

US TAX REPORTING OF DIVIDENDS FROM PCL EMPLOYEES HOLDINGS LTD. ("PCLEH")

In compliance with Canadian tax legislation, the dividends paid to you by PCLEH are reported on a Form NR4 "Statement of Amounts Paid or Credited to Non-Residents of Canada". This form is the Canadian equivalent of an IRS Form 1099-DIV, with the only difference being that the NR4 discloses amounts in Canadian dollars versus US dollars.

Accordingly, after converting the Canadian dollar amounts to US funds (using a foreign exchange rate approved by the IRS), the dividend and foreign tax amounts should be reported on your Form 1040 in the same manner as you would have reported such amounts from a Form 1099-DIV.

Please note that, in consultation with its U.S. tax advisors, PCLEH believes that its dividends paid to individual U.S. shareholders should be "qualified dividends" for U.S. federal income tax purposes. As such, distributions that are considered dividends for U.S. federal income tax purposes should qualify for the reduced rate of tax applicable to long-term capital gains. **However, the individual taxpayer's situation must be considered before making this determination in consultation with their tax or legal advisors.**

The image shows a screenshot of the Form NR4 (Statement of Amounts Paid or Credited to Non-Residents of Canada). The form is titled "NR4 STATEMENT OF AMOUNTS PAID OR CREDITED TO NON-RESIDENTS OF CANADA / ÉTAT DES SOMMES PAYÉES OU CRÉDITÉES À DES NON-RÉSIDENTS DU CANADA". It includes fields for Year (10), Recipient code (11), Country code (12), Payer or remitter identification number, Foreign or Canadian tax identification number (13), Income code (14), Currency code (15), Gross income / Revenu brut (16), Non-resident tax withheld / Impôt des non-résidents retenu (17), and Exemption code (18). The recipient is listed as "US SHAREHOLDER" and the payer as "PCL EMPLOYEES HOLDINGS LTD. c/o Valiant Trust Company #310, 606 - 4th Street S.W. CALGARY, AB T2P 1T1". The non-resident account number is "NRF0000000". Red circles highlight boxes 16 and 17, and red arrows point from these boxes to explanatory text below.

Qualified Dividend, equivalent to box 1b on Form 1099-DIV after conversion to \$US

Foreign Taxes paid, equivalent to box 6 on Form 1099-DIV after conversion to \$US

This summary is of a general nature only and is not intended to be legal or tax advice to any particular shareholder of PCLEH. Shareholders of PCLEH should consult their own legal and tax advisors as to their particular tax consequences of holding shares of PCLEH. This summary should be used only by employees and their legal and tax advisors.

PCLEH has not received an IRS letter ruling or a tax opinion from its tax advisors on these matters.