \$597,067 was primarily due to legal fees paid by issuance of common stock.

SALES, GENERAL AND ADMINISTRATIVE: Sales, General and Administrative Costs decreased to \$2,171,005 for the six months ended June 30, 2007 compared to \$2,255,345 for the six months ended June 30, 2006. This decrease resulted from cumulative cost reductions across many categories of Sales, General and Administrative expenses and was offset by an increase in legal fees and costs for the three months ended June 30, 2007 as compared with the three months ended June 30, 2006.. Of the total Sales, General and Administrative Costs of \$2,171,005 for the six months ended June 30, 2007, \$908,917 of these costs were paid by issuance of common stock and the remaining \$1,262,080 of costs were paid with cash.

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IMPAIRMENT LOSS: Impairment Loss increased to \$2,605,061 for the six months ended June 30, 2007 as compared to \$0 for the six months ended June 30, 2006. The increase in loss resulted from a non-cash impairment charge to reflect the difference between the carrying value and the fair value of the natural gas pipeline assets owned by the Company's subsidiary operations of Reef Ventures, LP. The amount of impairment charge was derived by reference to a third party valuation of the assets based upon current and expected future cash flows from the operation of the assets.

INTEREST AND DIVIDEND INCOME: Interest and Dividend income decreased to \$7,874 for the six months ended June 30, 2007 as compared to \$61,739 for the six months ended June 30, 2006 due to lower cash balances held in interest-bearing accounts during the six months ended June 30, 2007.

NET LOSS: Net loss of (\$6,146,440) for the six months ended June 30, 2007 represents an increase in loss of (\$2,490,244) as compared to net loss of (\$3,656,196) for the six months ended June 30, 2006. This increased loss was primarily due to the impairment loss of (\$2,605,061) for the period ended June 30, 2007.

LIQUIDITY AND CAPITAL RESOURCES: The Notes on our financial statements in this Form 10-Q state that our difficulty in generating sufficient cash flow to meet our obligations and sustain operations raises substantial doubts about our ability to continue as a going concern.

With regard to liquidity and adequacy of capital resources, the Company will need additional equity or debt financing during the third quarter of 2007. Management plans to raise additional capital through debt and common stock offerings and to pursue all available financing alternatives in this regard. Management may also consider a variety of potential partnership or strategic alliances to strengthen its financial position. Additional funding for the permit process for the offshore LNG regas terminal in Southern California will be needed by the third quarter of 2007. Furthermore, the Company will need to raise additional capital to fund ongoing development activities for our Mexican subsidiary, Terranova Energia S. de R.L. de C.V., and also to fund operating overhead at the parent company level and the possible cost of a litigation settlement or adverse verdict if a case goes to trial. New issuance of common stock and debt sufficient to retire the outstanding debentures and to provide additional required capital is being actively pursued by the Company. No assurance can be made that such capital can be acquired in a timely fashion or at all. Furthermore, if capital is available through these sources, it may be at terms that are disadvantageous to the Company and its shareholders.

In light of these possible outcomes and the current cash resources available for the sustenance of corporate operations, management has taken action to reduce overhead costs and otherwise obtain cash resources for the Company including the use of stock issuances, when feasible, to pay for services rendered to the Company.

Direct capital expenditures during the six months ended June 30, 2007, totaled \$1,483,911. The capital expenditures were composed of increased pre-construction costs regarding potential international pipeline crossings and storage facilities in Mexico, pre-construction costs regarding an offshore LNG terminal in Southern California, and additional machinery and equipment for the operation of the Sonterra Energy Corporation propane systems. Total debt decreased from \$13,034,046 at December 31, 2006, to \$11,944,188 at June 30, 2007. The decrease in total debt is due primarily to the conversion of \$2,000,000 of convertible debentures from the financing transaction of January 20, 2006 into common stock and was offset by an increase in accounts payable. Net loss for the six months ended June 30, 2007, was (\$6,146,440), an increase in net loss of 68.1% from the net loss of (\$3,656,196) for the six months ended June 30, 2006. Basic and diluted net loss per common share increased to (\$0.06) for the six months ended June 30, 2007, as compared to (\$0.05) for the six months ended June 30, 2006. The net loss per share calculation for the six months ended June 30, 2007 included an increase in actual and equivalent shares outstanding.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Cash and Cash Equivalents

We have historically invested our cash and cash equivalents in short-term, fixed rate, highly rated and highly liquid instruments which are reinvested when they mature throughout the year. Although our existing investments are not considered at risk with respect to changes in interest rates or markets for these instruments, our rate of return on short-term investments could be affected at the time of reinvestment as a result of intervening events. As of June 30, 2007, we had cash and cash equivalents aggregated \$85,762.

The Company does not issue or invest in financial instruments or their derivatives for trading or speculative purposes. The operations of the Company are conducted primarily in the United States, and, are not subject to material foreign currency exchange risk. Although the Company has outstanding debt and related interest expense, market risk of interest rate exposure in the United States is currently not material.

Debt

The interest rate on our Impact International debt obligation is generally determined based on the prime interest rate plus two percent and may be subject to market fluctuation as the prime rate changes.

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Item 4. Controls and Procedures

Evaluation Of Disclosure Controls And Procedures.

James B. Smith, our Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer) performed an evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of June 30, 2007 and has concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms.

Changes In Internal Control Over Financial Reporting.

During the quarter ended June 30, 2007, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations.

Our management, including our Principal Executive Officer and Principal Financial Officer, does not expect that our disclosure controls or internal controls over financial reporting will prevent all errors or all instances of fraud. However, we believe that our disclosure controls and procedures are designed to provide reasonable assurance of achieving this objective. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any design may not succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitation of a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Except as set forth below, there have been no material changes to the legal proceeding or investigations reported in Part I, Item 3 - "Legal Proceedings" in the Company's Form 10-K filed with the SEC on April 17, 2007 and the 10-Q filed with the SEC on May 18, 2007 (the "Prior Reports"). Other than as set forth below and in the Prior Reports, the Company is not a party to any material pending legal proceeding.

Matter No. 1

As described in the Prior 10-K and in Note 8 above to the Company's condensed consolidated financial statements, the Company is a party to a pending lawsuit titled Northern Natural Gas Company vs. Betty Lou Sheerin vs. Tidelands Oil & Gas Corporation, ZG Gathering, Ltd. and Ken Lay, in the 150th Judicial District Court, Bexar County, Texas, Cause Number 2002-C1-16421. During the quarter ended June 30, 2007, the trial date was been extended to January 9, 2008, by mutual agreements of the litigants unless a settlement is reached before that date. The parties are currently in advanced settlement negotiations and the Company is hopeful that an agreement will be concluded in the near future. Based on negotiations, the Company has reserved \$2,250,000 as an estimated litigation settlement and that amount has been included in this report.

Matter Nos. 2 and 3 are described in Note 8 above and the Prior Reports. No material updates took place in the quarter ended June 30, 2007.

Matter No. 4

Cause No. 2007-CI-07451, Michael R. Ward vs. Tidelands Oil & Gas Corporation, was filed on May 17, 2007 in the 224th District Court of Bexar County, Texas. This case involves two claims by the Plaintiff, Michael R. Ward, the former President and CEO of Tidelands Oil & Gas Corporation against the Company. The first claim is for a breach of the Letter Agreement dated December 8, 2006 alleging a failure to pay Ward's salary for the months of March through June 2007 pursuant to the terms of said Letter Agreement. The second claim involves an allegation by Ward that the Company prevented Ward from selling 1,650,000 shares of Company stock during the period of February 20, 2007 through April 4, 2007 and that Ward suffered economic damages as a result of a decline in share price during the relevant time periods. The Company filed a general denial on June 27, 2007. On July 18, 2007, Plaintiff Ward filed a Motion for Partial Summary Judgment with respect to the first claim for breach of the Letter Agreement, a Motion setting the case for trial on the second claim for September 28, 2007, and discovery notices. On August 7, 2007, the Company filed an abatement request requesting Court ordered mediation pursuant to the Letter Agreement of December 8, 2006. The Company expects that its request for mediation will be honored by the Court and that the case will be set for mediation in September 2007.

Matter No. 5

Cause No. 2007-CI 11661, Bentley Energy Corp. vs. Tidelands Exploration & Production, Inc. was filed on August 7, 2007 in the 407th District Court of Bexar County, Texas. (Note that the suit was filed with incorrect corporate name. It should be Tidelands Exploration & Production Corp.) This case involves a claim for breach of the Joint Operating Agreement and Participation Agreement between Tidelands Exploration & Production Corp. ("TEP") and Bentley Energy Corp. ("BENTLEY"), as Assignee of Regency Energy, Inc. ("REGENCY"). BENTLEY is majority owned by Michael R. Ward, the former President and CEO of Tidelands Oil & Gas Corporation, which is the parent company for TEP. REGENCY is majority owned by Royis Ward, a former director of Tidelands Oil & Gas Corporation and the father of Michael R. Ward. Pursuant to the terms of the Joint Operating Agreement, TEP, as

non-operator, granted REGENCY a lien or security interest in all the oil and gas leases and pipelines covered by the Joint Operating Agreement. BENTLEY seeks foreclosure of these interests due to TEP's failure to pay joint interest billings under the Joint Operating Agreement. TEP has not yet filed an answer to this lawsuit, but expects to reply in the near future.

Item 1A. Risk Factors

During the quarter ended June 30, 2007, there were no material changes to the risk factors described in Part I, Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company made the following issuances of unregistered securities during the quarter ended June 30, 2007 (not previously reported in a Form 8-K):

On April 4, 2007, the Company issued 25,000 shares of its restricted common stock valued at \$24,875 for consulting services.

On June 6, 2007, the Company issued 600,000 shares of its restricted common stock valued at \$90,000 as stock bonuses to three employees.

No commissions were paid in connection with any of these issuances. We did not employ any form of general solicitation or advertising in connection with the offer and sale of the securities described below. Except as otherwise noted above, the offer and sale of the securities listed below were made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and/or Regulation D promulgated by the Securities and Exchange Commission as transactions by an issuer not involving any public offering.

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Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the quarter covered by this report.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit</u>	<u>Description</u>	<u>Location of Exhibit</u>
31.1	Chief Executive Officer and Chief Financial Officer Section 302 Certification pursuant to Sarbanes - Oxley Act.	Included with this filing

(1) We computed the aggregate dollar amount realized upon vesting by multiplying the number of units vested by the market value of the underlying shares on the vesting date.

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The following table provides details regarding the present value of accumulated benefits under the plans described in "CD&A Elements of Compensation Retirement and Deferred Compensation Benefits" for the named executive officers in fiscal 2009.

Name ⁽¹⁾ (a)	Plan Name (b)	Number of Years Credited Service ⁽²⁾ (#) (c)	Present Value of Accumulated Benefit ⁽³⁾ (\$) (d)	Payments During Last Fiscal Year (\$) (e)
Minoru Okamoto	AMP Japan Plan for Directors	12.5	\$ 2,773,056	
Alan C. Clarke	Tyco Electronics UK Pension Scheme	28.2	\$ 2,039,927	

(1) Messrs. Lynch, Curtin and Scott do not participate in any pension plan sponsored by Tyco Electronics.

(2) In calculating Mr. Okamoto's pension benefit, the number of years credited service reflects the number of years since Mr. Okamoto's appointment as a director, and eligibility to receive retirement benefits under the Directors' Retirement Allowance Regulation in Japan.

(3) The present value of accumulated benefit amounts has been measured as of September 25, 2009 (the measurement date was changed to match the fiscal year-end reporting date, where in previous years the measurement date was August 31st) and are based on a number of assumptions, including:

A discount rate of 2.25% was used for Mr. Okamoto; and 5.50% was used for Mr. Clarke;

Mortality rates based on standard actuarial tables; and

No retirements prior to normal retirement age or withdrawals for disability or otherwise prior to retirement.

With respect to: Mr. Okamoto, the dollar amount shown has been converted from JPY using a conversion rate of 0.0110 USD to 1 JPY; and for Mr. Clarke, the dollar amount shown has been converted from GBP using a conversion rate of 1.6066 USD to 1 GBP.

Nonqualified Deferred Compensation for Fiscal 2009

The following table discloses contributions, earnings and balances to each of the named executive officers in the table under the SSRP (Supplemental Savings and Retirement Plan) that provides for compensation deferral on a non-tax-qualified basis. See "CD&A Elements of Compensation Retirement and Deferred Compensation Benefits" for information regarding the plan. Pursuant to the SSRP, executive officers may defer up to 50% of their base salary and 100% of their annual bonus. We provide matching contributions based on the executive's deferred base salary and bonus the executive earns in excess of the Internal Revenue Code Section 401(a)(17) limit (\$245,000 in 2009) as follows: \$5 for every \$1 the executive officer contributes up to the first 1% of the executive officer's eligible pay or, if the executive officer is credited with more than ten years of service, \$6 for every \$1 the executive officer contributes up to the first 2% of the executive officer's eligible pay. The SSRP is offered only in

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the U.S., so that Mr. Okamoto and Mr. Clarke did not participate in the SSRP, nor did they have any deferred compensation for fiscal 2009.

Name (a)	Executive Contributions in Last FY ⁽¹⁾ (\$) (b)	Registrant Contributions in Last FY ⁽²⁾ (\$) (c)	Aggregate Earnings in Last FY ⁽³⁾⁽⁴⁾ (\$) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last FYE ⁽⁴⁾ (\$) (f)
Thomas J. Lynch	\$ 347,116	\$ 104,673	\$ (109,138)		\$ 1,607,755
Terrence R. Curtin	\$ 381,807	\$ 70,991	\$ 82,154		\$ 1,022,243
Robert A. Scott	\$ 56,959	\$ 48,813	\$ (22,611)		\$ 454,653

- (1) The amounts shown in column (b) represent deferrals of cash and bonuses by the named executive officers under the SSRP, the amounts of which are included in the Summary Compensation Table in the Salary or Non-Equity Incentive Plan Compensation column, as applicable.
- (2) The amounts shown in column (c) represent matching contributions by the company, the amounts of which are included in the Summary Compensation Table in the All Other Compensation column.
- (3) No portion of these earnings shown in column (d) were included in the Summary Compensation Table because the SSRP does not provide for "above-market" or preferential earnings as defined in applicable SEC rules.
- (4) For Messrs. Curtin and Scott, the balance shown includes amounts credited under the Tyco Electronics Supplemental Executive Retirement Plan, the predecessor to the SSRP that was frozen to new contributions effective December 31, 2004. The SSRP became effective on January 1, 2005.

Termination and Change in Control Payments

The table below outlines the potential payments to our Chief Executive Officer and other named executive officers upon the occurrence of certain termination triggering events. For the purpose of the table, below are definitions generally applicable for the various types of terminations under the Tyco Electronics Severance Plan for U.S. Officers and Executives (referred to in this proxy statement as the "Severance Plan") and/or the Tyco Electronics Change in Control Severance Plan for Certain U.S. Officers and Executives (referred to in this proxy statement as the "CIC Plan"). See "CD&A Elements of Compensation Change in Control and Termination Payments" for information regarding the terms of the plans.

"*Voluntary Resignation*" means any retirement or termination of employment that is not initiated by the company or any subsidiary other than a Good Reason Resignation (defined below).

"*Good Reason Resignation*" means any retirement or termination of employment by a participant that is not initiated by the company or any subsidiary and that is caused by any one or more of the following events which occurs during the period beginning 60 days prior to the date of a Change in Control (defined below) and ending two years after the date of such Change in Control:

- (1) without the participant's written consent, the company (a) assigns or causes to be assigned to the participant any duties inconsistent in any material respect with his or her position as in effect immediately prior to the Change in Control, (b) makes or causes to be made any material adverse change in the participant's position (including titles and reporting relationships and level), authority, duties or responsibilities, or (c) takes or causes to be taken any other action which, in the reasonable judgment of the participant, would cause him or her to violate his or her ethical or professional obligations (after written notice of such judgment has been provided by the participant to the Management Development and Compensation Committee and the company has been given a 15-day

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period within which to cure such action), or which results in a significant diminution in such position, authority, duties or responsibilities;

(2) without the participant's written consent, the participant's being required to relocate to a principal place of employment more than 60 miles from his or her existing principal place of employment;

(3) without the participant's written consent, the company (a) reduces the participant's base salary or annual bonus, or (b) reduces the participant's retirement, welfare, stock incentive, perquisite and other benefits, taken as a whole; or

(4) the company fails to obtain a satisfactory agreement from any successor to assume and agree to perform the company's obligations to the participant under the CIC Plan.

"*Involuntary Termination*" means a termination of the participant initiated by the company or a subsidiary for any reason other than Cause (defined below), Permanent Disability (defined below) or death, subject to the conditions specified in the applicable plan.

"*Cause*" means any misconduct identified as a ground for termination in company policy or other written policies or procedures, including among other things, misconduct, dishonesty, criminal activity, or egregious conduct that has or could have a serious and detrimental impact on the company and its employees.

"*Permanent Disability*" means that a participant has a permanent and total incapacity from engaging in any employment for the employer for physical or mental reasons. A "Permanent Disability" will be deemed to exist if the participant meets the requirements for disability benefits under the employer's long-term disability plan or under the requirements for disability benefits under the U.S. social security laws (or similar laws outside the United States, if the participant is employed in that jurisdiction) then in effect, or if the participant is designated with an inactive employment status at the end of a disability or medical leave.

"*Change in Control*" means any of the following events:

(1) any "person" (as defined in Section 13(d) and 14(d) of the Securities Exchange Act), excluding for this purpose, (i) the company or any subsidiary company (wherever incorporated) of the company, or (ii) any employee benefit plan of the company or any such subsidiary company (or any person or entity organized, appointed or established by the company for or pursuant to the terms of any such plan that acquires beneficial ownership of voting securities of the company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act) directly or indirectly of securities of the company representing more than 30 percent of the combined voting power of the company's then outstanding securities; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the company;

(2) persons who, as of July 1, 2007 (the "effective date"), constitute the Board (the "Incumbent Directors") cease for any reason (including without limitation, as a result of a tender offer, proxy contest, merger or similar transaction) to constitute at least a majority thereof, provided that any person becoming a director of the company subsequent to the effective date shall be considered an Incumbent Director if such person's election or nomination for election was approved by a vote of at least 50 percent of the Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened proxy contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as defined in Section 13(d) and 14(d) of the Securities Exchange Act) other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director;

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(3) consummation of a reorganization, merger or consolidation or sale or other disposition of at least 80 percent of the assets of the company (a "Business Combination"), in each case, unless, following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners of outstanding voting securities of the company immediately prior to such Business Combination beneficially own directly or indirectly more than 50 percent of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such Business Combination (including, without limitation, a company which, as a result of such transaction, owns the company or all or substantially all of the company's assets either directly or through one or more subsidiary companies (wherever incorporated) of the company) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding voting securities of the company; or

(4) approval by the stockholders of the company of a complete liquidation or dissolution of the Company.

"Change in Control Termination" means a participant's Involuntary Termination or Good Reason Resignation that occurs during the period beginning 60 days prior to the date of a Change in Control and ending two years after the date of such Change in Control.

No named executive officer is entitled to a payment in connection with an Involuntary Termination for Cause.

Executive Benefits and Payments Upon Termination	Retirement ⁽⁸⁾	Total Permanent Disability or Death	Involuntary Termination Not For Cause	Involuntary Termination Change in Control
Thomas J. Lynch				
Compensation				
Severance ⁽¹⁾			\$ 3,800,000	\$ 5,700,000
Short-Term Incentive ⁽²⁾			\$ 950,000	\$ 950,000
Long-Term Incentives				
Stock Options (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 0	\$ 6,561,200		\$ 6,561,200
Restricted Stock Units (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 2,441,330	\$ 4,641,021		\$ 4,641,021
Benefits and Perquisites ⁽⁴⁾				
Health and Welfare Benefits Continuation ⁽⁵⁾			\$ 22,500	\$ 33,700
Outplacement ⁽⁶⁾				\$ 26,000
Terrence R. Curtin				
Compensation				
Severance ⁽¹⁾			\$ 1,327,922	\$ 1,770,563
Short-Term Incentive ⁽²⁾			\$ 379,406	\$ 379,406
Long-Term Incentives				
Stock Options (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 0	\$ 1,654,933		\$ 1,654,933
Restricted Stock Units (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 510,397	\$ 1,035,617		\$ 1,035,617
Benefits and Perquisites ⁽⁴⁾				
Health and Welfare Benefits Continuation ⁽⁵⁾			\$ 16,900	\$ 22,500
Outplacement ⁽⁶⁾				\$ 9,300

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Executive Benefits and Payments Upon Termination	Retirement ⁽⁸⁾	Total Permanent Disability or Death	Involuntary Termination Not For Cause	Involuntary Termination Change in Control
Robert A. Scott				
Compensation				
Severance ⁽¹⁾			\$ 1,378,125	\$ 1,837,500
Short-Term Incentive ⁽²⁾			\$ 393,750	\$ 393,750
Long-Term Incentives				
Stock Options (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 0	\$ 1,654,933		\$ 1,654,933
Restricted Stock Units (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 488,311	\$ 1,013,531		\$ 1,013,531
Benefits and Perquisites ⁽⁴⁾				
Health and Welfare Benefits Continuation ⁽⁵⁾			\$ 16,900	\$ 22,500
Outplacement ⁽⁶⁾				\$ 9,300
Minoru Okamoto				
Compensation				
Severance ⁽¹⁾			\$ 190,846	\$ 190,846
Short-Term Incentive				
Long-Term Incentives				
Stock Options (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 0	\$ 1,344,818		\$ 1,344,818
Restricted Stock Units (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 374,564	\$ 801,286		\$ 801,286
Benefits and Perquisites ⁽⁴⁾				
Health and Welfare Benefits Continuation ⁽⁵⁾				
Outplacement ⁽⁶⁾				
Pension Value ⁽⁷⁾			\$ 0	\$ 0
Alan C. Clarke				
Compensation				
Severance ⁽¹⁾			\$ 272,809	\$ 272,809
Short-Term Incentive				
Long-Term Incentives				
Stock Options (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 0	\$ 1,241,305		\$ 1,241,305
Restricted Stock Units (Unvested and Accelerated or Continued Vesting) ⁽³⁾	\$ 480,009	\$ 874,042		\$ 874,042
Benefits and Perquisites ⁽⁴⁾				
Health and Welfare Benefits Continuation ⁽⁵⁾				
Outplacement ⁽⁶⁾				

(1) Severance is calculated as follows under Involuntary Termination Not for Cause for U.S.-based executives: Mr. Lynch two times base salary plus two times target bonus, Messrs. Curtin and Scott one and one-half times base salary plus one and one-half times target bonus; and as follows under Involuntary Termination Change in Control for U.S.-based executives: Mr. Lynch three times base salary plus three times target bonus, Messrs. Curtin and Scott two times base salary plus two times target bonus. If the "parachute payment" (severance plus value of accelerated equity) is greater than three times the average W-2 reported compensation for the preceding five years, then an "excise tax" is imposed on the portion of the parachute payment that exceeds the average W-2 reported compensation for the preceding years. In this case, the participant will

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receive the greater of (i) payment of the full benefits provided under the CIC Plan and imposition of all taxes, including any applicable excise taxes under Internal Revenue Code Section 280G, or (ii) payment of the benefits capped at the Section 280G limit with no excise tax imposed. Under the CIC Plan, benefits payable thereunder will not be grossed up for the imposition of Internal Revenue Code Section 280G or any other taxes. Mr. Okamoto and Mr. Clarke are not covered by the Severance Plan or CIC Plan; the termination benefits payable are based on local requirements. Based on our understanding of Japanese law, Mr. Okamoto would be entitled to receive his normal compensation (base salary and allowance) for the remaining term of his service contract. On September 25, 2009, Mr. Okamoto had three months remaining in his then-current directorship. Mr. Clarke is entitled to a redundancy payment based on local statutory requirements, three weeks of base salary per every year of service as well as a notice pay amount. The total maximum redundancy payment cannot exceed 104 weeks' salary and the notice pay amount cannot exceed twelve weeks' salary. Mr. Clarke currently has 28 years of service with the company; however, only nine years of service are included in the calculation because of the lump sum settlement Mr. Clarke received in 2000 related to the acquisition of Raychem by Tyco International in 1999.

(2) Assumes the effective date of termination is September 25, 2009 and that the pro rata payment under the 2009 AIP is equal to 12/12ths of the target award.

(3) Assumes the effective date of termination is September 25, 2009 and the price per Tyco Electronics common share on the date of termination equals \$22.56. Under Involuntary Termination Change in Control, all outstanding stock options that are vested and exercisable as of the termination date, as well as the options that vest as a result of the acceleration, will be exercisable for the greater of the period specified in the option agreement or twelve months from the termination date. In no event, however, will an option be exercisable beyond its original expiration date. Amounts disclosed for stock options only reflect options that are in-the-money as of September 25, 2009. Restricted stock units and options granted on November 17, 2008 and November 18, 2008 will be forfeited if the retirement date is prior to the achievement of the grants' one year anniversary date. However, the one-year employment requirement is not applicable in the case of death or permanent disability.

(4) Payments associated with benefits and perquisites are limited to the items listed. No other benefits or perquisite continuation occurs under the termination scenarios listed.

(5) Health and welfare benefits continuation is calculated as follows under Involuntary Termination Not for Cause: Mr. Lynch 24 months, Messrs. Curtin and Scott 18 months; and as follows under Involuntary Termination Change in Control: Mr. Lynch 36 months, Messrs. Curtin and Scott 24 months. Annual amount is an approximation. In the event that provision of any of the benefits would adversely affect the tax status of the applicable plan or benefits, the company, in its sole discretion, may elect to pay to the participant cash in lieu of such coverage in an amount equal to the company's premium or average cost of providing such coverage.

(6) Outplacement is calculated as the cost of services for the participant for a period of twelve months from the participant's termination date under Involuntary Termination Change in Control. The company offers twelve month coverage totaling \$26,000 for the Chief Executive Officer and provides \$9,300 for executives under the executive program for outplacement services. The company has the right and sole discretion to pay outplacement services under Involuntary Termination Not for Cause, but is not required to provide such benefits.

(7) Mr. Okamoto has termination provisions within his pension plan. In the event of an involuntary termination or change in control (termination before attainment of age 60), he will receive an enhanced pension benefit. The amount shown in the table is the value of the enhancement. There is no longer any additional enhancement as Mr. Okamoto attained age 60 during the fiscal year.

(8) Mr. Okamoto is entitled to the payments listed in the table in connection with a voluntary termination for retirement, as he was the only one to attain retirement age in the fiscal year.

Assumes that all performance based units that were converted to time based awards at separation will have fully vested prior to any officer's retirement and that as a result no awards will be forfeited.

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COMPENSATION OF NON-EMPLOYEE DIRECTORS

Fiscal 2009 compensation of each director who is not a salaried employee of the company or its subsidiaries was set at \$200,000 per annum, payable \$80,000 in cash and \$120,000 in Tyco Electronics Ltd. deferred stock units ("DSUs"). The chair of the Audit Committee received an additional \$25,000 cash retainer and the chairs of the Management Development and Compensation Committee and Nominating, Governance and Compliance Committee received an additional \$15,000 cash retainer. The chairman of the Board received an additional \$100,000 cash retainer. Audit Committee members, including the chair, each received an additional \$10,000 in cash compensation. Directors who are employees of the company or its subsidiaries do not receive any compensation for their services as directors.

Each DSU vested immediately upon grant, and will be paid in common shares within 30 days following a non-employee director's termination (subject to the previously-existing option of deferring the payout as described below). Dividend equivalents or additional DSUs are credited to a non-employee director's DSU account when dividends or capital reduction distributions are paid on our common shares.

Through December 31, 2008, the company maintained the Tyco Electronics Director Deferred Compensation Plan, under which each non-employee director had the opportunity to make an election to defer some or all of his or her cash remuneration through that period. Non-employee directors also had the opportunity to elect to defer payout of their DSUs to a date later than termination. Each non-employee director had the opportunity to receive a distribution of the amounts credited to his or her deferred compensation account either in a lump sum cash payment or in installments not to exceed ten years with payment made (or commencing) at termination of service or at a fixed date selected by the non-employee director. Two non-employee directors elected to defer their compensation through December 31, 2008. As a result of recent U.S. tax law changes, no deferral elections were permitted after December 31, 2008.

Commencing in fiscal year 2010, each non-employee director will receive the equity component of their compensation in the form of common shares of Tyco Electronics Ltd., with the exception of Dr. Gromer. The issuance of common shares in lieu of DSUs in the compensation program is due to recent U.S. tax law changes. (Under the new tax law, our directors can no longer defer any portion of their compensation, including DSUs, and therefore, U.S. directors will be issued common shares (which will be immediately taxable) in lieu of DSUs. Because Dr. Gromer is a German citizen, he will continue to receive his equity compensation in the form of DSUs.

Additionally, for fiscal year 2010, the basic director fee was increased to \$215,000 (with the additional \$15,000 to be added to the director's equity compensation) and the retainer fee for the chairman of the Board was increased to \$130,000 (with the additional \$30,000 to be added to the chairman's equity compensation). All other elements of non-employee directors' compensation will remain the same for fiscal year 2010.

The company reimburses its Board members for expenses incurred in attending Board and committee meetings or performing other services for the company in their capacities as directors. Such expenses include food, lodging and transportation.

Tyco Electronics and Dr. Gromer had entered into a Consulting Agreement on January 15, 2008, under which Dr. Gromer received a set monthly consulting fee of EUR 11,340 (\$14,997, using a three-month average for October-December 2008, when payments were received, of the monthly USD:EUR income statement foreign currency translation rates of \$1.32248:1). The agreement with Dr. Gromer ended on December 31, 2008.

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The following table discloses the cash and equity awards paid to each of the company's non-management directors during the fiscal year ended September 25, 2009.

Name (a)	Fees Earned or Paid in Cash ⁽¹⁾ (\$) (b)	Stock Awards ⁽²⁾ (\$) (c)	All Other Compensation (\$) (g)	Total (\$) (h)
Pierre R. Brondeau	\$ 90,000	\$ 82,555		\$ 172,555
Ram Charan	\$ 80,000	\$ 82,555		\$ 162,555
Juergen W. Gromer	\$ 80,000	\$ 82,555		\$ 162,555
Robert M. Hernandez	\$ 80,000	\$ 82,555		\$ 162,555
Daniel J. Phelan	\$ 80,000	\$ 82,555	\$ 4,500 ⁽³⁾	\$ 167,055
Frederic M. Poses	\$ 195,000	\$ 82,555		\$ 277,555
Lawrence S. Smith	\$ 111,875	\$ 82,555		\$ 194,430
Paula A. Sneed	\$ 87,500	\$ 82,555	\$ 4,900 ⁽³⁾	\$ 174,955
David P. Steiner	\$ 95,000	\$ 82,555		\$ 177,555
John C. Van Scoter ⁽⁴⁾	\$ 66,667	\$ 90,833	\$ 9,775 ⁽³⁾	\$ 167,275
Sandra S. Wijnberg ⁽⁵⁾	\$ 76,250			\$ 76,250

(1) The amounts shown in column (b) represent the amount of cash compensation earned in fiscal 2009 for Board and committee services. Mr. Poses received additional fees for his work as the Board chair and as the chair of the Management Development and Compensation Committee. Mr. Steiner and Ms. Wijnberg each received additional fees for their roles as chair of the Nominating, Governance and Compliance Committee and the Audit Committee, respectively. Mr. Brondeau and Mr. Smith each received for the full year the additional Audit Committee cash retainer for serving on the committee, while Ms. Wijnberg received a pro-rated amount for her time while serving on the committee. Upon Ms. Wijnberg's departure, Ms. Sneed, who joined the Audit Committee in the beginning of January 2009, started to receive the additional Audit Committee cash retainer. After Ms. Wijnberg's departure, Mr. Smith took over the role as Audit Committee chair. Mr. Smith received half of the chair fee in the first quarter as a result of transitioning into the role and starting in the second quarter began to receive the full chair fee. Ms. Wijnberg was awarded a one time special retainer payment of \$40,000 for her work on the Board during fiscal year 2009, as she did not receive the fiscal year 2009 DSU award. Mr. Van Scoter's cash compensation was pro-rated for fiscal 2009 for the time he served as a non-employee director after joining the Board. The amount in the table reflects the USD equivalent for fees earned as Dr. Gromer is paid in euros.

(2) On November 18, 2008, each director (other than Ms. Wijnberg) received a grant of 5,670 DSUs. In determining the number of DSUs to be issued, the Company used the average daily closing price in the month preceding grant (\$21.18 per share), the same methodology used to determine employee equity awards. The grant date fair value of these DSUs, as shown above, was calculated by using the closing price of the common shares on the date of grant (\$14.56 per share). At the next Board meeting following Mr. Van Scoter's appointment to the Board of Directors, Mr. Van Scoter also received a grant of 5,670 DSUs. The grant date fair value of these DSUs was \$16.02 per share, calculated by using the closing price of the common shares on the date of grant. The DSUs vested immediately and non-employee directors receive dividend equivalents in connection with these awards. The amounts shown in column (c) represent the compensation costs of DSUs for financial reporting purposes for the 2009 fiscal year under ASC 718, rather than an amount paid to or realized by the non-employee director. See Note 23 in the 10-K for the assumptions made in determining ASC 718 values. The fair value of DSUs has been determined based on the market value on the grant date. There can be no assurance that the ASC 718 amount will ever be realized.

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As of fiscal 2009 year-end, the aggregate number of DSUs outstanding for each non-employee director was as follows:
Dr. Brondeau 10,876; Dr. Charan 10,876; Dr. Gromer 10,836; Mr. Hernandez 10,876; Mr. Phelan 10,876; Mr. Poses 12,191;
Mr. Smith 14,555; Ms. Sneed 13,351; Mr. Steiner 10,876; Mr. Van Scoter 5,825.

- (3) Amounts shown represent amounts reimbursed to Mr. Phelan, Ms. Sneed and Mr. Van Scoter for expenses incurred by them in attending continuing education courses. Tyco Electronics Board Governance Principles encourage directors to attend certain continuing education courses that are related to their duties as directors, and provide that Tyco Electronics will reimburse the costs associated with attending one educational course every two years.
- (4) Mr. Van Scoter joined the Board effective December 1, 2008.
- (5) Ms. Wijnberg left the Board effective January 31, 2009.

Charitable Contributions

Our board governance principles require that the Board approve all charitable donations by Tyco Electronics to organizations associated with a director. The amount of any such donation is limited to an amount that is less than one percent of that organization's annual charitable receipts and is less than one percent of Tyco Electronics' annual charitable contributions.

Any matching donation by Tyco Electronics to organizations associated with a director is limited to an amount that is no greater than the amount contributed by the director and is required to be made in a manner consistent with Tyco Electronics' employee matching gift program.

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**AGENDA ITEM NO. 2 APPROVAL OF ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 25, 2009**

Agenda Item No. 2.1 Approval of the 2009 Annual Report of Tyco Electronics Ltd. (excluding the statutory financial statements for the period ended September 25, 2009 and the consolidated financial statements for the fiscal year ended September 25, 2009)

Agenda Item

Our Board of Directors proposes that the 2009 Annual Report of Tyco Electronics Ltd. (excluding the statutory financial statements for the period ended September 25, 2009 and the consolidated financial statements for the fiscal year ended September 25, 2009) be approved.

Explanation

Our 2009 Annual Report, which accompanies this proxy statement, includes the statutory financial statements of Tyco Electronics Ltd. (which do not consolidate the results of operations for our subsidiaries) for the period ended September 25, 2009 and the Tyco Electronics Ltd. consolidated financial statements for the fiscal year ended September 25, 2009 and contains the reports of our Swiss registered auditor and our independent registered public accounting firm, as well as information on our business, organization and strategy. Copies of our 2009 Annual Report and this proxy statement are available on the Internet at <http://www.tycoelectronics.com>.

Under Swiss law, certain portions of our annual report must be submitted to shareholders for approval or disapproval at each annual general meeting. This agenda item must be submitted to shareholders for approval or disapproval in addition to the statutory financial statements and the consolidated financial statements, which are presented separately for approval as Agenda Items No. 2.2 and No. 2.3, respectively.

In the event of a negative vote on this agenda item by shareholders, the Board of Directors will call an extraordinary general meeting of shareholders for re-consideration of this agenda item by shareholders.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, is required for approval of Agenda Item No. 2.1.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 2.1. Proxies will be so voted unless shareholders specify otherwise in their proxies.

Agenda Item No. 2.2 Approval of the statutory financial statements of Tyco Electronics Ltd. for the period ended September 25, 2009

Agenda Item

Our Board of Directors proposes that the statutory financial statements of Tyco Electronics Ltd. for the period ended September 25, 2009 be approved.

Explanation

Tyco Electronics Ltd.'s statutory financial statements for the period ended September 25, 2009 are contained in our 2009 Annual Report, which accompanies this proxy statement. Our 2009 Annual

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Report also contains the report of our Swiss registered auditor with respect to the statutory financial statements of Tyco Electronics Ltd.

Under Swiss law, our statutory financial statements must be submitted to shareholders for approval or disapproval at each annual general meeting.

In the event of a negative vote on this agenda item by shareholders, the Board of Directors will call an extraordinary general meeting of shareholders for re-consideration of this agenda item by shareholders.

Deloitte AG, Zurich, Switzerland, as our Swiss registered auditor, has issued an unqualified recommendation to the Annual General Meeting that the statutory financial statements of Tyco Electronics Ltd. for the period ended September 25, 2009 be approved. As our Swiss registered auditor, Deloitte AG has expressed its opinion that the statutory financial statements for the period ended September 25, 2009 comply with Swiss law and our Articles of Association and has reported on other legal requirements. Representatives of Deloitte AG will attend the Annual General Meeting and will have an opportunity to make a statement if they wish. They will also be available to answer appropriate questions at the meeting.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, is required for approval of Agenda Item No. 2.2.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 2.2. Proxies will be so voted unless shareholders specify otherwise in their proxies.

Agenda Item No. 2.3 Approval of the consolidated financial statements of Tyco Electronics Ltd. for the fiscal year ended September 25, 2009

Agenda Item

Our Board of Directors proposes that the consolidated financial statements of Tyco Electronics Ltd. for the fiscal year ended September 25, 2009 be approved.

Explanation

Our consolidated financial statements for the fiscal year ended September 25, 2009 are contained in our 2009 Annual Report, which accompanies this proxy statement. Our 2009 Annual Report also contains the report of our Swiss registered auditor with respect to the consolidated financial statements.

Under Swiss law, our consolidated financial statements must be submitted to shareholders for approval or disapproval at each annual general meeting.

In the event of a negative vote on this agenda item by shareholders, the Board of Directors will call an extraordinary general meeting of shareholders for re-consideration of this agenda item by shareholders.

Deloitte AG, Zurich, Switzerland, as our Swiss registered auditor, has issued an unqualified recommendation to the Annual General Meeting that the consolidated financial statements of Tyco Electronics Ltd. for the fiscal year ended September 25, 2009 be approved. As our Swiss registered auditor, Deloitte AG has expressed its opinion that the consolidated financial statements present fairly, in all material respects, the financial position, the results of operations and the cash flows of Tyco Electronics in accordance with accounting principles generally accepted in the United States of

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America (US GAAP) and comply with Swiss law and has reported on other legal requirements. Representatives of Deloitte AG will attend the Annual General Meeting and will have an opportunity to make a statement if they wish. They will also be available to answer appropriate questions at the meeting.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, is required for approval of Agenda Item No. 2.3.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 2.3. Proxies will be so voted unless shareholders specify otherwise in their proxies.

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**AGENDA ITEM NO. 3 APPROVAL OF A DISTRIBUTION TO
SHAREHOLDERS IN THE FORM OF A CAPITAL REDUCTION**

By resolutions adopted on November 17, 2009, our Board of Directors declared it advisable to make a distribution to shareholders in the form of a capital reduction in a Swiss franc amount equal to US\$ 0.64 per issued share (including treasury shares) to be calculated as described in the resolution below, such distribution to be paid in four equal quarterly installments of US\$ 0.16 each, starting with the third fiscal quarter of 2010 and ending in the second fiscal quarter of 2011.

Our Board of Directors directed that approval of this distribution in the form of a reduction of registered share capital be submitted for consideration by our shareholders at the Annual General Meeting.

Background

Under Swiss law, we are required to obtain shareholder approval before paying any dividends or distributions. To that end, you are being asked to vote on a distribution to shareholders in the form of a capital reduction. This is essentially the same as a dividend, but is being structured as a capital reduction (that is, a reduction in the par value of our shares) so that the distribution can be made to you free of Swiss withholding tax.

We are seeking your approval of a capital reduction of no more than a Swiss franc amount per share to be determined as discussed below, which will be paid in four equal quarterly installments of US\$ 0.16 per share (the "Distribution"), in accordance with the exchange ratio of Swiss francs ("CHF") per one US dollar ("USD") as published on the website of the Swiss National Bank two business days prior to the date of the Annual General Meeting (the ratio being the "Rate").

To determine the CHF amount of the capital reduction, we will (1) multiply US\$ 0.64 by the Rate, (2) round the resulting CHF amount up to the nearest 0.04 multiple of a Swiss franc (the "Capital Reduction") and (3) divide the Capital Reduction by four, which result we refer to as the "Installment." To convert the Capital Reduction to the USD amount that you will receive in four equal quarterly installments, each Installment will be converted from Swiss francs to US dollars by (1) dividing the Installment by the Rate, and (2) rounding this result down to the nearest US\$ 0.01. The first payment of the Capital Reduction (\$ 0.16 in USD) is expected to be made during the quarterly period ending June 25, 2010 (the third fiscal quarter of 2010) or as soon as possible thereafter after registration of the first partial Capital Reduction in the competent Swiss commercial register. The second payment of the Capital Reduction (\$ 0.16 in USD) is expected to be made during the quarterly period ending September 24, 2010 (the fourth fiscal quarter of 2010) or as soon as possible thereafter after registration of the second partial Capital Reduction in the competent Swiss commercial register. The third payment of the Capital Reduction (\$ 0.16 in USD) is expected to be made during the quarterly period ending December 24, 2010 (the first fiscal quarter of 2011) or as soon as possible thereafter after registration of the third partial Capital Reduction in the competent Swiss commercial register. The fourth payment of the Capital Reduction (\$ 0.16 in USD) is expected to be made during the quarterly period ending March 25, 2011 (the second fiscal quarter of 2011) or as soon as possible thereafter after registration of the fourth partial Capital Reduction in the competent Swiss commercial register.

If the Capital Reduction is approved by shareholders at the Annual General Meeting, in accordance with the resolution below, the par value of shares issued out of conditional share capital or authorized share capital between the date of approval and registration of the first partial Capital Reduction, which will have been issued at a par value equal to CHF 2.09, will be reduced by the amount equal to one Installment per partial Capital Reduction upon registration of the first, second, third and fourth partial Capital Reductions. The par value of shares issued out of conditional share capital or authorized share capital between registration of the first partial Capital Reduction and registration of the second partial Capital Reduction, which will have been issued at a par value equal to

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CHF 2.09 minus the amount equal to one Installment, will be reduced by the amount equal to one Installment per partial Capital Reduction upon registration of the second, third and fourth partial Capital Reductions. The par value of shares issued out of conditional share capital or authorized share capital between registration of the second partial Capital Reduction and registration of the third partial Capital Reduction, which will have been issued at a par value equal to CHF 2.09 minus the amount equal to two Installments, will be reduced by the amount equal to one Installment per partial Capital Reduction upon registration of the third and fourth partial Capital Reductions. The par value of shares issued out of conditional share capital or authorized share capital between registration of the third partial Capital Reduction and registration of the fourth partial Capital Reduction, which will have been issued at a par value equal to CHF 2.09 minus the amount equal to three Installments, will be reduced by the amount equal to one Installment upon registration of the fourth partial Capital Reduction.

It is a condition to each partial Capital Reduction that PricewaterhouseCoopers AG, the Company's special auditor, deliver a report in accordance with art. 732 of the Swiss Code of Obligations, confirming that the receivables of the creditors of Tyco Electronics will be fully covered by assets after giving effect to that partial Capital Reduction. The special auditor report relating to the first partial Capital Reduction will be available at the meeting. The special auditor report in relation to the second, third and fourth partial Capital Reductions will be available at the time of the second, third and fourth partial Capital Reductions, respectively.

No other modifications will be made to the registered shares of Tyco Electronics. Appraisal rights are not available to shareholders who vote against the capital reduction agenda item.

Text of the Shareholder Resolution

The blank numbers in the following resolution will be completed based upon the amount recommended by the Board of Directors, our actual registered share capital at the date of the Annual General Meeting (taking into account the second installment of the capital reduction of CHF 0.17 per share approved by shareholders on October 8, 2009) and the Rate. Immediately following the resolution, we have provided an illustrative example of the text of the resolution based on assumptions as to the number of registered shares and the Rate.

The Shareholder Resolution approving the foregoing is as follows:

IT IS RESOLVED, that based on a special auditor report dated [date of Annual General Meeting], 2010 in accordance with art. 732 para. 2 of the Swiss Code of Obligations (the "Swiss Code"), which is at hand, provided by PricewaterhouseCoopers AG, Zürich, Switzerland, as state supervised auditing enterprise present at the shareholders' meeting:

1. the registered share capital of Tyco Electronics Ltd. in the aggregate amount of Swiss francs ("CHF") 978,570,549.66 shall be reduced by the amount of CHF [];

2. it is acknowledged and recorded that according to the report of the auditor dated [date of Annual General Meeting], 2010 it is confirmed that the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the capital reduction;

3. the capital reduction shall be accomplished as follows:

(i) by reducing the par value per share in four steps, i.e., (1) from CHF 2.09 by CHF [] to CHF [] to be submitted for registration to the commercial register in the third fiscal quarter 2010 (which ends on June 25, 2010), (2) from CHF [] by CHF [] to CHF [] to be submitted for registration to the commercial register in the fourth fiscal quarter 2010 (which ends on September 24, 2010), (3) from CHF [] by CHF [] to CHF [] to be submitted for registration to the commercial register in the first fiscal quarter 2011 (which ends on December 24, 2010), and (4) from CHF [] by CHF [] to CHF [] to be submitted for registration to the commercial register in the second fiscal quarter 2011 (which ends on March 25, 2011);

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(ii) by repayment to the shareholders of the respective partial reduction amount in US dollars ("USD") equal to the USD equivalent (rounded down to the next \$0.01) of CHF [] per share, determined by dividing the CHF per share amount by the CHF per one USD exchange ratio of [] (being the CHF per one USD currency exchange ratio as published by the Swiss National Bank two business days prior to the date of the Annual General Meeting), and rounding the result down to the nearest US\$ 0.01 (or []), in four installments in each of June 2010, September 2010, December 2010 and March 2011 (or, in each case, as soon as possible after the respective registration); the USD equivalent repayment obligation of Tyco Electronics Ltd. shall be hedged by a hedging arrangement such that the payment in USD will at no point in time exceed in value the capital reduction amount in CHF as resolved by this resolution irrespective of the development of the CHF to one USD exchange rate;

(iii) an updated report in accordance with article 732 para. 2 of the Swiss Code by the state supervised auditing enterprise shall be prepared for the second partial reduction from CHF [] by CHF [] to CHF [] in the fourth fiscal quarter 2010;

(iv) an updated report in accordance with article 732 para. 2 of the Swiss Code by the state supervised auditing enterprise shall be prepared for the third partial reduction from CHF [] by CHF [] to CHF [] in the first fiscal quarter 2011; and

(v) an updated report in accordance with article 732 para. 2 of the Swiss Code by the state supervised auditing enterprise shall be prepared for the fourth partial reduction from CHF [] by CHF [] to CHF [] in the second fiscal quarter 2011.

4. the aggregate reduction amount pursuant to Section 1 shall be increased by par value reductions on shares, if any, issued from authorized share capital and conditional share capital after the general meeting until registration of the reduction in the commercial register.

5. the shareholders' meeting resolves that the articles of association of Tyco Electronics Ltd. shall be adapted as follows:

5.1 First partial reduction to be submitted for registration in the third fiscal quarter 2010:

Provided that

(i) the resolution to reduce the share capital was published three times in the Swiss Official Gazette of Commerce (*SHAB*) and in the manner provided for by the articles of association and the creditors were thereby notified that they could request either satisfaction or security by filing their claims within two months calculated from the last publication in the Swiss Official Gazette of Commerce;

(ii) the time period set for the creditors has expired and all creditors who have filed claims have been satisfied or secured; and

(iii) a public deed of compliance is established;

the meeting of shareholders resolves to amend article 4, article 5, paragraph 1 and article 6, paragraph 1 (not including (a) and (b)) of the articles of association per the date of registration in the commercial register of the first partial capital reduction submitted for registration in the third fiscal quarter 2010 as follows:

"Art. 4

Share Capital

¹ The Company's share capital is CHF []. It is divided into [] registered shares with a par value of CHF [] per share.

² The share capital is fully paid up."

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"Art. 5

Authorized Capital

¹ The Board of Directors is authorized to increase the share capital at any time until 22 June 2011 by an amount not exceeding CHF [] through the issuance of up to [] fully paid up registered shares with a par value of CHF [] each."

"Art. 6

Conditional Share Capital

¹ The share capital of the Company shall be increased by an amount not exceeding CHF [] through the issue of a maximum of [] registered shares, payable in full, each with a par value of CHF [][rest of paragraph unchanged]"

5.2 Second partial reduction to be submitted for registration in the fourth fiscal quarter 2010:

Provided that

(i) the first partial capital reduction for the third fiscal quarter 2010 has been effected in accordance with this resolution and entered into the commercial register;

(ii) the resolution to reduce the share capital was published three times in the Swiss Official Gazette of Commerce (*SHAB*) and in the manner provided for by the articles of association before the second partial capital reduction and the creditors were thereby notified that they could request either satisfaction or security by filing their claims within two months calculated from the last publication in the Swiss Official Gazette of Commerce;

(iii) the time period set for the creditors in view of the second partial capital reduction has expired and all creditors who have filed claims have been satisfied or secured;

(iv) a public deed of compliance is established with respect to the second partial capital reduction; and

(v) a special auditor report in accordance with art. 732 para. 2 of the Swiss Code, which report is up-to-date at the time of the second partial capital reduction, is available confirming that the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the second partial capital reduction;

the meeting of shareholders resolves to amend article 4, article 5, paragraph 1 and article 6, paragraph 1 (not including (a) and (b)) of the articles of association per the date of registration in the commercial register of the second partial capital reduction submitted for registration in the fourth fiscal quarter 2010 as follows:

"Art. 4

Share Capital

¹ The Company's share capital is CHF []. It is divided into [] registered shares with a par value of CHF [] per share.

² The share capital is fully paid up."

"Art. 5

Authorized Capital

¹ The Board of Directors is authorized to increase the share capital at any time until 22 June 2011 by an amount not exceeding CHF [] through the issuance of up to [] fully paid up registered shares with a par value of CHF [] each."

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"Art. 6

Conditional Share Capital

¹ The share capital of the Company shall be increased by an amount not exceeding CHF [] through the issue of a maximum of [] registered shares, payable in full, each with a par value of CHF [][rest of paragraph unchanged]"

5.3 Third partial reduction to be submitted for registration in the first fiscal quarter 2011:

Provided that

(i) the first partial capital reduction for the third fiscal quarter 2010 and the second partial capital reduction for the fourth fiscal quarter 2010 have been effected in accordance with this resolution and entered into the commercial register;

(ii) the resolution to reduce the share capital was published three times in the Swiss Official Gazette of Commerce (*SHAB*) and in the manner provided for by the articles of association before the third partial capital reduction and the creditors were thereby notified that they could request either satisfaction or security by filing their claims within two months calculated from the last publication in the Swiss Official Gazette of Commerce;

(iii) the time period set for the creditors in view of the third partial capital reduction has expired and all creditors who have filed claims have been satisfied or secured;

(iv) a public deed of compliance is established with respect to the third partial capital reduction; and

(v) a special auditor report in accordance with art. 732 para. 2 of the Swiss Code, which report is up-to-date at the time of the third partial capital reduction, is available confirming that the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the third partial capital reduction;

the meeting of shareholders resolves to amend article 4, article 5, paragraph 1 and article 6, paragraph 1 (not including (a) and (b)) of the articles of association per the date of registration in the commercial register of the third partial capital reduction submitted for registration in the first fiscal quarter 2011 as follows:

"Art. 4

Share Capital

¹ The Company's share capital is CHF []. It is divided into [] registered shares with a par value of CHF [] per share.

² The share capital is fully paid up."

"Art. 5

Authorized Capital

¹ The Board of Directors is authorized to increase the share capital at any time until 22 June 2011 by an amount not exceeding CHF [] through the issuance of up to [] fully paid up registered shares with a par value of CHF [] each."

"Art. 6

Conditional Share Capital

¹ The share capital of the Company shall be increased by an amount not exceeding CHF [] through the issue of a maximum of [] registered shares, payable in full, each with a par value of CHF [][rest of paragraph unchanged]"

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5.4 Fourth partial reduction to be submitted for registration in the second fiscal quarter 2011:

Provided that

(i) the first partial capital reduction for the third fiscal quarter 2010, the second partial capital reduction for the fourth fiscal quarter 2010 and the third partial capital reduction for the first fiscal quarter 2011 have been effected in accordance with this resolution and entered into the commercial register;

(ii) the resolution to reduce the share capital was published three times in the Swiss Official Gazette of Commerce (*SHAB*) and in the manner provided for by the articles of association before the fourth partial capital reduction and the creditors were thereby notified that they could request either satisfaction or security by filing their claims within two months calculated from the last publication in the Swiss Official Gazette of Commerce;

(iii) the time period set for the creditors in view of the fourth partial capital reduction has expired and all creditors who have filed claims have been satisfied or secured;

(iv) a public deed of compliance is established with respect to the fourth partial capital reduction; and

(v) a special auditor report in accordance with art. 732 para. 2 of the Swiss Code, which report is up-to-date at the time of the fourth partial capital reduction, is available confirming that the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the fourth partial capital reduction;

the meeting of shareholders resolves to amend article 4, article 5, paragraph 1 and article 6, paragraph 1 (not including (a) and (b)) of the articles of association per the date of registration in the commercial register of the fourth partial capital reduction submitted for registration in the second fiscal quarter 2011 as follows:

"Art. 4

Share Capital

¹ The Company's share capital is CHF []. It is divided into [] registered shares with a par value of CHF [] per share.

² The share capital is fully paid up."

"Art. 5

Authorized Capital

¹ The Board of Directors is authorized to increase the share capital at any time until 22 June 2011 by an amount not exceeding CHF [] through the issuance of up to [] fully paid up registered shares with a par value of CHF [] each."

"Art. 6

Conditional Share Capital

¹ The share capital of the Company shall be increased by an amount not exceeding CHF [] through the issue of a maximum of [] registered shares, payable in full, each with a par value of CHF [][rest of paragraph unchanged]"

6. It is the task of the Board of Directors to execute this resolution of the shareholders' meeting and to file the required applications with the Commercial Register of the Canton of Schaffhausen, Switzerland (art. 716a para. 1 point 6 in connection with art. 734 of the Swiss Code). In the event that the special auditor report in accordance with art. 732 of the Swiss Code as prepared for any of the second, third or fourth partial Capital Reductions does not confirm that the receivables of the creditors

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of Tyco Electronics Ltd. are fully covered by assets after giving effect to the applicable partial Capital Reduction, the applicable partial Capital Reduction may not be effected.

Illustrative Example of Text of Shareholder Resolution

Assuming that the number of our issued shares (including treasury shares) at the date of the Annual General Meeting is 468,215,574 and the Rate is 1.0082, the text of the shareholder resolution would be as follows (*with illustrative dates and numbers presented in italics*):

IT IS RESOLVED, that based on a special auditor report dated [*March 10*], 2010 in accordance with art. 732 para. 2 of the Swiss Code of Obligations (the "Swiss Code"), which is at hand, provided by PricewaterhouseCoopers AG, Zürich, Switzerland, as state supervised auditing enterprise present at the shareholders' meeting:

1. the registered share capital of Tyco Electronics Ltd. in the aggregate amount of Swiss francs ("CHF") 978,570,549.66 shall be reduced by the amount of CHF [*318,386,590.32*];

2. it is acknowledged and recorded that according to the report of the auditor dated [*March 10*], 2010 it is confirmed that the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the capital reduction;

3. the capital reduction shall be accomplished as follows:

(i) by reducing the par value per share in four steps, i.e., (1) from CHF 2.09 by CHF [*0.17*] to CHF [*1.92*] to be submitted for registration to the commercial register in the third fiscal quarter 2010 (which ends on June 25, 2010), (2) from CHF [*1.92*] by CHF [*0.17*] to CHF [*1.75*] to be submitted for registration to the commercial register in the fourth fiscal quarter 2010 (which ends on September 24, 2010), (3) from CHF [*1.75*] by CHF [*0.17*] to CHF [*1.58*] to be submitted for registration to the commercial register in the first fiscal quarter 2011 (which ends on December 24, 2010), and (4) from CHF [*1.58*] by CHF [*0.17*] to CHF [*1.41*] to be submitted for registration to the commercial register in the second fiscal quarter 2011 (which ends on March 25, 2011);

(ii) by repayment to the shareholders of the respective partial reduction amount in US dollars ("USD") equal to the USD equivalent (rounded down to the next \$0.01) of CHF [*0.17*] per share, determined by dividing the CHF per share amount by the CHF per one USD exchange ratio of [*1.0082*] (being the CHF per one USD currency exchange ratio as published by the Swiss National Bank two business days prior to the date of the Annual General Meeting), and rounding the result down to the nearest US\$ 0.01 (or [*US\$ 0.16*]), in four installments in each of June 2010, September 2010, December 2010 and March 2011 (or, in each case, as soon as possible after the respective registration); the USD equivalent repayment obligation of Tyco Electronics Ltd. shall be hedged by a hedging arrangement such that the payment in USD will at no point in time exceed in value the capital reduction amount in CHF as resolved by this resolution irrespective of the development of the CHF to one USD exchange rate;

(iii) an updated report in accordance with article 732 para. 2 of the Swiss Code by the state supervised auditing enterprise shall be prepared for the second partial reduction from CHF [*1.92*] by CHF [*0.17*] to CHF [*1.75*] in the fourth fiscal quarter 2010;

(iv) an updated report in accordance with article 732 para. 2 of the Swiss Code by the state supervised auditing enterprise shall be prepared for the third partial reduction from CHF [*1.75*] by CHF [*0.17*] to CHF [*1.58*] in the first fiscal quarter 2011; and

(v) an updated report in accordance with article 732 para. 2 of the Swiss Code by the state supervised auditing enterprise shall be prepared for the fourth partial reduction from CHF [*1.58*] by CHF [*0.17*] to CHF [*1.41*] in the second fiscal quarter 2011.

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4. the aggregate reduction amount pursuant to Section 1 shall be increased by par value reductions on shares, if any, issued from authorized share capital and conditional share capital after the general meeting until registration of the reduction in the commercial register.

5. the shareholders' meeting resolves that the articles of association of Tyco Electronics Ltd. shall be adapted as follows:

5.1 First partial reduction to be submitted for registration in the third fiscal quarter 2010:

Provided that

(i) the resolution to reduce the share capital was published three times in the Swiss Official Gazette of Commerce (*SHAB*) and in the manner provided for by the articles of association and the creditors were thereby notified that they could request either satisfaction or security by filing their claims within two months calculated from the last publication in the Swiss Official Gazette of Commerce;

(ii) the time period set for the creditors has expired and all creditors who have filed claims have been satisfied or secured; and

(iii) a public deed of compliance is established;

the meeting of shareholders resolves to amend article 4, article 5, paragraph 1 and article 6, paragraph 1 (not including (a) and (b)) of the articles of association per the date of registration in the commercial register of the first partial capital reduction submitted for registration in the third fiscal quarter 2010 as follows:

"Art. 4

Share Capital

¹ The Company's share capital is CHF [898,973,902.08]. It is divided into [468,215,574] registered shares with a par value of CHF [1.92] per share.

² The share capital is fully paid up."

"Art. 5

Authorized Capital

¹ The Board of Directors is authorized to increase the share capital at any time until 22 June 2011 by an amount not exceeding CHF [449,486,951.04] through the issuance of up to [234,107,787] fully paid up registered shares with a par value of CHF [1.92] each."

"Art. 6

Conditional Share Capital

¹ The share capital of the Company shall be increased by an amount not exceeding CHF [449,486,951.04] through the issue of a maximum of [234,107,787] registered shares, payable in full, each with a par value of CHF [1.92][rest of paragraph unchanged]"

5.2 Second partial reduction to be submitted for registration in the fourth fiscal quarter 2010:

Provided that

(i) the first partial capital reduction for the third fiscal quarter 2010 has been effected in accordance with this resolution and entered into the commercial register;

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(ii) the resolution to reduce the share capital was published three times in the Swiss Official Gazette of Commerce (*SHAB*) and in the manner provided for by the articles of association before the second partial capital reduction and the creditors were thereby notified that they could request either satisfaction or security by filing their claims within two months calculated from the last publication in the Swiss Official Gazette of Commerce;

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(iii) the time period set for the creditors in view of the second partial capital reduction has expired and all creditors who have filed claims have been satisfied or secured;

(iv) a public deed of compliance is established with respect to the second partial capital reduction; and

(v) a special auditor report in accordance with art. 732 para. 2 of the Swiss Code, which report is up-to-date at the time of the second partial capital reduction, is available confirming that the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the second partial capital reduction;

the meeting of shareholders resolves to amend article 4, article 5, paragraph 1 and article 6, paragraph 1 (not including (a) and (b)) of the articles of association per the date of registration in the commercial register of the second partial capital reduction submitted for registration in the fourth fiscal quarter 2010 as follows:

"Art. 4

Share Capital

¹ The Company's share capital is CHF [819,377,254.50]. It is divided into [468,215,574] registered shares with a par value of CHF [1.75] per share.

² The share capital is fully paid up."

"Art. 5

Authorized Capital

¹ The Board of Directors is authorized to increase the share capital at any time until 22 June 2011 by an amount not exceeding CHF [409,688,627.25] through the issuance of up to [234,107,787] fully paid up registered shares with a par value of CHF [1.75] each."

"Art. 6

Conditional Share Capital

¹ The share capital of the Company shall be increased by an amount not exceeding CHF [409,688,627.25] through the issue of a maximum of [234,107,787] registered shares, payable in full, each with a par value of CHF [1.75][rest of paragraph unchanged]"

5.3 Third partial reduction to be submitted for registration in the first fiscal quarter 2011:

Provided that

(i) the first partial capital reduction for the third fiscal quarter 2010 and the second partial capital reduction for the fourth fiscal quarter 2010 have been effected in accordance with this resolution and entered into the commercial register;

(ii) the resolution to reduce the share capital was published three times in the Swiss Official Gazette of Commerce (*SHAB*) and in the manner provided for by the articles of association before the third partial capital reduction and the creditors were thereby notified that they could request either satisfaction or security by filing their claims within two months calculated from the last publication in the Swiss Official Gazette of Commerce;

(iii) the time period set for the creditors in view of the third partial capital reduction has expired and all creditors who have filed claims have been satisfied or secured;

(iv) a public deed of compliance is established with respect to the third partial capital reduction; and

(v) a special auditor report in accordance with art. 732 para. 2 of the Swiss Code, which report is up-to-date at the time of the third partial capital reduction, is available confirming that

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the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the third partial capital reduction;

the meeting of shareholders resolves to amend article 4, article 5, paragraph 1 and article 6, paragraph 1 (not including (a) and (b)) of the articles of association per the date of registration in the commercial register of the third partial capital reduction submitted for registration in the first fiscal quarter 2011 as follows:

"Art. 4

Share Capital

¹ The Company's share capital is CHF [739,780,606.92]. It is divided into [468,215,574] registered shares with a par value of CHF [1.58] per share.

² The share capital is fully paid up."

"Art. 5

Authorized Capital

¹ The Board of Directors is authorized to increase the share capital at any time until 22 June 2011 by an amount not exceeding CHF [369,890,303.46] through the issuance of up to [234,107,787] fully paid up registered shares with a par value of CHF [1.58] each."

"Art. 6

Conditional Share Capital

¹ The share capital of the Company shall be increased by an amount not exceeding CHF [369,890,303.46] through the issue of a maximum of [234,107,787] registered shares, payable in full, each with a par value of CHF [1.58][rest of paragraph unchanged]"

5.4 Fourth partial reduction to be submitted for registration in the second fiscal quarter 2011:

Provided that

(i) the first partial capital reduction for the third fiscal quarter 2010, the second partial capital reduction for the fourth fiscal quarter 2010 and the third partial capital reduction for the first fiscal quarter 2011 have been effected in accordance with this resolution and entered into the commercial register;

(ii) the resolution to reduce the share capital was published three times in the Swiss Official Gazette of Commerce (*SHAB*) and in the manner provided for by the articles of association before the fourth partial capital reduction and the creditors were thereby notified that they could request either satisfaction or security by filing their claims within two months calculated from the last publication in the Swiss Official Gazette of Commerce;

(iii) the time period set for the creditors in view of the fourth partial capital reduction has expired and all creditors who have filed claims have been satisfied or secured;

(iv) a public deed of compliance is established with respect to the fourth partial capital reduction; and

(v) a special auditor report in accordance with art. 732 para. 2 of the Swiss Code, which report is up-to-date at the time of the fourth partial capital reduction, is available confirming that the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the fourth partial capital reduction;

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the meeting of shareholders resolves to amend article 4, article 5, paragraph 1 and article 6, paragraph 1 (not including (a) and (b)) of the articles of association per the date of registration in

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the commercial register of the fourth partial capital reduction submitted for registration in the second fiscal quarter 2011 as follows:

"Art. 4

Share Capital

¹ The Company's share capital is CHF [660,183,959.34]. It is divided into [468,215,574] registered shares with a par value of CHF [1.41] per share.

² The share capital is fully paid up."

"Art. 5

Authorized Capital

¹ The Board of Directors is authorized to increase the share capital at any time until 22 June 2011 by an amount not exceeding CHF [330,091,979,67] through the issuance of up to [234,107,787] fully paid up registered shares with a par value of CHF [1.41] each."

"Art. 6

Conditional Share Capital

¹ The share capital of the Company shall be increased by an amount not exceeding CHF [330,091,979,67] through the issue of a maximum of [234,107,787] registered shares, payable in full, each with a par value of CHF [1.41][rest of paragraph unchanged]"

6. It is the task of the Board of Directors to execute this resolution of the shareholders' meeting and to file the required applications with the Commercial Register of the Canton of Schaffhausen, Switzerland (art. 716a para. 1 point 6 in connection with art. 734 of the Swiss Code). In the event that the special auditor report in accordance with art. 732 of the Swiss Code as prepared for any of the second, third or fourth partial Capital Reductions does not confirm that the receivables of the creditors of Tyco Electronics Ltd. are fully covered by assets after giving effect to the applicable partial Capital Reduction, the applicable partial Capital Reduction may not be effected.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, is required for approval of Agenda Item No. 3.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 3. Proxies will be so voted unless shareholders specify otherwise in their proxies.

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AGENDA ITEM NO. 4 RELEASE THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS FOR ACTIVITIES DURING FISCAL YEAR 2009

Agenda Item

Our Board of Directors proposes that shareholders release the members of the Board of Directors and executives of Tyco Electronics from liability for their activities during the fiscal year ended September 25, 2009.

Explanation

As is customary for Swiss corporations and in accordance with Article 698, subsection 2, item 5 of the Swiss Code of Obligations, shareholders are requested to release the members of the Board of Directors and the executive officers of Tyco Electronics from liability for their activities during the fiscal year ended September 25, 2009. This release from liability claims brought by Tyco Electronics or shareholders against members of the Board of Directors and executive officers of Tyco Electronics for activities carried out during the fiscal year ended September 25, 2009 is only effective with respect to facts that have been disclosed to shareholders. This release binds shareholders who either voted in favor of the agenda item or who subsequently acquired shares with knowledge of the resolution. Registered shareholders that do not vote in favor of this agenda item are not bound by the result for a period ending six months after the vote.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, not counting the votes of any director or executive officer of Tyco Electronics, is required for approval of Agenda Item No. 4.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 4. Proxies will be so voted unless shareholders specify otherwise in their proxies.

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AGENDA ITEM NO. 5 APPROVAL OF AN INCREASE IN THE NUMBER OF SHARES AVAILABLE FOR AWARDS UNDER THE TYCO ELECTRONICS LTD. 2007 STOCK AND INCENTIVE PLAN

The Tyco Electronics Ltd. 2007 Stock and Incentive Plan (the "SIP" or the "Plan") governs the award and payment of cash and equity awards to company employees and non-employee directors. The SIP was initially approved by the company's Board of Directors and by Tyco International Ltd., as our former sole shareholder, on June 4, 2007, prior to our separation from Tyco International on June 29, 2007. The SIP, as amended and restated to ensure that certain payments made under the SIP would continue to qualify as "performance-based" compensation under Section 162(m) ("Section 162(m)") of the Internal Revenue Code of 1986, as amended (the "Code"), was approved by our shareholders on June 22, 2009.

Discussion of the Purposes of this Agenda Item

The Board of Directors and management are requesting that shareholders approve an increase of 15,000,000 shares to the number of shares reserved for issuance of awards under the SIP. The maximum number of common shares originally reserved for the issuance of awards under the SIP was 24,843,452, five percent (5%) of the outstanding common shares of the company on June 29, 2007, the original effective date of the SIP. As of January 15, 2010, approximately 2.1 million shares remain available for issuance under the SIP. Management and the Board have determined that, given current annual grant practices and the current market value of the company's shares, the company needs to seek shareholder approval to increase the authorized number of shares under the SIP at this Annual General Meeting.

We are a global company that operates in all of the major markets in the world. As such, we recruit and compete for talent on a global basis, and as discussed in the CD&A, our main competitors for talent are the companies listed in our primary and secondary peer groups. We believe that in order to successfully compete with our peer companies for top talent, we need to provide our employees with competitive compensation consisting of both short- and long-term cash and equity incentives, consistent with the practices of our peers. The Board and management believe that the issuance of equity incentive awards promotes the growth and success of our business by aligning the interests of employees with those of our shareholders, and provides our employees an opportunity to participate in our growth and financial success. In order to issue competitive equity incentive awards to our employees, we need to have a sufficient pool of shares available, and therefore we are requesting that shareholders approve an increase of 15,000,000 shares to the number of shares reserved for issuance under the SIP. Management and the Board expect that the proposed increase in authorized shares will be sufficient to permit awards to be made under the SIP in the next three years in light of our current share utilization rate, forfeiture rates, stock performance and the remaining shares available from the original authorization. If the request for additional shares is approved, we will have enough shares to make competitive equity awards in fiscal year 2011 and beyond. Otherwise, we will need to adopt other non-equity compensation programs in order to maintain competitive pay levels.

With the proposed increase in authorized shares under the SIP, the resulting dilution will be relatively low compared to our peer group companies. As proposed, the additional 15,000,000 shares would result in a dilution rate of less than 11% on a fully diluted basis. Based on competitive data, we believe that the dilution rate with the additional shares would place us at or about the 30th percentile of our industry reference group and at or about the 50th percentile of our primary talent market reference group.

Material Terms of the SIP

A summary of the material features of the SIP is set forth below. This summary is qualified in its entirety by reference to the complete text of the SIP (as proposed to be amended and restated upon

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approval by shareholders of this agenda item), which is attached as Appendix A to this proxy statement.

Purpose. The Plan is intended to make available incentives that aid us to attract, recruit and retain directors and employees, by providing performance-related incentives and an opportunity to participate in the company's growth and financial success, and to align the financial interests of directors and employees with that of our other shareholders.

Plan Administration. The Plan is administered by the Management Development and Compensation Committee. The Committee, or to the extent required by applicable law, the Board of Directors, has broad discretion and authority under the Plan to:

interpret and administer the Plan;

select employees to receive awards, determine the form of an award, the number of common shares subject to an award and the terms and conditions of each award;

waive or amend any terms, conditions, restrictions or limitations on an award, except that the Plan's prohibition on the repricing of stock options and stock appreciation rights cannot be waived; and

delegate its duties and appoint agents to help administer the Plan.

Eligibility. In general, each of our employees, non-employee directors and grantees of an acquired company is eligible to receive awards under the Plan. For fiscal year 2010, approximately 1,500 employees received annual equity awards in the form of stock options and/or restricted stock units. Each non-employee director also received an award of fully-vested stock or deferred stock units as part of his/her fiscal year 2010 annual retainer. The persons who are eligible to receive annual performance bonuses pursuant to the SIP are certain employees and non-employee directors designated by the Committee and who are subject to the reporting requirements of Section 16(a) of the Securities Exchange Act. The persons who are eligible to receive long-term performance awards pursuant to the SIP are certain employees and non-employee directors designated by the Committee. Subject to annual individual limits set forth in the Plan, the number of future awards that may be granted to any one individual or category of individuals is not presently determinable.

Shares Subject to the Plan; Additional Share Authorization. The total number of shares that presently may be issued to participants under the Plan is 5% of the company's shares outstanding as of the original effective date of the Plan (24,843,452 shares), subject to adjustments as provided under the terms of the Plan. As of January 15, 2010, approximately 2.1 million shares remain available for issuance under the Plan. We are requesting that shareholders approve an increase of 15,000,000 shares to the number of shares reserved for issuance under the SIP. Management and the Board expect that the proposed increase in authorized shares will be sufficient to permit awards to be made under the SIP in the next three years in light of our current share utilization rate, forfeiture rates, stock performance and the remaining shares available from the original authorization. When common shares are issued pursuant to a grant of restricted stock, restricted stock units, deferred stock units, performance units or as payment of an annual performance bonus or other stock-based award, the total number of common shares remaining available for grant will be decreased by a margin of 1.8 per common share issued. In determining the number of shares that remain available under the Plan, the following do not count against the Plan's share limit: (a) shares related to awards paid in cash; (b) shares related to awards that expire, are forfeited or cancelled or terminate for any other reason without issuance of shares; (c) any shares issued in connection with awards that are assumed, converted or substituted as a result of the acquisition of an acquired company by us or a combination of our company with another company; and (d) any shares of restricted stock that are returned to us upon a participant's termination of employment.

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Stock Options and Stock Appreciation Rights. Stock options awarded under the Plan may be in the form of nonqualified stock options or incentive stock options or a combination of the two. Stock appreciation rights may be awarded either alone or in tandem with stock options. Stock appreciation rights will be paid in cash or common shares or a combination of cash and common shares, as determined by the Committee. Unless determined otherwise by the Committee or as required by law, stock options and stock appreciation rights granted under the Plan are subject to the following terms and conditions:

Exercise Price. The Committee will set the exercise price at the time of grant, which will be no less than the fair market value of a common share as of the date of grant.

No Repricing. The exercise price of a stock option may not be decreased after the date of grant, other than in connection with permitted Plan adjustments, nor may stock options be cancelled for cash or otherwise be replaced by new stock option grants having a lower exercise price, unless approved by our shareholders.

Vesting. Stock options and stock appreciation rights will vest at such time and in the manner as determined at the time of grant by the Committee. Stock options and stock appreciation rights (i) will immediately vest in full upon the death or disability of a participant, or upon a change in control that results in a termination without cause or resignation for good reason and (ii) will vest on a pro rata basis upon a participant's retirement (which is defined as the attainment of age 55 and completion of five years of service).

Post-Termination Exercise. Unless the Committee provides otherwise, stock options, stock appreciation rights and long-term performance awards that have not vested as of the date of a participant's termination of employment will be forfeited, except in the case of death, disability, change in control termination or retirement, as described above. Subject to the term of the award, any vested stock option or stock appreciation right that has not already been exercised will remain exercisable for a period of three years after termination of employment because of retirement, death or disability, and any vested stock option or stock appreciation right that has not already been exercised will remain exercisable for a period of 90 days after termination for any other reason except for a termination of employment for cause.

Performance-Based Awards. The Plan provides for performance-based awards in the form of: (1) annual performance bonuses that may be granted in the form of cash or common shares; and (2) long-term performance awards in the form of performance units that may be paid in cash or shares or performance-based restricted stock units or restricted stock awards that are paid in shares. It is intended that annual performance bonuses and long-term performance awards will qualify as "performance-based" compensation for purposes of Section 162(m). The Committee, in its discretion, will fix the amount, terms and conditions of annual performance bonuses and long-term performance awards, subject to the following:

Performance Cycles. Annual performance bonuses will be awarded in connection with a 12-month performance cycle, which will coincide with our fiscal year. Long-term performance awards will be awarded in connection with a performance cycle that will not be shorter than 12 months or longer than five years. The annual performance bonus amount and the number of shares or units that are earned will be determined by the level of performance attained in relation to the applicable performance measures, as certified by the Committee following completion of the performance period.

Target Awards and Award Criteria. The Committee typically will set a target amount or target number of shares or units for each participant receiving an annual performance bonus or long-term performance award within 90 days after the start of a performance cycle. At that time, the Committee will also establish criteria for these awards, including the minimum level of

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performance that must be attained before any annual performance bonuses and long-term performance award will be paid or vest and the annual performance bonus amounts and the number of shares or units that will become payable upon attainment of various levels of performance. Financial performance measures may take into account such adjustments as the Committee may specify, which need not be consistent with accounting standards applicable to our financial statements.

Restricted Stock, Restricted Stock Units and Deferred Stock Units. Restricted stock, restricted stock units and deferred stock units may be awarded under the Plan to any employee selected by the Committee. Restricted stock units and deferred stock units may be settled in shares or cash. The Committee has the discretion to fix the terms and conditions applicable to awards of restricted stock, restricted stock units and deferred stock units, subject to the following:

Vesting. Unless the award certificate provides otherwise, any restrictions on restricted stock, restricted stock units or deferred stock units will lapse in equal annual installments over a four-year period after the date of grant. In no event will the vesting period applicable to a restricted stock, restricted stock unit or deferred stock unit award be less than three years (on either a cliff or graded vesting basis), except that the Committee may grant up to 10% of the shares authorized for issuance with vesting periods less than three years under such circumstances as it deems appropriate.

Acceleration of Vesting. Any restrictions on restricted stock, restricted stock units or deferred stock units that have not lapsed or been satisfied on the date of a participant's termination of employment will immediately lapse in part upon retirement, and will lapse in full upon death, disability or a change in control termination. Upon a termination of employment for any other reason, any unvested restricted stock units, deferred stock units or shares of restricted stock will be forfeited, unless otherwise provided by the Committee.

Dividends and Dividend Equivalents. At the discretion of the Committee, dividends or distributions paid on shares may be paid immediately or withheld and deferred in the participant's account. In the event of a payment of dividends or distributions on common shares, the Committee may credit restricted stock units and deferred stock units with dividend equivalents, which may be distributed immediately or withheld and deferred in the participant's account or credited in the form of additional share units.

Director Awards. The Committee may grant deferred stock units to each director in such an amount as the Board of Directors, in its discretion, may approve in advance. Each such deferred stock unit will vest as determined by the Committee and will be paid in common shares within 30 days following the director's termination of Board service. In addition, the Committee may grant stock options, stock appreciation rights and other stock-based awards to directors.

Substitute Awards. The Committee may make awards to grantees of an acquired company through the assumption of, or in substitution for, outstanding stock-based awards previously granted to the grantees. The assumed or substituted awards will be subject to the terms and conditions of the original awards made by the acquired company, with any adjustments that the Committee considers appropriate to give effect to the relevant provisions of any agreement for the acquisition of the acquired company.

Performance Goals. The SIP provides for performance-based awards in the form of: (1) annual performance bonuses that may be granted in the form of cash or common shares; and (2) long-term performance awards in the form of performance units that may be paid in cash or shares or performance-based restricted stock units or restricted stock awards that are paid in shares. These performance-based awards are designed to satisfy the requirements of deductibility under Section 162(m) and are in addition to options or stock appreciation rights which may also qualify as performance-based awards for Section 162(m) purposes. Stock options and stock appreciation rights

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may be awarded under the SIP with an exercise price at the time of grant of no less than the fair market value of a common share. Accordingly, these options and stock appreciation rights can qualify as performance-based compensation under Section 162(m).

In order to meet the requirement of deductibility under Section 162(m), the goals must be based on one or more of the following criteria set forth in the SIP:

Net operating profit after taxes;

Net operating profit after taxes, per share;

Return on invested capital;

Return on assets or net assets;

Total shareholder return;

Relative total shareholder return (as compared with a peer group of the company);

Earnings before income taxes;

Earnings per share;

Net income;

Free cash flow;

Free cash flow per share;

Revenue (or any component thereof); or

Revenue growth.

Maximum Performance Based Compensation. The SIP is administered by the Management Development and Compensation Committee of the Board, which consists solely of two or more "outside directors" within the meaning of Section 162(m). The Committee has the sole authority to select employees to receive awards, determine the form of an award, the number of common shares subject to an award, and the terms and conditions of each award. However, no employee will be entitled to receive an annual performance bonus or long-term performance award under the SIP that is in excess of \$10,000,000 for any performance cycle of 12 months. In addition, no employee may be granted more than six million shares over any calendar year pursuant to awards of stock options, stock appreciation rights, and performance-based restricted stock and restricted stock units, except that an incentive award of no more than ten million shares may be made pursuant to stock options, stock appreciation rights, and performance-based restricted stock and restricted stock units to any person who has been hired within the calendar year as a key employee (as defined in Section 162(m)). If a performance cycle is longer than 12 months, the maximum amount that may be paid

under the SIP will be adjusted proportionately.

Change in Control. If there is a change in control that results in a participant's involuntary termination of employment (as described in the Plan), then all outstanding stock options and stock appreciation rights will become exercisable, all conditions applicable to outstanding restricted stock, restricted stock units and other stock-based awards (other than long-term performance awards) and deferred stock units will be waived, and each participant who has been granted an annual performance bonus or long-term performance award that is outstanding as of the date of the involuntary termination will be deemed to have achieved a level of performance that would cause all (100%) of the participant's target amounts to become payable and all restrictions applicable to the participant's restricted stock units and shares of restricted stock to lapse. Unless otherwise determined by the Committee, in its discretion, if awards payable in shares of company stock will not be substituted with comparable awards payable or redeemable in shares of publicly-traded stock after the change in

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control, then such awards will become fully vested immediately prior to the change in control and each such award that is a stock option will be paid out in cash (in an amount equal to the excess of the fair market value of the underlying shares over the exercise price of the option).

Non-transferability of Awards. Awards under the Plan will not be subject in any manner to alienation, anticipation, sale, assignment, pledge, encumbrance or transfer, and no other persons will otherwise acquire any rights therein, except transfer by will or by the laws of descent or distribution. However, the Committee may, in its discretion, permit a participant to transfer awards (e.g., to family members or trusts for family members) subject to such conditions as the Committee may establish.

Adjustments. In the event of a change in the number of outstanding common shares by reason of a stock split, reverse stock split, dividend or other distribution, extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of shares or other securities or similar corporate transaction or event, the Committee shall make an appropriate adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

Amendment and Termination. The Plan may be amended or terminated by our Board of Directors at any time without shareholder approval, except that any material revision to the terms of the Plan requires shareholder approval before it can be effective. A revision is "material" for this purpose if it materially increases the number of common shares that may be issued under the Plan (other than an increase pursuant to an "adjustment" as described above), materially expands the types of awards available under the Plan, materially expands the class of persons eligible to receive awards, materially extends the term of the Plan, materially decreases the exercise price at which stock options or stock appreciation rights may be granted, reduces the exercise price of outstanding stock options or stock appreciation rights, or results in the replacement of outstanding stock options or stock appreciation rights with awards that have a lower exercise price. The Board of Directors may, without shareholder approval, amend the Plan to increase the maximum value of deferred stock units that may be granted to a director in any fiscal year and the maximum number of common shares that may be granted to a director in any fiscal year pursuant to awards of stock options, stock appreciation rights and other stock-based awards. If not earlier terminated, the Plan will terminate on June 3, 2017. No awards may be granted under the Plan after it is terminated, but any previously granted awards will remain in effect until they expire.

Summary of Federal Income Tax Consequences of Awards

The following is a brief summary of the material United States federal income tax consequences of the grant, exercise and disposition of stock options, stock appreciation rights, restricted stock, performance units, restricted stock units and deferred stock units under the SIP. This summary is not intended to be exhaustive and, among other things, does not describe state, local or foreign tax consequences. Because the federal income tax rules governing awards and related payments are complex, subject to frequent change, and depend on individual circumstances, participants should consult their tax advisors before exercising options or other awards or disposing of stock acquired pursuant to awards. This summary assumes that all awards granted under the Plan are exempt from or comply with, the rules under Section 409A of the Code related to deferred compensation. The following is not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties.

Nonqualified Stock Options and Stock Appreciation Rights. A participant will not recognize any income at the time a nonqualified stock option or stock appreciation right is granted, nor will the company be entitled to a deduction at that time. When a nonqualified stock option is exercised, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the common shares received as of the date of exercise over the exercise price. When a stock

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appreciation right is exercised, the participant will recognize ordinary income in an amount equal to the cash received or, if the stock appreciation right is paid in common shares, the fair market value of the common shares received as of the date of exercise. Payroll taxes are required to be withheld from the participant on the amount of ordinary income recognized by the participant. We will be entitled to a tax deduction with respect to a nonqualified stock option or stock appreciation right at the same time and in the same amount as the participant recognizes income. The participant's subsequent disposition of the common shares generally will give rise to capital gain or loss equal to the difference between the sale price and the sum of the exercise price the participant paid for the shares plus the ordinary income the participant recognized with respect to the shares, and these capital gains will be taxable as long-term capital gains if the participant held the shares for more than one year following exercise.

Incentive Stock Options. Incentive stock options, or ISOs, are intended to qualify for treatment under Section 422 of the Code. A participant will not recognize any income at the time an ISO is granted. Nor will a participant recognize any income at the time an ISO is exercised. However, the excess of the fair market value of the common shares on the date of exercise over the exercise price paid will be a preference item that could create a liability under the alternative minimum tax. If a participant disposes of the common shares acquired on exercise of an ISO after the later of two years after the date of grant of the ISO or one year after the date of exercise of the ISO (the "holding period"), the gain, if any, will be long-term capital gain subject to the applicable tax rates. If the participant disposes of the common shares prior to the end of the holding period, the participant will recognize ordinary income in the year of the disposition equal to the excess of the lesser of (i) the fair market value of the common shares on the date of exercise or (ii) the amount received for the common shares, over the exercise price paid. The balance of the gain or loss, if any, will be long-term or short-term capital gain or loss, depending on how long the common shares were held by the participant prior to disposition. If the amount realized upon such a disqualifying disposition is less than fair market value of the shares on the date of exercise, the amount of compensation income will be limited to the excess of the amount realized over the optionee's adjusted basis in the shares. We are not entitled to a deduction as a result of the grant or exercise of an ISO unless a participant recognizes ordinary income as a result of a disposition, in which case we will be entitled to a deduction at the same time and in the same amount as the participant recognizes ordinary income.

Restricted Stock. With respect to stock grants involving the issuance of shares that are restricted as to transferability and subject to a substantial risk of forfeiture, the participant must generally recognize ordinary income equal to the fair market value of the shares received at the first time the shares become transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier. The participant may elect under Section 83(b) of the Code to be taxed at the time of receipt of shares rather than upon lapse of restrictions on transferability or substantial risk of forfeiture, but if the participant subsequently forfeits such shares, the participant would not be entitled to any tax deduction, including as a capital loss, for the value of the shares on which the participant previously paid tax. The participant must file such election with the Internal Revenue Service ("IRS") within 30 days of the receipt of the shares. We generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the participant. Any otherwise taxable disposition of the restricted stock after the time the restrictions lapse will result in a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the sale differs from the tax basis, i.e., the fair market value of the common shares on the date the restrictions lapse. Dividends paid in cash and received by a participant prior to the time the restrictions lapse will constitute ordinary income to the participant in the year paid and we will generally be entitled to a corresponding deduction for such dividends. Any dividends paid in stock will be treated as an award of additional restricted stock subject to the tax treatment described herein.

Performance Units, Restricted Stock Units and Deferred Stock Units. Except as otherwise described in the following paragraph, the grant of a performance unit, restricted stock unit or deferred stock unit

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will create no income tax consequences to the company or the participant. Upon the participant's receipt of cash and/or shares at the end of the applicable performance or vesting period, the participant will recognize ordinary income equal to the amount of cash and/or the fair market value of the shares received, and the company will be entitled to a corresponding deduction in the same amount and at the same time. If performance units are settled in whole or in part in shares, upon the participant's subsequent disposition of the shares the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized upon disposition differs from the shares' tax basis, i.e., the fair market value of the shares on the date the participant received the shares.

Section 457A of the Code. Section 457A was added to the Code in 2008 and generally subjects compensation that is deferred under a plan of a "nonqualified entity" to immediate taxation in the year in which the compensation is no longer subject to a substantial risk of forfeiture. Section 457A is generally applicable to compensation payable for services rendered on and after January 1, 2009. Based on Section 457A and guidance published by the IRS, it is possible that certain awards that can be granted under the SIP for services rendered on and after January 1, 2009 may be subject to immediate taxation upon grant. The company is currently seeking clarification of the IRS guidance and when the implications of Section 457A are better understood, the Committee will take whatever action it deems appropriate.

Additional Taxes Under Section 409A of the Code. If an award under the SIP is neither exempt from nor compliant with the requirements of Section 409A of the Code, then the participant may be subject to additional taxes under such section. Section 409A of the Code imposes additional taxes equal to 20% of the compensation required to be included in gross income by reason of a failure to comply with such section, if applicable, plus interest thereon had such deferred compensation been includable in gross income in the year in which it was first deferred or is no longer subject to a substantial risk of forfeiture, if later.

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The following table provides information as of September 25, 2009 with respect to Tyco Electronics' common shares issuable under its equity compensation plans or equity compensation plans of Tyco International prior to the separation:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) ⁽³⁾
Equity compensation plans approved by security holders:			
2007 Stock and Incentive Plan ⁽¹⁾	10,670,448	\$ 24.88	10,091,396
Equity compensation plans not approved by security holders:			
Equity awards under Tyco International Ltd. 2004 Stock and Incentive Plan and other equity incentive plans ⁽²⁾	19,327,975	\$ 43.25	n/a
Total	29,998,423		10,091,396

(1) The Tyco Electronics Ltd. 2007 Stock and Incentive Plan provides for the award of share options, stock appreciation rights, annual performance bonuses, long-term performance awards, restricted stock units, deferred stock units, restricted shares, promissory shares and other share-based awards (collectively, "Awards") to Board members, officers and non-officer employees. The Plan presently provides for a maximum of 24,843,452 common shares to be issued as Awards, subject to adjustment as provided under the terms of the Plan.

(2) Includes common shares that may be issued by Tyco Electronics pursuant to the Separation and Distribution Agreement among Tyco Electronics, Tyco International and Covidien plc under equity awards, including share options, restricted shares, restricted stock units, and deferred stock units, granted to current and former employees and directors of Tyco International and its subsidiaries, which may include individuals currently or formerly employed by or serving with Tyco Electronics, Tyco International or Covidien subsequent to the separation. See Note 23 to the consolidated and combined financial statements set forth in Tyco Electronics' Annual Report on Form 10-K for the fiscal year ended September 25, 2009 for additional information regarding these outstanding awards.

(3) The Plan applies a weighting factor of 1.8 to outstanding non-vested restricted shares, restricted stock units, deferred stock units and performance units. The remaining shares issuable are increased by forfeitures and cancellations, among other factors. As of January 15, 2010, approximately 2.1 million shares remain available for issuance under the Plan.

Vote Requirement to Approve Agenda Item

The approval of a majority of the votes cast on this agenda item, provided that the total votes cast represent over 50% of the voting power of the total outstanding registered shares with voting rights, is required for approval of Agenda Item No. 5.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 5. Proxies will be so voted unless shareholders specify otherwise in their proxies.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review and Approval of Related Person Transactions

All relationships and transactions in which the company and our directors and executive officers or their immediate family members are participants were reviewed to determine whether such persons have a direct or indirect material interest. As required under SEC rules, transactions that are determined to be directly or indirectly material to a related person are disclosed in the company's proxy statement. In addition, the Nominating, Governance and Compliance Committee reviews and approves or ratifies any related person transaction that is required to be disclosed. In the course of its review and approval or ratification of a disclosable related person transaction, the committee considers whether the transaction is fair and reasonable to the company and will take into account, among other factors it deems appropriate:

whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances;

the extent of the related person's interest in the transaction and the materiality of the transaction to the company;

the related person's relationship to the company;

the material facts of the transaction, including the proposed aggregate value of the transaction;

the business purpose for and reasonableness of the transaction, taken in the context of the alternatives available to the company for attaining the purposes of the transaction;

whether the transaction is in the ordinary course of the company's business and was proposed and considered in the ordinary course of business; and

the effect of the transaction on the company's business and operations, including on the company's internal control over financial reporting and system of disclosure controls or procedures, and any additional conditions or controls (including reporting and review requirements) that should be applied to such transaction.

Any member of the committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction, provided, however, that such director may be counted in determining the presence of a quorum at a meeting at which the committee considers the transaction.

Related Party Transactions

In June 2009, Frederic Poses, a director and Chairman, became Chief Executive Officer and an equity owner of Ascend Performance Materials ("Ascend"), a private manufacturer of nylon related chemicals, resins and fibers for commercial and industrial products. Tyco Electronics made \$2.3 million in purchases from Ascend during the portion of fiscal 2009 during which Ascend was a standalone company with which Mr. Poses was affiliated. Pierre Brondeau, a director, was the President and Chief Executive Officer of Rohm & Haas Company, a manufacturer of specialty materials and a wholly-owned subsidiary of Dow Chemical Company from April through September 2009, from which Tyco Electronics made \$9.8 million in purchases during fiscal 2009. William Hernandez, the brother of Robert Hernandez, a director, was the Senior Vice President and Chief Financial Officer of PPG Industries, a supplier of paints, coatings, chemicals, optical products, specialty materials, glass and fiber glass, to which Tyco Electronics made \$0.9 million in sales during fiscal 2009. David Steiner, a director, is the Chief Executive Officer of Waste Management, Inc., a provider of waste management services, from which Tyco Electronics made \$0.4 million in purchases during fiscal 2009. John Van Scoter, a director, was a Senior Vice President of Texas Instruments Incorporated, a global semiconductor company, to which Tyco Electronics made \$0.3 million in sales and from which Tyco Electronics made \$0.1 million in purchases during fiscal 2009.

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The foregoing directors could be deemed to have indirect interests in the transactions based on their current or former executive or ownership positions with the companies with which Tyco Electronics transacted business in fiscal 2009, but such transactions were arms-length commercial dealings between the companies, none of which are material individually or in the aggregate. The committee has reviewed and approved or ratified these transactions.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act requires Tyco Electronics' executive officers and directors and persons who beneficially own more than ten percent of Tyco Electronics' common shares to file electronically reports of ownership and changes in ownership of such common shares with the SEC and NYSE. These persons are required by SEC regulations to furnish Tyco Electronics with copies of all Section 16(a) forms they file. As a matter of practice, Tyco Electronics' administrative staff assists Tyco Electronics' executive officers and directors in preparing initial reports of ownership and reports of changes in ownership and files those reports on their behalf. Based on Tyco Electronics' review of such forms, as well as information provided and representations made by the reporting persons, Tyco Electronics believes that all of its executive officers, directors and beneficial owners of more than ten percent of its common shares complied with the reporting requirements of Section 16(a) during Tyco Electronics' fiscal year ended September 25, 2009.

AUDIT COMMITTEE REPORT

The information contained in the report below shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the company specifically incorporates it by reference in such filing.

During our fiscal year ended September 25, 2009, the Audit Committee of the Board generally was composed of three directors. Throughout fiscal 2009, Pierre R. Brondeau and Lawrence S. Smith served on the Committee, and Mr. Smith became chair on January 14, 2009, replacing Sandra S. Wijnberg. Ms. Wijnberg left the Board and Audit Committee on January 31, 2009. Paula A. Sneed replaced Ms. Wijnberg on the Committee beginning January 14, 2009. Mr. Smith, Mr. Brondeau and Ms. Sneed continue to serve in these roles. The Board of Directors determined that each of the members of the Audit Committee met the independence and experience requirements of the NYSE and applicable federal regulations during their periods of service. In addition, the Board determined that Mr. Smith and Ms. Sneed are audit committee financial experts (and that Ms. Wijnberg was an audit committee financial expert during her service as chair).

The Audit Committee operates under a charter approved by the Board of Directors. A summary description of the duties and powers of the Audit Committee can be found in "The Board of Directors and Board Committees" section of this proxy statement. The Audit Committee oversees the company's financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process, assures that the company develops and maintains adequate financial controls and procedures, and monitors compliance with these processes. The company's independent registered public accounting firm (the "independent auditor") is responsible for performing an audit of the consolidated and combined year-end financial statements in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB") (United States) to obtain reasonable assurance that the company's consolidated and combined financial statements are free from material misstatement and expressing an opinion on the conformity of the financial statements with accounting principles generally accepted in the United States. The company's Swiss registered auditor is responsible for performing an audit of the statutory financial statements of Tyco Electronics Ltd. prepared in accordance with Swiss law and the company's Articles of Association. The internal auditors are responsible to the Audit Committee and the Board for testing the integrity of the financial accounting and reporting control systems and such other matters as the Audit Committee and Board determine. The company's special auditor is responsible for delivering reports in accordance with Swiss law confirming that the receivables of the creditors of the company will be fully covered by assets after giving effect to any reductions of capital in connection with shareholders' approvals of distributions to shareholders in the form of capital reductions.

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In this context, the Audit Committee has reviewed the consolidated and combined financial statements in Tyco Electronics' Annual Report on Form 10-K for the fiscal year ended September 25, 2009. The Committee held discussions with management, the internal auditors, the independent auditor and the Swiss registered auditor concerning the consolidated and combined financial statements, as well as the independent auditor's and Swiss registered auditor's opinions thereon. The Committee also discussed with management, the internal auditors and the independent auditor the report of management and the independent auditor's opinion regarding the company's internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002. Management represented to the Committee that the company's consolidated and combined financial statements were prepared in accordance with generally accepted accounting principles in the United States. The Audit Committee reviewed and discussed the statutory financial statements with management, the internal auditors and the Swiss registered auditor, as well as the Swiss registered auditor's opinion thereon. The Audit Committee reviewed and discussed with management and the special auditor the capital reduction report issued by the special auditor for the capital reduction approved by shareholders of the company in the year ended September 25, 2009. The Committee routinely reviewed and discussed with management and the Ombudsman any concerns from employees or external constituencies (including investors, suppliers and customers) about the company's accounting, internal accounting controls or auditing matters.

The Committee discussed with the independent auditor all communications required by auditing standards of the PCAOB (United States). In addition, the Committee discussed with the independent auditor the auditor's independence from Tyco Electronics and its management, including the matters in the letter received from the independent auditor regarding the independent auditor's communications with the audit committee concerning independence.

Based upon the Committee's review and discussions referred to above, the Committee recommended that the Board include the company's audited consolidated and combined financial statements in Tyco Electronics' Annual Report on Form 10-K for the fiscal year ended September 25, 2009 filed with the Securities and Exchange Commission. The Committee further recommended that the audited statutory financial statements of Tyco Electronics Ltd., together with the company's audited consolidated and combined financial statements, be included in the company's Annual Report to Shareholders for the fiscal year ended September 25, 2009.

The Audit Committee:

Lawrence S. Smith, Chair
Pierre R. Brondeau
Paula A. Sneed

November 17, 2009

Table of Contents**AGENDA ITEM NO. 6 ELECTION OF AUDITORS****Agenda Item No. 6.1 Election of Deloitte & Touche LLP as independent registered public accounting firm for the fiscal year ending September 24, 2010****Agenda Item**

Our Board of Directors proposes that our shareholders elect Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 24, 2010.

Explanation

The election of our independent registered public accounting firm is recommended by our Audit Committee to the Board of Directors for approval by our shareholders annually. The Audit Committee reviews both the audit scope and estimated fees for professional services for the coming year. The Audit Committee has recommended the ratification of the engagement of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 24, 2010.

Representatives of Deloitte & Touche LLP will attend the Annual General Meeting and will have an opportunity to make a statement if they wish. They will also be available to answer appropriate questions at the meeting.

Independent Auditor Fee Information

Aggregate fees for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates as of and for the fiscal years ended September 25, 2009 and September 26, 2008 are set forth below. The aggregate fees included in the audit fees category are fees paid or accrued for the fiscal years for the services described below. The aggregate fees included in each of the other categories are fees billed in the fiscal years or expected to be billed with respect to the fiscal years for the services described below. (All references to "\$" below are to United States dollars.)

Fiscal Years 2009 and 2008 Fees

	Fiscal Year 2009	Fiscal Year 2008
Audit Fees	\$ 17,407,000	\$ 19,680,000
Audit-Related Fees	450,000	287,000
Tax Fees	1,748,000	3,470,000
All Other Fees	4,000	2,000
Total	\$ 19,609,000	\$ 23,439,000

Audit fees for the fiscal years ended September 25, 2009 and September 26, 2008 were for professional services rendered for the year-end audits of the consolidated and combined financial statements of the company, review of quarterly financial statements included in the company's quarterly reports on Form 10-Q, consents, comfort letters and statutory and regulatory filings in foreign jurisdictions.

Audit-related fees for the fiscal years ended September 25, 2009 and September 26, 2008 were primarily related to audits of carve-out financial statements of certain businesses that have been divested or are being considered for divestiture and other attest services.

Tax fees for the fiscal years ended September 25, 2009 and September 26, 2008 were primarily for tax compliance services.

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Other fees for the fiscal years ended September 25, 2009 and September 26, 2008 were for subscriptions.

None of the services described above were approved by the Audit Committee under the de minimus exception provided by Rule 2-01(c)(7)(i)(C) under Regulation S-X.

Policy for the Pre-Approval of Audit and Non-Audit Services

The Audit Committee adopted a pre-approval policy that provides guidelines for the audit, audit-related, tax and other permissible non-audit services that may be provided by the independent auditor. The policy identifies the principles that must be considered by the Audit Committee in approving services to ensure that the auditor's independence is not impaired. The policy provides that the controller and senior vice president and chief tax officer will support the Audit Committee by providing a list of proposed services to the Committee, monitoring the services and fees pre-approved by the Committee, providing periodic reports to the Committee with respect to pre-approved services and ensuring compliance with the policy.

Under the policy, the Audit Committee annually pre-approves the audit fee and terms of the engagement, as set forth in the audit engagement letter. This approval includes approval of a specified list of audit, audit-related and tax services. Any service not included in the specified list of services must be submitted to the Audit Committee for pre-approval. All services may not extend for more than twelve months, unless the Audit Committee specifically provides for a different period. The independent auditor may not begin work on any engagement without confirmation of Audit Committee pre-approval from the controller or his delegate.

In accordance with the policy, the Audit Committee may delegate one or more of its members the authority to pre-approve the engagement of the independent auditor when the entire Committee is unable to do so. The chair must report all such pre-approvals to the Audit Committee at the next committee meeting.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, is required for approval of Agenda Item No. 6.1.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 6.1. Proxies will be so voted unless shareholders specify otherwise in their proxies.

Agenda Item No. 6.2 Election of Deloitte AG, Zurich, Switzerland as our Swiss registered auditor until our next annual general meeting

Agenda Item

Our Board of Directors proposes that Deloitte AG, Zurich, Switzerland be elected as the Company's Swiss registered auditor until our next annual general meeting.

Explanation

Under Swiss law, our shareholders must elect an independent Swiss registered public accounting firm. The Swiss registered auditor's main task is to audit our consolidated financial statements and the statutory financial statements of Tyco Electronics. Our Board of Directors has recommended that Deloitte AG, Zurich, Switzerland, be elected as our Swiss registered auditor for our consolidated financial statements and the statutory financial statements of Tyco Electronics Ltd.

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Representatives of Deloitte AG will attend the Annual General Meeting and will have an opportunity to make a statement if they wish. They will also be available to answer appropriate questions at the meeting.

For independent auditor fee information and information on our pre-approval policy of audit and non-audit services, see Agenda Item No. 6.1. See the Audit Committee Report included in this proxy statement for additional information about our Swiss registered auditors.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, is required for approval of Agenda Item No. 6.2.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 6.2. Proxies will be so voted unless shareholders specify otherwise in their proxies.

Agenda Item No. 6.3 Election of PricewaterhouseCoopers AG, Zurich, Switzerland as special auditing firm until our next annual general meeting

Agenda Item

Our Board of Directors proposes that PricewaterhouseCoopers AG, Zurich, Switzerland be elected as our special auditing firm until our next annual general meeting.

Explanation

Under Swiss law, special reports by an auditor are required in connection with certain corporate transactions, including certain types of increases and decreases in share capital.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, is required for approval of Agenda Item No. 6.3.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 6.3. Proxies will be so voted unless shareholders specify otherwise in their proxies.

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**AGENDA ITEM NO. 7 APPROVAL OF ANY ADJOURNMENTS OR POSTPONEMENTS
OF THE MEETING**

Agenda Item

Our Board of Directors proposes that our shareholders approve any adjournments or postponements of the Annual General Meeting.

Explanation

You are being asked to approve any adjournments or postponements of the meeting so that we can solicit additional proxies if there are insufficient proxies to elect directors and approve the remaining agenda items at the time of the meeting.

Vote Requirement to Approve Agenda Item

The approval of a majority of our shares present and voting at the meeting, whether in person or by proxy, is required for approval of Agenda Item No. 7.

Recommendation

The Board of Directors recommends a vote "FOR" approval of Agenda Item No. 7. Proxies will be so voted unless shareholders specify otherwise in their proxies.

ADDITIONAL INFORMATION

Cost of Solicitation

The cost of solicitation of proxies will be paid by Tyco Electronics. Tyco Electronics has engaged Innisfree M&A Incorporated as the proxy solicitor for the Annual General Meeting for an approximate fee of \$15,000. In addition, certain directors, officers or employees of Tyco Electronics may solicit proxies by telephone or personal contact. Upon request, Tyco Electronics will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of shares.

Registered and Principal Executive Offices

The registered and principal executive offices of Tyco Electronics are located at Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland. The telephone number is +41 (0)52 633 66 61.

Annual Report

Copies of our Annual Report for the fiscal year ended September 25, 2009 containing our audited consolidated financial statements with accompanying notes and our audited Swiss statutory financial statements prepared in accordance with Swiss law as well as additionally required Swiss disclosures, are available to shareholders free of charge on our Web site at www.tycoelectronics.com or by writing to Tyco Electronics Shareholder Services, Tyco Electronics Ltd., Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland.

TYCO ELECTRONICS 2011 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Tyco Electronics anticipates that the 2011 Annual General Meeting of Shareholders will be held on or about March 9, 2011.

Shareholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act and article 14 of Tyco Electronics' Articles of Association will be considered for inclusion in Tyco Electronics' 2011 proxy statement and proxy card for the meeting if the proposal is received in writing by Tyco Electronics' Secretary no later than September 24, 2010. The notice of proposal must comply with the requirements established by the SEC and must include the information specified in article 14 of Tyco Electronics' Articles of Association and must be a proper subject for shareholder action under Swiss law.

Article 14 of Tyco Electronics' Articles of Association sets forth the procedures (including, without limitation, advance notice requirements) a shareholder must follow to request that an item be put on the agenda of a general meeting of shareholders. No prior notice is required to bring proposals (including the nomination of persons for election to the Board of Directors) at a general meeting of shareholders where such proposals relate to items that are already included on the agenda for that meeting.

Proposals should be addressed to Harold G. Barksdale, Secretary, Tyco Electronics Ltd., Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland.

Tyco Electronics will furnish a copy of its Articles of Association to any shareholder without charge upon written request to the Secretary.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy these materials at the SEC reference room at 100 F Street, N.E., Washington, D.C. 20549, USA. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room. Our SEC filings are also available to the public at the SEC's Web site (<http://www.sec.gov>). In addition, you can obtain reports and proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, USA.

We maintain a Web site on the Internet at <http://www.tycoelectronics.com>. We make available free of charge, on or through our Web site, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after such material is filed with the SEC. This reference to our Internet address is for informational purposes only and shall not, under any circumstances, be deemed to incorporate the information available at such Internet address into this proxy statement.

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Appendix A

**TYCO ELECTRONICS LTD.
2007 STOCK AND INCENTIVE PLAN
(AMENDED AND RESTATED AS OF [DATE OF 2010 ANNUAL GENERAL MEETING])**

**ARTICLE I
PURPOSE**

1.1 *Purpose.* The purposes of this Tyco Electronics Ltd. 2007 Stock and Incentive Plan (Amended and Restated as of [date of 2010 Annual General Meeting]) (the "Plan") are to promote the interests of Tyco Electronics Ltd. (and any successor thereto) by (i) aiding in the recruitment and retention of Directors and Employees, (ii) providing incentives to such Directors and Employees by means of performance-related incentives to achieve short-term and long-term performance goals, (iii) providing Directors and Employees an opportunity to participate in the growth and financial success of the Company, and (iv) promoting the growth and success of the Company's business by aligning the financial interests of Directors and Employees with that of the other stockholders of the Company. Toward these objectives, the Plan provides for the grant of Stock Options, Stock Appreciation Rights, Annual Performance Bonuses, Long Term Performance Awards and other Stock-Based Awards.

1.2 *Effective Dates; Shareholder Approval.* The Plan was originally effective June 29, 2007, the date of the dividend distribution of Tyco Electronics Ltd. shares to the Tyco International Ltd. shareholders of record on the distribution date. The Plan was approved by the Tyco Electronics Ltd. Board of Directors on June 4, 2007 and adopted by Tyco International Ltd., as the Company's sole shareholder, on June 4, 2007. An amendment and restatement to the Plan to ensure its compliance with Section 409A of the Code and to make certain other clarifying changes was adopted by the Board of Directors of the Company on January 13, 2009 and approved by the Company's shareholders on June 22, 2009. This amended and restated Plan was adopted by the Board of Directors of the Company on November 17, 2009 and is effective as of [date of 2010 Annual General Meeting, subject to approval by shareholders of the Company].

**ARTICLE II
DEFINITIONS**

For purposes of the Plan, the following terms have the following meanings, unless another definition is clearly indicated by particular usage and context:

"*Acquired Company*" means any business, corporation or other entity acquired by the Company or any Subsidiary.

"*Acquired Grantee*" means the grantee of a stock-based award of an Acquired Company and may include a current or former Director of an Acquired Company.

"*Annual Performance Bonus*" means an Award of cash or Shares granted under Section 4.4 of the Plan that is paid solely on account of the attainment of a specified performance target in relation to one or more Performance Measures.

"*Award*" means any form of incentive or performance award granted under the Plan, whether singly or in combination, to a Participant by the Committee pursuant to any terms and conditions that the Committee may establish and set forth in the applicable Award Certificate. Awards granted under the Plan may consist of:

(a) "*Stock Options*" awarded pursuant to Section 4.3;

(b) "*Stock Appreciation Rights*" awarded pursuant to Section 4.3;

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- (c) "Annual Performance Bonuses" awarded pursuant to Section 4.4;
- (d) "Long Term Performance Awards" awarded pursuant to Section 4.5;
- (e) "Other Stock-Based Awards" awarded pursuant to Section 4.6;
- (f) "Director Awards" awarded pursuant to Section 4.7; and
- (g) "Substitute Awards" awarded pursuant to Section 4.8.

"Award Certificate" means the document issued, either in writing or an electronic medium, by the Committee or its designee to a Participant evidencing the grant of an Award.

"Board" means the Board of Directors of the Company.

"Cause" means misconduct that is willfully or wantonly harmful to the Company or any of its Subsidiaries, monetarily or otherwise, including, without limitation, conduct that violates the Company's Code of ethical Conduct.

"Change in Control" means the first to occur of any of the following events:

(a) any "person" (as defined in Section 13(d) and 14(d) of the Exchange Act, excluding for this purpose, (i) the Company or any Subsidiary or (ii) any employee benefit plan of the Company or any Subsidiary (or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such plan that acquires beneficial ownership of voting securities of the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of the Company representing more than 30 percent of the combined voting power of the Company's then outstanding securities; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Company; or

(b) persons who, as of the Effective Date constitute the Board (the "Incumbent Directors") cease for any reason (including without limitation, as a result of a tender offer, proxy contest, merger or similar transaction) to constitute at least a majority thereof, provided that any person becoming a Director of the Company subsequent to the Effective Date shall be considered an Incumbent Director if such person's election or nomination for election was approved by a vote of at least 50 percent of the Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened proxy contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as defined in Section 13(d) and 14(d) of the Exchange Act) other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director; or

(c) consummation of a reorganization, merger or consolidation or sale or other disposition of at least 80 percent of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners of outstanding voting securities of the Company immediately prior to such Business Combination beneficially own directly or indirectly more than 50 percent of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the company resulting from such Business Combination (including, without limitation, a company which, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries) in substantially the same proportions as their

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ownership, immediately prior to such Business Combination, of the outstanding voting securities of the Company; or

(d) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company;

provided, however, that if and to the extent that any provision of this Plan or an Award Certificate would cause a payment of deferred compensation that is subject to Code Section 409A(a)(2) to be made upon the occurrence of a "Change in Control," or would change the timing and/or form of any payment of deferred compensation that is subject to Code Section 409A(a)(2) upon a specified date or event occurring after a "Change in Control" or upon a "Change in Control Termination," then such payment shall not be made, or such change in timing or form of payment shall not occur, unless such "Change in Control" is also a "change in ownership or effective control" of the Company within the meaning of Code Section 409A(2)(A)(v) and applicable regulations and rulings thereunder and such payment, or such associated date or event, occurs no later than two years after the date of such "Change in Control."

"*Change in Control Termination*" means a Participant's involuntary termination of employment that occurs during the 12 month period immediately following a Change in Control. For this purpose, a Participant's involuntary termination of employment includes only the following:

(a) termination of the Participant's employment by the Company for any reason other than for Cause, Disability or death;

(b) termination of the Participant's employment by the Participant after one of the following events, provided that the Participant's termination of employment occurs within one hundred and eighty (180) days after the occurrence of any such event:

i. the Company (1) assigns or causes to be assigned to the Participant duties inconsistent in any material respect with his or her position as in effect immediately prior to the Change in Control; (2) makes or causes to be made any material adverse change in the Participant's position, authority, duties or responsibilities; or (3) takes or causes to be taken any other action which, in the reasonable judgment of the Participant, would cause him or her to violate his or her ethical or professional obligations (after written notice of such judgment has been provided by the Participant to the Company and the Company has been given a 15-day period within which to cure such action), or which results in a significant diminution in such position, authority, duties or responsibilities; or

ii. the Company, without the Participant's consent, (1) requires the Participant to relocate to a principal place of employment more than fifty (50) miles from his or her existing place of employment; or (2) reduces the Participant's base salary, annual bonus, or retirement, welfare, stock incentive, perquisite (if any) and other benefits taken as a whole.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Committee*" means the Management Development and Compensation Committee of the Board or any successor committee or subcommittee of the Board, which committee is comprised solely of two or more persons who are outside directors within the meaning of Section 162(m)(4)(C)(i) of the Code and the applicable regulations and nonemployee directors within the meaning of Rule 16b-3(b)(3) under the Exchange Act.

"*Common Stock*" means the common stock of the Company, \$.20 (U.S.) par value, and such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 5.3 of the Plan.

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"*Company*" means Tyco Electronics Ltd., a Swiss company, or any successor thereto.

"*Deferred Stock Unit*" means a Unit granted under Section 4.6 to acquire Shares upon Termination of Directorship or Termination of Employment, subject to any restrictions that the Committee, in its discretion, may determine.

"*Director*" means a member of the Board who is a "non-employee director" within the meaning of Rule 16b-3(b)(3) under the Exchange Act.

"*Director Shares*" means the award of fully-vested Shares to a Director under Section 4.6 as part of the Director's annual compensation, or under such circumstances as are deemed appropriate by the Board.

"*Disabled*" or "*Disability*" means the inability of the Director or Employee to perform the material duties pertaining to such Director's directorship or such Employee's employment due to a physical or mental injury, infirmity or incapacity for 180 days (including weekends and holidays) in any 365-day period. The existence or nonexistence of a Disability shall be determined by an independent physician selected by the Company and reasonably acceptable to the Director or Employee. Notwithstanding the above, if and to the extent that any provision of this Plan or an Award Certificate would cause a payment of deferred compensation that is subject to Code Section 409A(a)(2) to be made upon the occurrence of a "Disability" or upon a person becoming "Disabled," or would cause a change in the timing or form of payment of such deferred compensation upon the occurrence of a "Disability" or upon a person becoming "Disabled," then such payment shall not be made, or such change in timing or form of payment shall not occur, unless such "Disability" or condition of being "Disabled" satisfies the requirements of Code Section 409A(2)(C) and applicable regulations and rulings thereunder.

"*Dividend Equivalent*" means an amount equal to the cash dividend or the Fair Market Value of the stock dividend that would be paid on each Share underlying an Award if the Share were duly issued and outstanding on the date on which the dividend is payable. Dividend Equivalents will not be awarded in connection with stock option or Stock Appreciation Rights Awards.

"*Effective Date*" means [date of 2010 Annual General Meeting, subject to approval by shareholders of the Company]. The original effective date of the Tyco Electronics Ltd. Stock and Incentive Plan was, June 29, 2007, the date of the dividend distribution of Tyco Electronics Ltd. shares to the Tyco International Ltd. shareholders of record on the distribution date.

"*Employee*" means any individual who performs services as an officer or employee of the Company or a Subsidiary.

"*Exchange Act*" means the United States Securities Exchange Act of 1934, as amended.

"*Exercise Price*" means the price of a Share, as fixed by the Committee, which may be purchased under a Stock Option or with respect to which the amount of any payment pursuant to a Stock Appreciation Right is determined.

"*Fair Market Value*" of a Share means the closing sales price on the New York Stock Exchange on the date as of which the determination of Fair Market Value is being made or, if no sale is reported for such day, on the next preceding day on which a sale of Shares was reported. Notwithstanding anything to the contrary herein, the Fair Market Value of a Share will in no event be determined to be less than par value.

"*Fair Market Value Stock Option*" means a Stock Option the Exercise Price of which is fixed by the Committee at a price equal to the Fair Market Value of a Share on the date of grant.

"*GAAP*" means United States generally accepted accounting principles.

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"*Incentive Stock Option*" means a Stock Option granted under Section 4.3 of the Plan that meets the requirements of Section 422 of the Code and any related regulations and is designated in the Award Certificate to be an Incentive Stock Option.

"*Key Employee*" means an Employee who is a "covered employee" within the meaning of Section 162(m)(3) of the Code.

"*Long Term Performance Award*" means an Award granted under Section 4.5 of the Plan that is paid solely on account of the attainment of a specified performance target in relation to one or more Performance Measures or other performance criteria as selected in the discretion of the Committee.

"*Non-Employee Director*" means any member of the Board, elected or appointed, who is not otherwise an Employee of the Company or a Subsidiary. An individual who is elected to the Board at an annual meeting of the stockholders of the Company will be deemed to be a member of the Board as of the date of the meeting.

"*Nonqualified Stock Option*" means any Stock Option granted under Section 4.3 of the Plan that is not an Incentive Stock Option.

"*Participant*" means a Director, Employee or Acquired Grantee who has been granted an Award under the Plan.

"*Performance Cycle*" means, with respect to any Award that vests based on Performance Measures, the period of 12 months or longer over which the level of performance will be assessed. The first Performance Cycle under the Plan will begin on such date as is set by the Committee, in its discretion.

"*Performance Measure*" means, with respect to any Annual Performance Bonus or Long Term Performance Award, the business criteria selected by the Committee to measure the level of performance of the Company during the Performance Cycle. The Committee may select as the Performance Measure for a Performance Cycle any one or combination of the following Company measures, as interpreted by the Committee, which measures (to the extent applicable) will be determined in accordance with GAAP:

- (a) Net operating profit after taxes;
- (b) Net operating profit after taxes, per Share;
- (c) Return on invested capital;
- (d) Return on assets or net assets;
- (e) Total shareholder return;
- (f) Relative total shareholder return (as compared with a peer group of the Company);
- (g) Earnings before income taxes;
- (h) Earnings per Share;
- (i) Net income;
- (j) Free cash flow;
- (k) Free cash flow per Share;
- (l) Revenue (or any component thereof); or
- (m) Revenue growth.

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"*Performance Unit*" means a Long Term Performance Award denominated in dollar Units.

"*Plan*" means the Tyco Electronics Ltd. 2007 Stock and Incentive Plan (Amended and Restated as of [Date of 2010 Annual General Meeting]), as it may be amended from time to time.

"*Premium-Priced Stock Option*" means a Stock Option the Exercise Price of which is fixed by the Committee at a price that exceeds the Fair Market Value of a Share on the date of grant.

"*Reporting Person*" means a Director or an Employee who is subject to the reporting requirements of Section 16(a) of the Exchange Act.

"*Restricted Stock*" means Shares issued pursuant to Section 4.6 that are subject to any restrictions that the Committee, in its discretion, may impose.

"*Restricted Unit*" means a Unit granted under Section 4.6 to acquire Shares or an equivalent amount in cash, which Unit is subject to any restrictions that the Committee, in its discretion, may impose.

"*Retirement*" means Termination of Employment on or after a Participant has attained age fifty-five (55) and has completed at least five years of service with the Company and its Subsidiaries.

"*Securities Act*" means the United States Securities Act of 1933, as amended.

"*Share*" means a share of Common Stock.

"*Stock Appreciation Right*" means a right granted under Section 4.3 of the Plan to an amount in cash or Shares equal to any difference between the Fair Market Value of the Shares as of the date on which the right is exercised and the Exercise Price, where the amount of Shares attributable to each Stock Appreciation Right is set forth on or before the grant date.

"*Stock-Based Award*" means an Award granted under Section 4.6 of the Plan and denominated in Shares.

"*Stock Option*" means a right granted under Section 4.3 of the Plan to purchase from the Company a stated number of Shares at a specified price. Stock Options awarded under the Plan may be in the form of Incentive Stock Options or Nonqualified Stock Options.

"*Subsidiary*" means a subsidiary company (wherever incorporated) of the Company; provided, that in the case of any Award that provides deferred compensation subject to Code Section 409A, "Subsidiary" shall not include any subsidiary company as defined above unless such company is within a controlled group of corporations with the Company as defined in Code Sections 1563(a)(1), (2) and (3) where the phrase "at least 50%" is substituted in each place "at least 80%" appears or is with the Company part of a group of trades or businesses under common control as defined in Code Section 414(c) and Treas. Reg. § 1.414(c)-2 where the phrase "at least 50%" is substituted in each place "at least 80%" appears, provided, however, that when the relevant determination is to be based upon legitimate business criteria (as described in Treas. Reg. § 1.409A-1(b)(5)(iii)(E) and § 1.409A-1(h)(3)), the phrase "at least 20%" shall be substituted in each place "at least 50%" appears as described above with respect to both a controlled group of corporations and trades or business under common control.

"*Target Amount*" means the amount of Performance Units that will be paid if the Performance Measure is fully (100%) attained, as determined by the Committee.

"*Target Vesting Percentage*" means the percentage of performance-based Restricted Units or Shares of Restricted Stock that will vest if the Performance Measure is fully (100%) attained, as determined by the Committee.

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"*Termination of Directorship*" means the date of cessation of a Director's membership on the Board for any reason, with or without Cause, as determined by the Company; provided, that if and to the extent that any provision of this Plan or an Award Certificate would cause a payment of deferred compensation that is subject to Code Section 409A(a)(2) to be made upon the occurrence of a Termination of Directorship or would change the timing and/or form of any payment of deferred compensation that is subject to Code Section 409A(a)(2) upon a person's Termination of Directorship, then such payment shall not be made, or such change in timing and/or form of payment shall not occur, unless such Termination of Directorship would be deemed a "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i) and applicable regulations and rulings thereunder, and shall not include any services provided in the capacity of an employee or otherwise.

"*Termination of Employment*" means the date of cessation of an Employee's employment relationship with the Company or a Subsidiary for any reason, with or without Cause, as determined by the Company; provided, that if and to the extent that any provision of this Plan or an Award Certificate would cause a payment of deferred compensation that is subject to Code Section 409A(a)(2) to be made upon the occurrence of a Termination of Employment or would change the timing and/or form of any payment of deferred compensation that is subject to Code Section 409A(a)(2) upon a person's Termination of Employment, then such payment shall not be made or such change in timing and/or form of payment shall not occur, unless such Termination of Employment would be deemed a "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i) and applicable regulations and rulings thereunder.

"*Unit*" means, for purposes of Performance Units, the potential right to an Award equal to a specified amount denominated in such form as is deemed appropriate in the discretion of the Committee and, for purposes of Restricted Units or Deferred Stock Units, the potential right to acquire one Share.

**ARTICLE III
ADMINISTRATION**

3.1 *Committee.* The Plan will be administered by the Committee.

3.2 *Authority of the Committee.* The Committee or, to the extent required by applicable law, the Board will have the authority, in its sole and absolute discretion and subject to the terms of the Plan, to:

- (a) Interpret and administer the Plan and any instrument or agreement relating to the Plan;
- (b) Prescribe the rules and regulations that it deems necessary for the proper operation and administration of the Plan, and amend or rescind any existing rules or regulations relating to the Plan;
- (c) Select Employees to receive Awards under the Plan;
- (d) Determine the form of an Award, the number of Shares subject to each Award, all the terms and conditions of an Award, including, without limitation, the conditions on exercise or vesting, the designation of Stock Options as Incentive Stock Options or Nonqualified Stock Options, and the circumstances in which an Award may be settled in cash or Shares or may be cancelled, forfeited or suspended, and the terms of the Award Certificate;
- (e) Determine whether Awards will be granted singly, in combination or in tandem;
- (f) Establish and interpret Performance Measures (or, as applicable, other performance criteria) in connection with Annual Performance Bonuses and Long Term Performance Awards, evaluate the level of performance over a Performance Cycle and certify the level of performance attained with respect to Performance Measures (or other performance criteria, as applicable);

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(g) Except as provided in Section 6.1, waive or amend any terms, conditions, restrictions or limitations on an Award, except that the prohibition on the repricing of Stock Options and Stock Appreciation Rights, as described in Section 4.3(g), may not be waived and further provided that any such waiver or amendment shall either comply with the requirements of Section 409A or preserve any exemption from the application of Code Section 409A;

(h) Make any adjustments to the Plan (including but not limited to adjustment of the number of Shares available under the Plan or any Award) and any Award granted under the Plan as may be appropriate pursuant to Section 5.3;

(i) Determine and set forth in the applicable Award Certificate the circumstances under which Awards may be deferred and the extent to which a deferral will be credited with Dividend Equivalents and interest thereon;

(j) Determine whether a Nonqualified Stock Option or Restricted Share may be transferable to family members, a family trust or a family partnership;

(k) Establish any subplans and make any modifications to the Plan or to Awards made hereunder (including the establishment of terms and conditions not otherwise inconsistent with the terms of the Plan) that the Committee may determine to be necessary or advisable for grants made in countries outside the United States to comply with, or to achieve favorable tax treatment under, applicable foreign laws or regulations;

(l) Appoint such agents as it shall deem appropriate for proper administration of the Plan; and

(m) Take any and all other actions it deems necessary or advisable for the proper operation or administration of the Plan.

3.3 *Effect of Determinations.* All determinations of the Committee will be final, binding and conclusive on all persons having an interest in the Plan.

3.4 *Delegation of Authority.* The Board or, if permitted under applicable corporate law, the Committee, in its discretion and consistent with applicable law and regulations, may delegate to the Chief Executive Officer of the Company or any other officer or group of officers as it deems to be advisable, the authority to select Employees to receive an Award and to determine the number of Shares under any such Award, subject to any terms and conditions that the Board or the Committee may establish. When the Board or the Committee delegates authority pursuant to the foregoing sentence, it will limit, in its discretion, the number of Shares or aggregate value that may be subject to Awards that the delegate may grant. Only the Committee will have authority to grant and administer Awards to Directors, Key Employees and other Reporting Persons or to delegates of the Committee, and to establish and certify Performance Measures.

3.5 *Employment of Advisors.* The Committee may employ attorneys, consultants, accountants and other advisors, and the Committee, the Company and the officers and directors of the Company may rely upon the advice, opinions or valuations of the advisors employed.

3.6 *No Liability.* No member of the Committee or any person acting as a delegate of the Committee with respect to the Plan will be liable for any losses resulting from any action, interpretation or construction made in good faith with respect to the Plan or any Award granted under the Plan.

**ARTICLE IV
AWARDS**

4.1 *Eligibility.* All Participants and Employees are eligible to be designated to receive Awards granted under the Plan, except as otherwise provided in this Article IV.

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4.2 *Form of Awards.* Awards will be in the form determined by the Committee, in its discretion, and will be evidenced by an Award Certificate. Awards may be granted singly or in combination or in tandem with other Awards.

4.3 *Stock Options and Stock Appreciation Rights.* The Committee may grant Stock Options and Stock Appreciation Rights under the Plan to those Employees whom the Committee may from time to time select, in the amounts and pursuant to the other terms and conditions that the Committee, in its discretion, may determine and set forth in the Award Certificate, subject to the provisions below:

(a) *Form.* Stock Options granted under the Plan will, at the discretion of the Committee and as set forth in the Award Certificate, be in the form of Incentive Stock Options, Nonqualified Stock Options or a combination of the two. If an Incentive Stock Option and a Nonqualified Stock Option are granted to the same Participant under the Plan at the same time, the form of each will be clearly identified, and they will be deemed to have been granted in separate grants. In no event will the exercise of one Award affect the right to exercise the other Award. Stock Appreciation Rights may be granted either alone or in connection with concurrently or previously granted Nonqualified Stock Options.

(b) *Exercise Price.* The Committee will set the Exercise Price of Fair Market Value Stock Options or Stock Appreciation Rights granted under the Plan at a price that is equal to the Fair Market Value of a Share on the date of grant, subject to adjustment as provided in Section 5.3. The Committee will set the Exercise Price of Premium-Priced Stock Options at a price that is higher than the Fair Market Value of a Share as of the date of grant, provided that such price is no higher than 150 percent of such Fair Market Value. The Exercise Price of Incentive Stock Options will be equal to or greater than 110 percent of the Fair Market Value of a Share as of the date of grant if the Participant receiving the Stock Options owns stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company or any subsidiary or parent corporation of the Company, as defined in Section 424 of the Code. The Exercise Price of a Stock Appreciation Right granted in tandem with a Stock Option will equal the Exercise Price of the related Stock Option. The Committee will set forth the Exercise Price of a Stock Option or Stock Appreciation Right in the Award Certificate. Stock Options granted under the Plan will, at the discretion of the Committee and as set forth in the Award Certificate, be Fair Market Value Stock Options, Premium-Priced Stock Options or a combination of Fair Market Value Stock Options and Premium-Priced Stock Options.

(c) *Term and Timing of Exercise.* Each Stock Option or Stock Appreciation Right granted under the Plan will be exercisable in whole or in part, subject to the following conditions, unless determined otherwise by the Committee:

(i) The Committee will determine and set forth in the Award Certificate the date on which any Award of Stock Options or Stock Appreciation Rights to a Participant may first be exercised. Unless the applicable Award Certificate provides otherwise, a Stock Option or Stock Appreciation Right will become exercisable in equal annual installments over a period of four years beginning immediately after the date on which the Stock Option or Stock Appreciation Right was granted. The right to exercise a Stock Option or Stock Appreciation Right will lapse no later than 10 years after the date of grant, except to the extent necessary to comply with applicable laws outside of the United States or to preserve the tax advantages of the Award outside the United States.

(ii) Unless the applicable Award Certificate provides otherwise, upon the death or Disability of a Participant who has outstanding Stock Options or Stock Appreciation Rights, the unvested Stock Options or Stock Appreciation Rights will vest. Unless the applicable Award Certificate provides otherwise, the Participant's Stock Options and Stock Appreciation Rights will lapse, and will not thereafter be exercisable, upon the earlier of (A) their original

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expiration date or (B) the date that is three years after the date on which the Participant dies, incurs a Disability or retires.

(iii) Unless the applicable Award Certificate provides otherwise, upon the Retirement of a Participant, a pro rata portion of the Participant's Stock Options and Stock Appreciation Rights will vest so that the total number of vested Stock Options or Stock Appreciation Rights held by the Participant at Termination of Employment (including those that have already vested as of such date) will be equal to (A) the total number of Stock Options or Stock Appreciation Rights originally granted to the Participant under each Award multiplied by (ii) a fraction, the numerator of which is the period of time (in whole months) that have elapsed since the date of grant, and the denominator of which is four years (or such other applicable vesting term as is set forth in the Award Certificate). Unless the Award Certificate provides otherwise, such Participant's Stock Options and Stock Appreciation Rights will lapse, and will not thereafter be exercisable, upon the earlier of (A) their original expiration date or (B) the date that is three years after the date of Termination of Employment.

(iv) Upon the Termination of Employment of a Participant that does not meet the requirements of paragraphs (ii) or (iii) above, or as otherwise provided in Section 5.4 (Change in Control), any unvested Stock Options or Stock Appreciation Rights will be forfeited unless the Award Certificate provides otherwise. Any Stock Options or Stock Appreciation Rights that are vested as of such Termination of Employment will lapse, and will not thereafter be exercisable, upon the earlier of (A) their original expiration date or (B) the date that is ninety (90) days after the date of such Termination of Employment unless the Award Certificate provides otherwise.

(v) Stock Options and Stock Appreciation Rights of a deceased Participant may be exercised only by the estate of the Participant or by the person given authority to exercise the Stock Options or Stock Appreciation Rights by the Participant's will or by operation of law. If a Stock Option or Stock Appreciation Right is exercised by the executor or administrator of a deceased Participant, or by the person or persons to whom the Stock Option or Stock Appreciation Right has been transferred by the Participant's will or the applicable laws of descent and distribution, the Company will be under no obligation to deliver Shares or cash until the Company is satisfied that the person exercising the Stock Option or Stock Appreciation Right is the duly appointed executor or administrator of the deceased Participant or the person to whom the Stock Option or Stock Appreciation Right has been transferred by the Participant's will or by applicable laws of descent and distribution.

(vi) A Stock Appreciation Right granted in tandem with a Stock Option is subject to the same terms and conditions as the related Stock Option and will be exercisable only to the extent that the related Stock Option is exercisable.

(d) *Payment of Exercise Price.* The Exercise Price of a Stock Option must be paid in full when the Stock Option is exercised. Stock certificates will be registered and delivered only upon receipt of payment. Payment of the Exercise Price may be made in cash or by certified check, bank draft, wire transfer, or postal or express money order, provided that the format is approved by the Company or a designated third-party administrator. The Committee, in its discretion may also allow payment to be made by any of the following methods, as set forth in the Award Certificate:

(i) Delivering a properly executed exercise notice to the Company or its agent, together with irrevocable instructions to a broker to deliver to the Company, within the typical settlement cycle for the sale of equity securities on the relevant trading market (or otherwise in accordance with the provisions of Regulation T issued by the Federal Reserve Board), the amount of sale proceeds with respect to the portion of the Shares to be acquired having a Fair

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Market Value on the date of exercise equal to the sum of the applicable portion of the Exercise Price being so paid;

(ii) Tendering (actually or by attestation) to the Company previously acquired Shares that have been held by the Participant for at least six months, subject to paragraph (iv), and that have a Fair Market Value on the day prior to the date of exercise equal to the applicable portion of the Exercise Price being so paid, provided that the Board has specifically approved the repurchase of such Shares (unless such approval is not required by the terms of the bye-laws of the Company) and the Committee has determined that, as of the date of repurchase, the Company is, and after the repurchase will continue to be, able to pay its liabilities as they become due; or

(iii) Provided such payment method has been expressly authorized by the Board or the Committee in advance and subject to any requirements of applicable law and regulations, instructing the Company to reduce the number of Shares that would otherwise be issued by such number of Shares as have in the aggregate a Fair Market Value on the date of exercise equal to the applicable portion of the Exercise Price being so paid.

(iv) The Committee, in consideration of applicable accounting standards, may waive any holding period on Shares required to tender pursuant to clause (ii).

(e) *Incentive Stock Options.* Incentive Stock Options granted under the Plan will be subject to the following additional conditions, limitations and restrictions:

(i) *Eligibility.* Incentive Stock Options may be granted only to Employees of the Company or a Subsidiary that is a subsidiary or parent corporation of the Company, within the meaning of Section 424 of the Code.

(ii) *Timing of Grant.* No Incentive Stock Option will be granted under the Plan after the 10-year anniversary of the date on which the Plan is adopted by the Board or, if earlier, the date on which the Plan is approved by the Company's stockholders.

(iii) *Amount of Award.* Subject to Section 5.3 of the Plan, no more than 10 million Shares may be available for grant in the form of Incentive Stock Options. The aggregate Fair Market Value (as of the date of grant) of the Shares with respect to which the Incentive Stock Options awarded to any Employee first become exercisable during any calendar year may not exceed \$100,000 (U.S.). For purposes of this \$100,000 (U.S.) limit, the Employee's Incentive Stock Options under this Plan and all other plans maintained by the Company and its Subsidiaries will be aggregated. To the extent any Incentive Stock Option would exceed the \$100,000 (U.S.) limit, the Incentive Stock Option will afterwards be treated as a Nonqualified Stock Option for all purposes to the extent required by the Code and underlying regulations and rulings.

(iv) *Timing of Exercise.* If the Committee exercises its discretion in the Award Certificate to permit an Incentive Stock Option to be exercised by a Participant more than three months after the Participant has ceased being an Employee (or more than 12 months if the Participant is permanently and totally disabled, within the meaning of Section 22(e) of the Code), the Incentive Stock Option will afterwards be treated as a Nonqualified Stock Option to the extent required by the Code and underlying regulations and rulings. For purposes of this paragraph (iv), an Employee's employment relationship will be treated as continuing intact while the Employee is on military leave, sick leave or another approved leave of absence if the period of leave does not exceed 90 days, or a longer period to the extent that the Employee's right to reemployment with the Company or a Subsidiary is guaranteed by statute or by contract. If the period of leave exceeds 90 days and the Employee's right to

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reemployment is not guaranteed by statute or contract, the employment relationship will be deemed to have ceased on the 91st day of the leave.

(v) *Transfer Restrictions.* In no event will the Committee permit an Incentive Stock Option to be transferred by an Employee other than by will or the laws of descent and distribution, and any Incentive Stock Option awarded under this Plan will be exercisable only by the Employee during the Employee's lifetime.

(f) *Exercise of Stock Appreciation Rights.* Upon exercise of a Participant's Stock Appreciation Rights, the Company will pay cash or Shares or a combination of cash and Shares, in the discretion of the Committee and as described in the Award Certificate. Cash payments will be equal to the excess of the Fair Market Value of a Share on the date of exercise over the Exercise Price, for each Share for which a Stock Appreciation Right was exercised. If Shares are paid for the Stock Appreciation Right, the Participant will receive a number of whole Shares equal to the quotient of the cash payment amount divided by the Fair Market Value of a Share on the date of exercise.

(g) *No Repricing.* Except as otherwise provided in Section 5.3, in no event will the Committee (i) decrease the Exercise Price of a Stock Option or Stock Appreciation Right after the date of grant or (ii) cancel outstanding Stock Options or Stock Appreciation Rights in exchange for a cash payment or for a grant of replacement Stock Options or Stock Appreciation Rights with a lower Exercise Price than that of the replaced Stock Options or Stock Appreciation Rights or other Awards, without first obtaining the approval of the holders of a majority of the Shares who are present in person or by proxy at a meeting of the Company's stockholders and entitled to vote.

4.4 *Annual Performance Bonuses.* The Committee may grant Annual Performance Bonuses under the Plan in the form of cash or Shares to the Reporting Persons that the Committee may from time to time select, in the amounts and pursuant to the terms and conditions that the Committee may determine and set forth in the Award Certificate, subject to the provisions below:

(a) *Performance Cycles.* Annual Performance Bonuses will be awarded in connection with a 12-month Performance Cycle, which will be the fiscal year of the Company.

(b) *Eligible Participants.* Within 90 days after the commencement of a Performance Cycle, the Committee will determine the Reporting Persons who will be eligible to receive an Annual Performance Bonus under the Plan.

(c) *Performance Measures; Targets; Award Criteria.*

(i) Within 90 days after the commencement of a Performance Cycle, the Committee will fix and establish in writing (A) the Performance Measures that will apply to that Performance Cycle; (B) the Target Amount payable to each Participant; and (C) subject to subsection (d) below, the criteria for computing the amount that will be paid with respect to each level of attained performance. The Committee will also set forth the minimum level of performance, based on objective factors, that must be attained during the Performance Cycle before any Annual Performance Bonus will be paid and the percentage of the Target Amount that will become payable upon attainment of various levels of performance that equal or exceed the minimum required level.

(ii) The Committee may, in its discretion, select Performance Measures that measure the performance of the Company or one or more business units, divisions or Subsidiaries of the Company. The Committee may select Performance Measures that are absolute or relative to the performance of one or more comparable companies or an index of comparable companies.

(iii) The Committee, in its discretion, may, on a case-by-case basis, reduce, but not increase, the amount payable to any Key Employee with respect to any given Performance

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Cycle, provided, however, that no reduction will result in an increase in the amount payable under any Annual Performance Bonus of another Key Employee.

(d) *Payment, Certification.* No Annual Performance Bonus will vest with respect to any Reporting Person until the Committee certifies in writing the level of performance attained for the Performance Cycle in relation to the applicable Performance Measures. In applying Performance Measures, the Committee may, in its discretion, exclude unusual or infrequently occurring items (including any event listed in Section 5.3 and the cumulative effect of changes in the law, regulations or accounting rules), and may determine no later than ninety (90) days after the commencement of any applicable Performance Cycle to exclude other items, each determined in accordance with GAAP (to the extent applicable) and as identified in the financial statements, notes to the financial statements or discussion and analysis of management.

(e) *Form of Payment.* Annual Performance Bonuses will be paid in cash or Shares. All such Performance Bonuses shall be paid no later than the 15th day of the third month following the end of the calendar year (or, if later, following the end of the Company's fiscal year) in which such Performance Bonuses are no longer subject to a substantial risk of forfeiture (as determined for purposes of Section 409A of the Code), except to the extent that a Participant has elected to defer payment under the terms of a duly authorized deferred compensation arrangement in which case the terms of such arrangement shall govern.

(f) *Section 162(m) of the Code.* It is the intent of the Company that Annual Performance Bonuses be "performance-based compensation" for purposes of Section 162(m) of the Code, that this Section 4.4 be interpreted in a manner that satisfies the applicable requirements of Section 162(m)(C) of the Code and related regulations, and that the Plan be operated so that the Company may take a full tax deduction for Annual Performance Bonuses. If any provision of this Plan or any Annual Performance Bonus would otherwise frustrate or conflict with this intent, the provision will be interpreted and deemed amended so as to avoid this conflict.

4.5 *Long Term Performance Awards.* The Committee may grant Long Term Performance Awards under the Plan in the form of Performance Units, Restricted Units or Restricted Stock to any Employee who the Committee may from time to time select, in the amounts and pursuant to the terms and conditions that the Committee may determine and set forth in the Award Certificate, subject to the provisions below:

(a) *Performance Cycles.* Long Term Performance Awards will be awarded in connection with a Performance Cycle, as determined by the Committee in its discretion, provided, however, that a Performance Cycle may be no shorter than 12 months and no longer than 5 years.

(b) *Eligible Participants.* Within 90 days after the commencement of a Performance Cycle, the Committee will determine the Employees who will be eligible to receive a Long Term Performance Award for the Performance Cycle, provided that the Committee may determine the eligibility of any Employee other than a Key Employee after the expiration of the 90-day period.

(c) *Performance Measures; Targets; Award Criteria.*

(i) Within 90 days after the commencement of a Performance Cycle, the Committee will fix and establish in writing (A) the Performance Measures that will apply to that Performance Cycle; (B) with respect to Performance Units, the Target Amount payable to each Participant; (C) with respect to Restricted Units and Restricted Stock, the Target Vesting Percentage for each Participant; and (D) subject to subsection (d) below, the criteria for computing the amount that will be paid or will vest with respect to each level of attained performance. The Committee will also set forth the minimum level of performance, based on objective factors, that must be attained during the Performance Cycle before any Long Term Performance Award will be paid or vest, and the percentage of Performance Units that will become payable

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and the percentage of performance-based Restricted Units or Shares of Restricted Stock that will vest upon attainment of various levels of performance that equal or exceed the minimum required level.

(ii) The Committee may, in its discretion, select Performance Measures that measure the performance of the Company or one or more business units, divisions or Subsidiaries of the Company. The Committee may select Performance Measures that are absolute or relative to the performance of one or more comparable companies or an index of comparable companies.

(iii) The Committee, in its discretion, may, on a case-by-case basis, reduce, but not increase, the amount of Long Term Performance Awards payable to any Key Employee with respect to any given Performance Cycle, provided, however, that no reduction will result in an increase in the dollar amount or number of Shares payable under any Long Term Performance Award of another Key Employee.

(iv) With respect to Employees who are not Key Employees, the Committee may establish, in its discretion, performance criteria other than the Performance Measures that will be applicable for the Performance Cycle.

(d) *Payment, Certification.* No Long Term Performance Award will vest with respect to any Employee until the Committee certifies in writing the level of performance attained for the Performance Cycle in relation to the applicable Performance Measures. Long Term Performance Awards awarded to Participants who are not Key Employees will be based on the Performance Measures, or other applicable performance criteria, and payment formulas that the Committee, in its discretion, may establish for these purposes. These Performance Measures, or other performance criteria, and formulas may be the same as or different than the Performance Measures and formulas that apply to Key Employees.

In applying Performance Measures, the Committee may, in its discretion, exclude unusual or infrequently occurring items (including any event listed in Section 5.3) and the cumulative effect of changes in the law, regulations or accounting rules, and may determine no later than ninety (90) days after the commencement of any applicable Performance Cycle to exclude other items, each determined in accordance with GAAP (to the extent applicable) and as identified in the financial statements, notes to the financial statements or discussion and analysis of management.

(e) *Form of Payment.* Long Term Performance Awards in the form of Performance Units may be paid in cash or full Shares, in the discretion of the Committee, and as set forth in the Award Certificate. Performance-based Restricted Units and Restricted Stock will be paid in full Shares. Payment with respect to any fractional Share will be in cash in an amount based on the Fair Market Value of the Share as of the date the Performance Unit becomes payable. All such Long Term Performance Awards shall be paid no later than the 15th day of the third month following the end of the calendar year (or, if later, following the end of the Company's fiscal year) in which such Long Term Performance Awards are no longer subject to a substantial risk of forfeiture (as determined for purposes of Code Section 409A), except to the extent that a Participant has elected to defer payment under the terms of a duly authorized deferred compensation arrangement, in which case the terms of such arrangement shall govern.

(f) *Section 162(m) of the Code.* It is the intent of the Company that Long Term Performance Awards made to Key Employees be "performance-based compensation" for purposes of Section 162(m) of the Code, that this Section 4.5 be interpreted in a manner that satisfies the applicable requirements of Section 162(m)(C) of the Code and related regulations with respect to Long Term Performance awards made to Key Employees, and that the Plan be operated so that the Company may take a full tax deduction for Long Term Performance Awards. If any provision of this Plan or any Long Term Performance Award would otherwise frustrate or conflict with this intent, the provision will be interpreted and deemed amended so as to avoid this conflict.

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(g) *Retirement.* If a Participant would be entitled to a Long Term Performance Award but for the fact that the Participant's employment with the Company terminated prior to the end of the Performance Cycle as a result of the Participant's Retirement, the Participant may, in the Committee's discretion, receive a Long Term Performance Award, pro rated for the portion of the Performance Cycle that the Participant completed and payable at the same time after the end of the Performance Cycle that payments to other Long Term Performance Award recipients are made.

4.6 *Other Stock-Based Awards.* The Committee may, from time to time, grant Awards (other than Stock Options, Stock Appreciation Rights, Annual Performance Bonuses or Long Term Performance Awards) to any Employee who the Committee may from time to time select, which Awards consist of, or are denominated in, payable in, valued in whole or in part by reference to, or otherwise related to, Shares. These Awards may include, among other forms, Restricted Stock, Restricted Units, or Deferred Stock Units. The Committee will determine, in its discretion, the terms and conditions that will apply to Awards granted pursuant to this Section 4.6, which terms and conditions will be set forth in the applicable Award Certificate.

(a) *Vesting.* Unless the Award Certificate provides otherwise, restrictions on Stock-Based Awards granted under this Section 4.6 will lapse in equal annual installments over a period of four years beginning immediately after the date of grant. If the restrictions on Stock-Based Awards have not lapsed or been satisfied as of the Participant's Termination of Employment, the Shares will be forfeited by the Participant if the termination is for any reason other than the Retirement, death or Disability of the Participant or a Change in Control. Unless the Award Certificate provides otherwise, (i) all restrictions on Stock-Based Awards granted pursuant to this Section 4.6 will lapse upon the death or Disability of the Participant, (ii) in the event of Retirement, the Award will vest pro rata with respect to the portion of the four-year vesting term (or such other vesting term as is set forth in the Award Certificate) that the Participant has completed as of the Participant's Termination of Employment and provided that the Participant has satisfied all other applicable conditions established by the Committee with respect to such pro rata vesting, and (iii) in the event of a Change in Control, Stock-Based Awards will be treated in accordance with Section 5.4. In no event may the vesting period of a time-based full-value share award be less than three years (on either a cliff or graded vesting basis), except that the Committee may award up to 10 percent of the shares authorized for issuance under Section 5.1 with a vesting period of less than three years under such circumstances as it deems appropriate.

(b) *Grant of Restricted Stock.* The Committee may grant Restricted Stock to any Employee, which Shares will be registered in the name of the Participant and held for the Participant by the Company. The Participant will have all rights of a stockholder with respect to the Shares, including the right to vote and to receive dividends or other distributions, except that the Shares may be subject to a vesting schedule and will be forfeited if the Participant attempts to sell, transfer, assign, pledge or otherwise encumber or dispose of the Shares before the restrictions are satisfied or lapse.

(c) *Grant of Restricted Units.* The Committee may grant Restricted Units to any Employee, which Units will be paid in cash or whole Shares or a combination of cash and Shares, as determined in the discretion of the Committee. The Committee will determine the terms and conditions applicable to the grant of Restricted Units, which terms and conditions will be set forth in the Award Certificate. For each Restricted Unit that vests, one Share will be paid or an amount in cash equal to the Fair Market Value of a Share, as set forth in the Award Certificate, will be delivered to the Participant on the applicable delivery date.

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(d) *Grant of Deferred Stock Units.* The Committee may grant Deferred Stock Units to any Employee, which Units will be paid in whole Shares upon the Employee's Termination of Employment if the restrictions on the Units have lapsed. One Share will be paid for each Deferred Stock Unit that becomes payable.

(e) *Dividends and Dividend Equivalents.* At the discretion of the Committee and as set forth in the applicable Award Certificate, dividends issued on Shares may be paid immediately or withheld and deferred in the Participant's account. In the event of a payment of dividends on Common Stock, the Committee may credit Restricted Units with Dividend Equivalents in accordance with terms and conditions established in the discretion of the Committee. Dividend Equivalents will be subject to such vesting terms as is determined by the Committee and may be distributed immediately or withheld and deferred in the Participant's account as determined by the Committee and set forth in the applicable Award Certificate. Deferred Stock Units may, in the discretion of the Committee and as set forth in the Award Certificate, be credited with Dividend Equivalents or additional Deferred Stock Units. The number of any Deferred Stock Units credited to a Participant's account upon the payment of a dividend will be equal to the quotient produced by dividing the cash value of the dividend by the Fair Market Value of one Share as of the date the dividend is paid. The Committee will determine any terms and conditions on deferral of a dividend or Dividend Equivalent, including the rate of interest to be credited on deferral and whether interest will be compounded.

4.7 *Director Awards.*

(a) The Committee may grant Deferred Stock Units to each Director in such an amount as the Board, in its discretion, may approve in advance. Each such Deferred Stock Unit will vest as determined by the Committee and set forth in the Award Certificate and will be paid in Shares within 30 days following the recipient's Termination of Directorship, subject to deferral under any applicable deferred compensation plan approved by the Committee, in which case the terms of such arrangement shall govern. Dividend Equivalents or additional Deferred Stock Units will be credited to each Director's account when dividends are paid on Common Stock to the shareholders, and will be paid to the Director at the same time that the Deferred Stock Units are paid to the Director.

(b) The Committee may grant Director Shares to each Director in such amounts as the Board, in its discretion, may approve in advance.

(c) The Committee may, in its discretion, grant Stock Options, Stock Appreciation Rights and other Stock-Based Awards to Directors.

4.8 *Substitute Awards.* The Committee may make Awards under the Plan to Acquired Grantees through the assumption of, or in substitution for, outstanding Stock-Based Awards previously granted to such Acquired Grantees. Such assumed or substituted Awards will be subject to the terms and conditions of the original awards made by the Acquired Company, with such adjustments therein as the Committee considers appropriate to give effect to the relevant provisions of any agreement for the acquisition of the Acquired Company, provided that any such adjustment with respect to Nonqualified Stock Options and Stock Appreciation Rights shall satisfy the requirements of Treas. Reg. § 1.409A-1(b)(5)(v)(D) and otherwise ensure that such awards continue to be exempt from Code Section 409A and provided that any adjustment to Awards that are subject to Code Section 409A is in compliance with Code Section 409A and the regulations and rulings thereunder. Any grant of Incentive Stock Options pursuant to this Section 4.8 will be made in accordance with Section 424 of the Code and any final regulations published thereunder.

4.9 *Limit on Individual Grants.* Subject to Sections 5.1 and 5.3, no Employee may be granted more than 6 million Shares over any calendar year pursuant to Awards of Stock Options, Stock

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Appreciation Rights and performance-based Restricted Stock and Restricted Units, except that an incentive Award of no more than 10 million Shares may be made pursuant to Stock Options, Stock Appreciation Rights and performance-based Restricted Stock and Restricted Units to any person who has been hired within the calendar year as a Key Employee. The maximum amount that may be paid in cash or Shares pursuant to Annual Performance Bonuses or Long Term Performance Awards paid in Performance Units to any one Employee is \$10 million (U.S.) for any Performance Cycle of 12 months. For any longer Performance Cycle, this maximum will be adjusted proportionally.

4.10 *Termination for Cause.* Notwithstanding anything to the contrary herein, if a Participant incurs a Termination of Directorship or Termination of Employment for Cause, then all Stock Options, Stock Appreciation Rights, Annual Performance Bonuses, Long Term Performance Awards, Restricted Units, Restricted Stock and other Stock-Based Awards will immediately be cancelled. The exercise of any Stock Option or Stock Appreciation Right or the payment of any Award may be delayed, in the Committee's discretion, in the event that a potential termination for Cause is pending, subject to ensuring an exemption from or compliance with Code Section 409A and the underlying regulations and rulings. If a Participant incurs a Termination of Employment for Cause, or the Company becomes aware (after the Participant's Termination of Employment) of conduct on the part of the Participant that would be grounds for a Termination of Employment for Cause, then the Participant will be required to deliver to the Company (i) Shares (or, in the discretion of the Committee, cash) in an amount that is equal in value to the amount of any profit the Participant realized upon the exercise of an Option during the period beginning six (6) months prior to the Participant's Termination of Employment for Cause and ending on the two (2) year anniversary of such Termination of Employment; and (ii) the number of Shares (or, in the discretion of the Committee, the cash value of said shares) the Participant received for Restricted Shares or Restricted Units that vested during the period described in (i) above.

ARTICLE V
SHARES SUBJECT TO THE PLAN; ADJUSTMENTS

5.1 *Shares Available.* The Shares issuable under the Plan will be authorized but unissued Shares, and, to the extent permissible under applicable law, Shares acquired by the Company, any Subsidiary or any other person or entity designated by the Company. The original number of shares issuable under the Plan on and after the original effective date of the Plan (June 29, 2007) was five percent (5%) of the Shares outstanding as of that date. The total number of Shares with respect to which Awards may be issued under the Plan on and after the Effective Date may equal, but not exceed, the total number of shares remaining from the original number of shares issuable under the Plan, plus an additional fifteen million (15,000,000) shares, subject to adjustment in accordance with Section 5.3; provided that when Shares are issued pursuant to a grant of Restricted Stock, Restricted Units, Deferred Stock Units, Performance Units or as payment of an Annual Performance Bonus or other Stock-Based Award, the total number of Shares remaining available for grant will be decreased by a margin of at least 1.8 per Share issued. In addition, in the case of the settlement of any stock-settled Stock Appreciation Right, the total number of Shares available for grant will be decreased by the total number of Shares equal in value to the total value of the Stock Appreciation Right on the day of settlement. No more than 10 million Shares of the total Shares issuable under the Plan may be available for grant in the form of Incentive Stock Options.

5.2 *Counting Rules.* The following Shares related to Awards under this Plan may again be available for issuance under the Plan, in addition to the Shares described in Section 5.1:

- (a) Shares related to Awards paid in cash;
- (b) Shares related to Awards that expire, are forfeited or cancelled or terminate for any other reason without issuance of Shares, and provided that each such forfeited, cancelled or terminated

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Share that was originally issued pursuant to a grant of Restricted Stock, Restricted Units, Deferred Stock Units, Performance Units or as payment of an Annual Performance Bonus or other Stock-Based Award shall be counted as 1.8 Share;

(c) Any Shares issued in connection with Awards that are assumed, converted or substituted as a result of the acquisition of an Acquired Company by the Company or a combination of the Company with another company; and

(d) Any Shares of Restricted Stock that are returned to the Company upon a Participant's Termination of Employment.

5.3 *Adjustments.* In the event of a change in the outstanding Shares by reason of a stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property), extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of Shares or other securities or similar corporate transaction or event, the Committee shall make an appropriate adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. Any such adjustment with respect to Nonqualified Stock Options and Stock Appreciation Rights shall satisfy the requirements of Treas. Reg. § 1.409A-1(b)(5)(v)(D) and otherwise ensure that such awards continue to be exempt from Code Section 409A, and any adjustment to Awards that are subject to Code Section 409A shall comply with Code Section 409A and the regulations and rulings thereunder. Any adjustment made by the Committee under this Section 5.3 will be conclusive and binding for all purposes under the Plan.

5.4 *Change in Control.*

(a) Unless otherwise provided under the terms of an applicable Award Certificate, (i) all outstanding Stock Options and Stock Appreciation Rights will become exercisable as of the effective date of a Participant's Change in Control Termination if the Awards are not otherwise vested, and all conditions will be waived with respect to outstanding Restricted Stock, Restricted Units and other Stock-Based Awards (other than Long Term Performance Awards) and Deferred Stock Units, and (ii) each Participant who has been granted an Annual Performance Bonus or Long Term Performance Award that is outstanding as of the date of such Participant's Change in Control Termination will be deemed to have achieved a level of performance, as of the Change in Control Termination, that would cause all (100%) of the Participant's Target Amounts to become payable and all restrictions on the Participant's Restricted Units and Shares of Restricted Stock to lapse. Unless the Committee determines otherwise in its discretion (either when the award is granted or any time thereafter), in the event that Awards outstanding as of the date of a Change in Control that are payable in shares of Company Common Stock will not be substituted with comparable awards payable or redeemable in shares of publicly-traded stock after the Change in Control, each such outstanding Award (i) will become fully vested (at target, where applicable) immediately prior to the Change in Control and (ii) each such Award that is a Stock Option will be settled in cash, without the Participant's consent, for an amount equal to the amount that could have been attained upon the exercise of such Award immediately prior to the Change in Control had such Award been exercisable or payable at such time.

(b) In addition to the such other actions described in Section 5.4(a), in the event of a Change in Control the Committee may take any one or more of the following actions with respect to any or all outstanding Awards, without the consent of the Participant: (i) the Committee may determine that outstanding Stock Options and Stock Appreciation Rights shall be fully exercisable, and restrictions on Restricted Stock, Restricted Units, Deferred Stock Units and other Stock-Based Awards shall lapse, as of the date of the Change in Control or such other time (prior to a Participant's Change in Control Termination) as the Committee determines, (ii) the Committee may require that a Participant surrender their outstanding Stock Options and Stock Appreciation

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Rights in exchange for one or more payments by the Company, in cash or Common Stock as determined by the Committee, in an amount equal to the amount by which the then Fair Market Value of the shares of Common Stock subject to the Participant's unexercised Stock Options and Stock Appreciation Rights exceeds the exercise price, if any, and on such terms as the Committee determines, (iii) after giving Participants an opportunity to exercise their outstanding Stock Options and Stock Appreciation Rights, the Committee may terminate any or all unexercised Stock Options and Stock Appreciation Rights at such time as the Committee deems appropriate, (iv) the Committee may determine that Annual Performance Bonuses and/or Long Term Performance Awards will be paid out at their target level, in cash or Common Stock as determined by the Committee, or (v) the Committee may determine that Awards that remain outstanding after the Change in Control shall be converted to similar grants of, or assumed by, the surviving corporation (or a parent or subsidiary of the surviving corporation or successor). Such acceleration, surrender, termination, settlement or conversion shall take place as of the date of the Change in Control or such other date as the Committee may specify. The Committee may specify how an Award will be treated in the event of a Change in Control either when the Award is granted or at any time thereafter, except as otherwise provided herein.

5.5 *Fractional Shares.* No fractional Shares will be issued under the Plan. Except as otherwise provided in Section 4.5(e), if a Participant acquires the right to receive a fractional Share under the Plan, the Participant will receive, in lieu of the fractional Share, a full Share as of the date of settlement, unless otherwise provided by the Committee.

**ARTICLE VI
AMENDMENT AND TERMINATION**

6.1 *Amendment.* The Plan may be amended at any time and from time to time by the Board without the approval of stockholders of the Company, except that no material revision to the terms of the Plan will be effective until the amendment is approved by the stockholders of the Company. A revision is "material" for this purpose if, among other changes, it materially increases the number of Shares that may be issued under the Plan (other than an increase pursuant to Section 5.3 of the Plan), expands the types of Awards available under the Plan, materially expands the class of persons eligible to receive Awards under the Plan, materially extends the term of the Plan, materially decreases the Exercise Price at which Stock Options or Stock Appreciation Rights may be granted, reduces the Exercise Price of outstanding Stock Options or Stock Appreciation Rights, or results in the replacement of outstanding Stock Options and Stock Appreciation Rights with new Awards that have an Exercise Price that is lower than the Exercise Price of the replaced Stock Options and Stock Appreciation Rights. No amendment of the Plan or any outstanding Award made without the Participant's written consent may adversely affect any right of a Participant with respect to an outstanding Award.

6.2 *Termination.* The Plan will terminate upon the earlier of the following dates or events to occur:

- (a) the adoption of a resolution of the Board terminating the Plan; or
- (b) the day before the 10th anniversary of the adoption of the Plan by the Company's shareholder as described in Section 1.2.

No Awards will be granted under this Plan after it has terminated. The termination of the Plan, however, will not alter or impair any of the rights or obligations of any person under any Award previously granted under the Plan without such person's consent. After the termination of the Plan, any previously granted Awards will remain in effect and will continue to be governed by the terms of the Plan and the applicable Award Certificate.

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**ARTICLE VII
GENERAL PROVISIONS**

7.1 *Nontransferability of Awards.* No Award under the Plan will be subject in any manner to alienation, anticipation, sale, assignment, pledge, encumbrance or transfer, and no other persons will otherwise acquire any rights therein, except as provided below.

(a) Any Award may be transferred by will or by the laws of descent or distribution.

(b) The Committee may provide in the applicable Award Certificate that all or any part of a Nonqualified Option or Shares of Restricted Stock may, subject to the prior written consent of the Committee, be transferred to a family member. For purposes of this subsection (b), "family member" includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the Participant, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than 50 percent of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50 percent of the voting interests.

Any transferred Award will be subject to all of the same terms and conditions as provided in the Plan and the applicable Award Certificate. The Participant or the Participant's estate will remain liable for any withholding tax that may be imposed by any federal, state or local tax authority. The Committee may, in its discretion, disallow all or a part of any transfer of an Award pursuant to this subsection (b) unless and until the Participant makes arrangements satisfactory to the Committee for the payment of any withholding tax. The Participant must immediately notify the Committee, in the form and manner required by the Committee, of any proposed transfer of an Award pursuant to this subsection (b). No transfer will be effective until the Committee consents to the transfer in writing.

(c) Except as otherwise provided in the applicable Award Certificate, any Nonqualified Stock Option transferred by a Participant pursuant to this subsection (c) may be exercised by the transferee only to the extent that the Award would have been exercisable by the Participant had no transfer occurred. The transfer of Shares upon exercise of the Award will be conditioned on the payment of any withholding tax.

(d) Restricted Stock may be freely transferred after the restrictions lapse or are satisfied and the Shares are delivered, provided, however, that Restricted Stock awarded to an affiliate of the Company may be transferred only pursuant to Rule 144 under the Securities Act, or pursuant to an effective registration for resale under the Securities Act. For purposes of this subsection (d), "affiliate" will have the meaning assigned to that term under Rule 144.

(e) In no event may a Participant transfer an Incentive Stock Option other than by will or the laws of descent and distribution.

7.2 *Withholding of Taxes.* The Committee, in its discretion, may satisfy a Participant's tax withholding obligations by any of the following methods or any method as it determines to be in accordance with the laws of the jurisdiction in which the Participant resides, has domicile or performs services.

(a) *Stock Options and Stock Appreciation Rights.* As a condition to the delivery of Shares pursuant to the exercise of a Stock Option or Stock Appreciation Right, the Committee may require that the Participant, at the time of exercise, pay to the Company by cash, certified check, bank draft, wire transfer or postal or express money order an amount sufficient to satisfy any applicable tax withholding obligations. The Committee may also, in its discretion, accept payment

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of tax withholding obligations through any of the Exercise Price payment methods described in Section 4.3(d).

(b) *Other Awards Payable in Shares.* The Participant shall satisfy the Participant's tax withholding obligations arising in connection with the release of restrictions on Restricted Units, Restricted Stock and other Stock-Based Awards by payment to the Company in cash or by certified check, bank draft, wire transfer or postal or express money order, provided that the format is approved by the Company or a designated third-party administrator. However, subject to any requirements of applicable law, the Company may also satisfy the Participant's tax withholding obligations by other methods, including selling or withholding Shares that would otherwise be available for delivery, provided that the Board or the Committee has specifically approved such payment method in advance.

(c) *Cash Awards.* The Company may satisfy a Participant's tax withholding obligation arising in connection with the payment of any Award in cash by withholding cash from such payment.

7.3 Special Forfeiture Provision. The Committee may, in its discretion, provide in an Award Certificate that the Participant may not, within two years of the Participant's Termination of Employment with the Company, enter into any employment or consultation arrangement (including service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in any business in which the Company or any Subsidiary is engaged without prior written approval of the Committee if, in the sole judgment of the Committee, the business is competitive with the Company or any Subsidiary or business unit or such employment or consultation arrangement would present a risk that the Participant would likely disclose Company proprietary information (as determined by the Committee). If the Committee makes a determination that this prohibition has been violated, the Participant (i) will forfeit all rights under any outstanding Stock Option or Stock Appreciation Right that was granted subject to the Award Certificate and will return to the Company the amount of any profit realized upon an exercise of all Awards during the period, as the Committee determines and sets forth in the Award Certificate, beginning no earlier than six months prior to the Participant's Termination of Employment, and (ii) will forfeit and return to the Company any Annual Performance Bonuses, Performance Units, Shares of Restricted Stock, Restricted Units (including any credited Dividend Equivalents), Deferred Stock Units, and other Stock-Based Awards that are outstanding on the date of the Participant's Termination of Employment, subject to the Award Certificate, and have not vested or that had vested and remain subject to this Section 7.3 during a period, as the Committee determines and sets forth in the Award Certificate, beginning no earlier than six months prior to the Participant's Termination of Employment.

7.4 No Implied Rights. The establishment and operation of the Plan, including the eligibility of a Participant to participate in the Plan, will not be construed as conferring any legal or other right upon any Director for any continuation of directorship or any Employee for the continuation of employment through the end of any Performance Cycle or other period. The Company expressly reserves the right, which may be exercised at any time and in the Company's sole discretion, to discharge any individual or treat him or her without regard to the effect such discharge might have upon him or her as a Participant in the Plan.

7.5 No Obligation to Exercise Awards. The grant of a Stock Option or Stock Appreciation Right will impose no obligation upon the Participant to exercise the Award.

7.6 No Rights as Stockholders. A Participant who is granted an Award under the Plan will have no rights as a stockholder of the Company with respect to the Award unless and until certificates for the Shares underlying the Award are registered in the Participant's name and (other than in the case of Restricted Stock) delivered to the Participant. The right of any Participant to receive an Award by virtue of participation in the Plan will be no greater than the right of any unsecured general creditor of the Company.

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7.7 *Indemnification of Committee.* The Company will indemnify, to the fullest extent permitted by law, each person made or threatened to be made a party to any civil or criminal action or proceeding by reason of the fact that the person, or the executor or administrator of the person's estate, is or was a member of the Committee or a delegate of the Committee.

7.8 *No Required Segregation of Assets.* Neither the Company nor any Subsidiary will be required to segregate any assets that may at any time be represented by Awards granted pursuant to the Plan.

7.9 *Nature of Payments.* All Awards made pursuant to the Plan are in consideration of services for the Company or a Subsidiary. Any gain realized pursuant to Awards under the Plan constitutes a special incentive payment to the Participant and will not be taken into account as compensation for purposes of any other employee benefit plan of the Company or a Subsidiary, except as the Committee otherwise provides. The adoption of the Plan will have no effect on Awards made or to be made under any other benefit plan covering an employee of the Company or a Subsidiary or any predecessor or successor of the Company or a Subsidiary.

7.10 *Securities Law Compliance.* Awards under the Plan are intended to satisfy the requirements of Rule 16b-3 under the Exchange Act. If any provision of this Plan or any grant of an Award would otherwise frustrate or conflict with this intent, that provision will be interpreted and deemed amended so as to avoid conflict. No Participant will be entitled to a grant, exercise, transfer or payment of any Award if the grant, exercise, transfer or payment would violate the provisions of the Sarbanes-Oxley Act of 2002 or any other applicable law.

7.11 *Section 409A Compliance.* To the extent the Committee determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Certificate evidencing such Award will incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Certificate will be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan, in the event that the Committee determines that any Award may be subject to Section 409A of the Code, the Committee may adopt such amendments to the Plan and/or the applicable Award Certificate or adopt policies and procedures or take any other action or actions, including an action or amendment with retroactive effect, that the Committee determines is necessary or appropriate to (i) exempt the Award from the application of Section 409A of the Code or (ii) comply with the requirements of Section 409A of the Code. Any Award that provides for a payment to any Participant who is a "specified employee" of deferred compensation that is subject to Code Section 409A(a)(2) and that becomes payable upon, or that is accelerated upon, such Participant's Termination of Employment, shall also provide that no such payment shall be made on or before the date which is six months following such Participant's Termination of Employment (or, if earlier, such Participant's death). A specified employee for this purpose shall be determined by the Committee or its delegate in accordance with the provisions of Code Section 409A and the regulations and rulings thereunder.

7.12 *Governing Law, Severability.* The Plan and all determinations made and actions taken under the Plan will be governed by the law of Switzerland and construed accordingly. If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, the unlawfulness, invalidity or unenforceability will not affect any other parts of the Plan, which parts will remain in full force and effect.

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Appendix B

PRIMARY TALENT MARKET PEER GROUP

Aerospace & Defense, Electronics & Scientific Equipment, Industrial Manufacturing

3M Company	FANUC Robotics America	Panasonic Corporation of North America
Advanced Micro Devices Inc.	Fortune Brands Inc.	
Aerojet, GenCorp. Co.	GAF Materials Corporation (Canada)	Parker Hannifin Corporation
Agilent Technologies Inc.	General Atomics	Plexus Corp.
Ameron International Corp.	General Dynamics Corporation	Polymer Group, Inc.
AMETEK Inc.	General Electric Company	PolyOne Corporation
A. O. Smith Corporation	Goodrich Corp.	Raytheon Company
Applied Materials Inc.	Goodyear Tire & Rubber Co.	Regal Beloit Corporation
Arrow Electronics, Inc.	Greif, Inc.	Rockwell Automation Inc.
BAE Systems PLC	Herman Miller	Rockwell Collins Inc.
Ball Corp.	Honeywell International Inc.	Rolls-Royce North America
Beckman Coulter Inc.	Ingersoll-Rand	SCA Americas
Bio-Rad Laboratories, Inc.	Invensys Controls	Schneider Electric SA
The Boeing Company	Johns-Manville	Sealed Air Corporation
Brady Corp.	Kaman Industrial Technologies	Sensata Technologies, Inc.
Calgon Carbon Corporation	KLA-Tencor Corporation	Siemens AG
Cameron International Corp.	L-3 Communications Holdings Inc.	Sonoco Products Co.
Caterpillar Inc.	Lafarge North America	SPX Corporation
Celestica Inc.	Lockheed Martin Corp.	Taylor-Wharton
CommScope, Inc.	Mathews International Corporation	Terex Corp.
The Connell Company	MeadWestvaco Corp.	Textron Inc.
Cubic Corp.	Millipore Corp.	Thomas & Betts Corp.
Curtiss-Wright Corporation	Mine Safety Appliances Co.	Timex Group USA, Inc.
Deere & Company	MSC Industrial Direct Co. Inc.	Toro Co.
Donaldson Co. Inc.	Omnova Solutions Inc.	United Technologies Corporation
Eaton Corporation	Owens-Illinois Inc.	USG Corp.
Embraer-Empresa Brasileira de Aeronautica S.A.		VWR International, LLC
Fairchild Controls Corporation		W. W. Grainger, Inc.

