



Countries at a glance – Restricted Stock and RSUs

June 2010

Countries at a glance

Countries at a glance is a regular publication from the Global Equity Based Compensation Practice which includes some of the key legal and tax issues that arise from the operation of equity incentive plans of all different types, in countries across the world.

This summary includes 22 major countries and illustrates the type of information that we are able to supply to our clients.

If you are interested in learning more about how we can help you, or would like to receive similar or more detailed information on other countries, please contact one of the names listed below.

About White & Case

White & Case is a leading global law firm with lawyers in 36 offices across 25 countries.

Among the first firms to establish a truly global presence, we provide counsel and representation in virtually every area of law that affects cross-border business. Our clients value both the breadth of our network and depth of our US, English and local law capabilities in each of our offices and rely on us for their complex cross-border transactions, arbitration and litigation.

Whether in established or emerging markets, the hallmark of White & Case is our complete dedication to the business priorities and legal needs of our clients.

Our Global Equity Based Compensation Practice

Our Global Equity Based Compensation Practice is a key part of the Global Executive Compensation, Benefits and Employment Law group which numbers more than 100 lawyers worldwide. We offer extensive expertise in dealing with the key issues involved in operating international equity-based compensation plans. Our work includes:

- Implementing global equity based compensation plans.
- Advising companies on the effects of major M&A transactions on their equity based compensation plans.
- Implementing equity based compensation plans for companies preparing for an IPO.
- Establishing offshore trusts for the benefit of employees.
- Implementing global repricing and exchange programs for underwater options.
- Implementing global stock appreciation rights plans.
- Implementing global profit-sharing plans.
- Advising companies regarding equity-based compensation plans on the spin-off of divisions.

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Important Note

In preparing the country summaries for global equity based compensation plans contained in this booklet, we have attempted to provide, for guidance only and not as legal advice, up-to-date information available on relevant law and practice in each country. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and option plan design facts that are specific to your company may impact how the local laws affect the company's equity based compensation plans.

With these matters in mind, companies should not rely on the information provided in these summaries when implementing their stock plans. We would be happy to assist your company in reviewing all pertinent information and developing a comprehensive strategy for offering its equity based compensation plans globally.

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Australia

Employment

Labor Concerns

Employees may have rights to additional vesting or other benefits under a restricted stock or RSU plan in cases of involuntary termination. To reduce the risk of potential claims to employee entitlements, employees should expressly agree in the award agreements that participation in the Plan is discretionary and that termination of employment will result in the loss of unvested rights.

Communications

Additional Australia-specific employee communications may be necessary depending on the exemption to the securities requirements relied upon.

Regulatory

Securities Compliance

Certain disclosure requirements apply to companies that offer securities unless such an offer falls within a Class Order exemption issued by the Australian Securities & Investments Commission ("the **ASIC**") or an individual exemption granted by the ASIC.

Foreign Exchange

Foreign exchange restrictions are generally inapplicable to restricted stock and RSU plans.

Data Protection

Employee consent for the processing and transfer of personal data is the recommended method of compliance with existing data privacy requirements. An Australian subsidiary and parent company should implement safeguards so that the use of the employees' tax identification information is restricted to tax purposes and that the use of other personal data is restricted to specific purposes disclosed in a written consent.

Tax

Employee Tax Treatment

Tax is payable on the market value of restricted stock or an RSU (a right to receive shares in the future) at the time of issue or grant unless there is a real risk of forfeiture (or the restricted stock is provided free of charge under a salary sacrifice scheme). If a real risk of forfeiture exists, or restricted stock is provided under a salary sacrifice arrangement, tax is payable at the deferred taxing point (which is broadly the earliest of there no longer being a real risk of forfeiture, cessation of employment and the 7th anniversary of the grant date).

When the Stock is sold, a 50% exemption on capital gains is available (after allowing for capital losses) if the Stock has been held for 12 months or more.

Social Insurance Contributions

The benefits received under a restricted stock or RSU plan are subject to a Medicare levy, and in some cases, an additional surcharge.

Tax-Favored Program

A grant of rights that is not subject to forfeiture can benefit from a tax exemption of up to AUD1,000 per annum if certain conditions are satisfied, including that the employee does not have adjusted taxable income of more than AUD180,000, there are no conditions under which the right, or any share acquired on vesting, will be lost other than by the right being disposed of, vesting or lapsing, the scheme is offered on a non-discriminatory basis to at least 75% of the permanent employees of the relevant employer and the right is not capable of vesting until the earliest of three years and the date when employment ceases.

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Australia (cont.)

Withholding and Reporting

There is no obligation on the employer to withhold tax, unless an employee has failed to supply a tax file number. Employers are required to report annually the acquisition of shares or the grant of rights and, if tax has become payable by any employee during the relevant financial year, the market value of the shares or rights at the taxing time.

Employer Tax Treatment

In all Australian States and Territories, the Plan benefit is included in the calculation of the employer's payroll tax. If the Subsidiary reimburses the Issuer for the cost of the Plan benefits pursuant to a written reimbursement agreement, the Subsidiary is permitted to claim a tax deduction.

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Belgium

Employment

Labor Concerns

Employee entitlement claims may be possible. To reduce the risk of potential claims to employee entitlements, employees should expressly agree that participation in the plan is discretionary and that termination of employment will result in the loss of unvested rights. Discrimination based on gender or part-time status is prohibited.

Communications

Employers should provide employee communications in the appropriate local language: Dutch for the Flemish region, French for the Walloon region and French and/or Dutch for the Brussels region. Government filings may be required to be in French or Dutch. Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

Neither the award nor the vesting of restricted stock or RSUs is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are awarded and vest free of charge.

Foreign Exchange

There are no foreign exchange restrictions applicable to restricted stock or RSU plans.

Data Protection

Normally, the processing of personal data in connection with the administration of a restricted stock-plan or RSU-plan does not require consent from the employees or approval from the authorities. Nevertheless, it is recommended that the employees' explicit consent to the processing of personal data is obtained prior to the processing and that the prior approval has been obtained from the Belgian Data Protection Agency, if the plan is administered by another company other than the employer (e.g. a foreign holding company).

Tax

Employee Tax Treatment

The employee should be subject to tax on the value of the stock, as restricted, when the restricted stock is awarded. The employee should be subject to tax on the value of the stock when the RSU award vests. The employee will not be subject to tax upon the sale of the stock.

Social Insurance Contributions

For employees of a Belgian subsidiary, social security contributions will be imposed if the costs of the plan are recharged by the Issuer to the Belgian subsidiary.

Tax-Favored Program

If the employee is required to hold the restricted stock for at least two years after the date of award and the stock is traded on an exchange, then the value of the taxable benefit may be limited to the difference between 100/120th (or 83.33%) of the market value of the stock acquired and the price paid by the employee.

If the employee is required to hold the stock for at least an additional two years beyond the date of vesting of the RSU award and the stock is traded on an exchange, then the value of the benefit-in-kind may be limited to the difference between 100/120th (or 83.33%) of the market value of the stock acquired and the price paid by the employee.

Withholding and Reporting

If a non-resident company without an establishment in Belgium grants restricted stock or RSUs to employees of a Belgian subsidiary, no withholding tax is due. However, if the cost of the granting of the incentives is recharged to the Belgian subsidiary or if the Belgian subsidiary intervenes in the grant of the restricted stock and/or the delivery of the RSUs, the subsidiary will be subject to the obligation to withhold payroll taxes.

In those circumstances, the Belgian subsidiary will also be required to report the taxable benefit on fiscal slips.

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Belgium (cont.)

Employer Tax Treatment

A deduction is allowed if the Issuer is reimbursed for the cost of administering the plan. A formal reimbursement agreement is recommended.

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Brazil

Employment

Labor Concerns

Entitlement issues may arise if restricted stock or RSU awards are granted frequently, especially because they are granted, at no cost, to the employees. This is because, traditionally, benefits granted at no cost are considered to be part of an employee's salary. To reduce the risk of potential claims to employee entitlements, employees should expressly agree in the applicable award agreement that participation in the plan is discretionary and that termination of employment will result in the loss of unvested rights.

Communications

The translation into Portuguese of restricted stock and RSU plan documents for employees is recommended, but not legally required. Government filings must be in Portuguese.

Regulatory

Securities Compliance

There are no securities compliance issues with regard to the offering of restricted stock or RSU plans.

Foreign Exchange

The employee may be subject to minor annual reporting for shares and any other rights/assets held outside Brazil.

Data Protection

Although employee consent is not required for the collection, use, and transfer of personal data, obtaining consent is nevertheless recommended in light of a constitutional right to privacy. The personal consent provision should be included in the award agreement.

Tax

Employee Tax Treatment

The employee should not be subject to income tax on the value of the Stock when the restricted stock is granted. The employee is subject to tax on the value of the Stock when the RSU award vests. The employee may also be subject to a capital gains tax at the time of sale.

Social Insurance Contributions

Generally, social insurance contributions are not imposed on restricted stock or RSUs. However, social insurance contributions may apply if grants are made frequently and subsequently characterized as part of regular employment income.

Tax-Favored Program

None.

Withholding and Reporting

Generally, the employer has no withholding and reporting requirements with respect to a restricted stock or RSU plan.

Employer Tax Treatment

The Brazilian entity may deduct the costs that are reimbursed to the Issuer (chargeback scenario) provided that the offer is made to all employees in Brazil. However, this reimbursement will increase the likelihood that the restricted stock or RSUs will be deemed to be regular employment income to the employee, subject to labor and social security charges. Any amount reimbursed for benefits provided to board members, directors, or administrators is not deductible locally.

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Canada

Employment

Labor Concerns

Employee entitlement claims may arise with the offer of restricted stock or RSU plans. The Plan and related agreements must be carefully drafted to ensure that the employer retains the right to amend or terminate the Plan. The award agreements should include provisions stating that vesting related to the restricted stock or RSU plan will cease upon termination of employment. It is necessary for the restricted stock or RSU plan to be drafted to limit rights during a notice period of termination of employment. It should be clearly stated that the termination of employment is the last day of active employment with the company and that vesting rights will not be influenced by a period of notice that is given, or ought to have been given, under statute, contract or at common law.

It is also important that the Plan be drafted so as not to unintentionally result in a discrimination complaint. For example, if the Plan is more beneficial to employees of a specific age, then it may be at risk of a discrimination complaint.

Communications

For employees in Quebec, documents related to the restricted stock or RSU plan must generally be remitted to employees in the French language, unless an employee expressly agrees to receive documents in English.

Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

The offer of restricted stock or RSUs to employees in Canada is generally exempt from the prospectus and registration requirements of Canadian securities laws based on exemptions contained in National Instrument 45-106.

Foreign Exchange

There are no foreign exchange restrictions applicable to restricted stock or RSU plans.

Data Protection

Employee consent for the processing and transfer of personal information is a recommended method of compliance with existing data privacy requirements. Quebec has additional data protection requirements.

Tax

Employee Tax Treatment

The employee is subject to tax on the value of the Stock when the restricted stock is granted. The employee is generally subject to tax on the value of the Stock when the RSU award is settled. The employee also is subject to tax on one-half of any capital gain realized upon subsequent sale of the Stock.

Social Insurance Contributions

Social insurance obligations generally are levied on an employee's earnings, including benefits from a restricted stock or RSU plan, up to an earnings cap.

Tax-Favored Program

None.

Withholding and Reporting

The employer has a reporting obligation that applies to the proceeds received by employees through a restricted stock or RSU plan. Generally, no withholding obligation applies unless the Subsidiary reimburses the parent company for the cost of benefits.

Employer Tax Treatment

The Subsidiary may not claim a local tax deduction for the plan costs, unless it makes a contribution for the purchase of Stock on the open market.

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China

Employment

Labor Concerns

The requirement that employers in China remunerate employees in cash only, rather than in negotiable securities, is unlikely to be problematic provided that restricted stock or RSU awards are clearly designated as bonuses paid alongside regular cash wages.

Communications

The translation of Plan documents is recommended but not required. Government filings must be in Mandarin.

Regulatory

Securities Compliance

Provided that the restricted stock and RSUs are granted to a limited number of employees of the same company for no cost and are not assignable by the employees, then the receipt of restricted stock or RSUs, as a matter of current practice by the China Securities Regulatory Commission (the "**CSRC**"), should not be subject to Chinese securities regulatory formalities.

Under the Securities Law, if securities are issued to more than 200 specified persons, the issuance may constitute a "public offering" of securities, which is subject to approval from the CSRC (the "**CSRC Approval**"). Therefore, if a foreign company issues stock-based equity awards to a large number of Chinese employees, such awards may also be subject to the CSRC Approval. However, at present, there is no formal process in place to obtain such CSRC Approval for the issuance of stock-based equity awards by a foreign company to its Chinese resident-employees.

Foreign Exchange

The approval of the State Administration of Foreign Exchange ("**SAFE**") is generally required for the withdrawal, outflow or conversion of foreign currencies. For the grant of restricted stock and RSUs to employees, SAFE approval is generally not required at grant as no cross border movement of funds is involved.

Upon sale, the employee may be subject to foreign exchange control restrictions when remitting the proceeds to China. Chinese-resident employees who participate in purchase plans of overseas listed companies are generally required to file with SAFE, in accordance with new measures published in February 2007 and follow-up guidelines, published in April 2007.

The Regulations do not state clearly that implementation of RSUs programs in China shall be in compliance with the Regulations. However, given that RSUs may be considered as a type of stock incentive award program similar to the employee stock purchase plans and involve similar foreign exchange issues, such as the implementation of RSUs (receipt of proceeds), the Regulations may also be applicable to RSUs.

The measures and guidelines state that a Chinese affiliate of the overseas listed company, a Chinese affiliate's labor union with legal person status, a Chinese "trust investment company or other financial institutions with assets custody qualification will act as an agency (the "**Agency**") in China that applies to SAFE for approval of such plans on behalf of the participating employees. The Agency is then required to (i) appoint both a qualified onshore financial institution as the asset manager and an offshore bank with custody qualification as the custody bank to handle all Plan related transactions; and (ii) set up an offshore special account with the offshore custody bank, an onshore special account and apply for a "quota" with SAFE for purchase of foreign currencies.

After receiving SAFE approval and opening special accounts, all Plan related transaction payments must be made through these special accounts. Any dividends and the proceeds of sale of the Stock will be received by and held in special accounts. The dividends/proceeds will then be transferred to each employee's individual foreign exchange savings account, or be converted into local currencies.

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China (cont.)

Data Protection

It is recommended that an employer discloses its data processing activities to employees and that an employer obtains its employees' consent prior to transferring their personal data outside of China.

Tax

Employee Tax Treatment

Employees eligible for Chinese individual income tax purposes as residents will be subject to such tax on the fair market value of the Stock, which is taxed as employment income, when the restricted stock or RSU award vests. Such employees are subject to Chinese individual income tax on the gain realized from the sale of Stock.

Social Insurance Contributions

Income from the restricted stock or RSUs may be subject to social insurance contributions, including the Unified Pension Fund, depending on the practice and position taken by the local labor and social insurance bureau.

Tax-Favored Program

Under current PRC tax rules, it is understood that the proceeds derived from the vesting of RSUs are treated as employment income and, under Circular 35 and Circular 461 (released on 24 August 2009), can be taxed separately from monthly salary income and therefore a lower marginal tax may apply to the equity based gains. However, Circular 461 makes it clear that this favourable treatment will not apply to equity plans of listed companies which fail to comply with specific registration requirements with the local tax bureau. If the local Subsidiary fails to comply with these registration requirements, any income related to RSUs will be taxed together with the participant's salary income for that month. Therefore, participants will potentially be taxed at a higher marginal tax bracket on the total proceeds.

Withholding and Reporting

If a Subsidiary is involved in the offer of benefits that relates to and benefits the Subsidiary's employees under a restricted stock or RSU plan and is charged for the related costs incurred, the subsidiary shall withhold and pay the relevant individual income tax and file individual income tax returns with the tax authorities when the restricted stock or RSU award vests. Upon the implementation of a restricted stock or RSU plan, the Subsidiary may also be required to submit the Plan to the local tax bureau.

Employer Tax Treatment

The Subsidiary is likely to eligible for deduction of any reasonable costs that it incurs due to its involvement in the restricted stock or RSU plan, provided the recipients are employees of the Subsidiary and those costs are related to its business operations.

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Denmark

Employment

Labor Concerns

Restricted stock and RSU plans have not expressly been included in the Danish Stock Option Act. The Stock Option Act will generally apply if a plan provides a right for an employee to purchase or be allotted stock at a later date (e.g. if certain conditions are met). This is generally the case for RSUs. However, if the employee becomes immediate owner of the stock and the restriction regards forfeiture, a sale back obligation or similar, such plans will not be subject to the Stock Option Act. This is generally the case for restricted stock.

RSU Plans (subject to the Stock Option Act):

If a RSU plan is subject to the Stock Option Act, the employee is generally entitled to retain rights to vested and unvested RSUs after termination of employment for reasons other than misconduct. Also, the employee will be entitled to receive a share, proportionate to the length of his employment in the accounting year, of the RSUs to which he would have been entitled according to agreement or custom, had he still been employed at the end of the accounting year or at the date of grant. Employees' rights under the Stock Option Act cannot not be waived.

Furthermore, the Stock Option Act provides that an employee who himself resigns his position by giving notice of termination to his employer will automatically forfeit all his rights to unvested RSUs. The employee will also forfeit his rights to any future RSUs that the employee could have expected to receive had he continued his employment. The same will apply to employees who are terminated because of misconduct. The Stock Option Act does not, however, prevent an employer from allowing an employee more extensive exercise rights.

Restricted Stock Plans (not subject to the Stock Option Act):

The use of restricted stock in employment relationships has not been expressly regulated under Danish law, but grants of restricted stock will generally be considered to constitute part of the employees' remuneration and consequently comprised by Section 17a of the Danish Salaried Employees Act.

It has not yet been decided in case law, and the legal treatment is thus uncertain, but there is a significant risk that restricted stock will be considered to be fully acquired on the date of grant no matter the existence of forfeiture provisions relating to termination of employment, and no matter whether they are based on past or future performance (similar to the legal treatment of stock options granted before 1 July 2004 as established in case law).

Consequently, by analogy with Section 17a of the Salaried Employees Act, it follows that restricted stock granted to an employee cannot be forfeited due to termination of the employee's employment, regardless of whether termination is voluntary or involuntary and the employee will be entitled to retain all granted restricted stock as if he had still been employed. This applies irrespectively of contrary agreements or provisions in the restricted stock plan/agreement.

However, there are good arguments supporting that employees should only be entitled to retain a pro rata share of the restricted stock upon termination of employment. However, the lower courts are expected to be reluctant in reaching a judgment differing from the case law regarding stock options granted before 1 July 2004. Accordingly, if a pro rata right is applied, the employer should, if challenged by the employees, be ready to pursue cases to the Supreme Court in order to obtain approval of this legal treatment of restricted stock in connection with termination of employment. It is however worth noting that the outcome of a Supreme Court case regarding restricted stock will be highly uncertain.

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Denmark (cont.)

If employees are required to pay a significant amount to receive the restricted stock, the restricted stock may not be considered a part of the employees' remuneration and thus not comprised by the comments above. If the restricted stock is not considered remuneration, it will generally be possible to enforce reasonable sale back obligations in case of termination of employment.

Communications

As regards plans subject to the Stock Option Act, employers are required to distribute a separate written statement, in Danish, containing certain basic information on the terms and conditions of the plan to the participants within 30 days of the date of an employee becoming subject to a plan. For plans implemented prior to 1 July 2004, this information must accompany grants made after this date. There are no similar requirements with regard to plans not subject to the Stock Option Act. However, the employer is always obliged to provide information regarding employees' material entitlements in writing.

Regulatory

Securities Compliance

To the extent the RSU award is deemed to be a stock option and is non-assignable, there will be no prospectus requirements under Danish law. In our opinion, a restricted stock award which is non-assignable does not entail an obligation to publish a prospectus. To the extent that the restricted stock/RSU award is assignable, then the main rule is that any offer of securities to the public in Denmark with an aggregate value above EUR 100,000 entails an obligation to publish a prospectus on the offering. However, notwithstanding the generality of the main rule, a number of exemptions may apply to the offering (e.g., the 100-person exemption). If the restricted stock/RSU award is not deemed to be a security, it will not be subject to the Prospectus Directive.

Foreign Exchange

No exchange control restrictions will apply on the employers offering.

Data Protection

Normally, the processing of non-sensitive personal data within the EU/EEA in connection with the administration of a restricted stock plan or a RSU plan does not require consent from the employees or approval from the authorities. Nevertheless, it is generally recommended that the employees' explicit consent to the processing of non-sensitive personal data is obtained prior to the processing of personal data. If the processing includes a transfer of personal data to a country outside the EU/EEA, the employees' explicit consent to the processing of non-sensitive personal data is required, unless prior approval of the transfer has been obtained from the Danish Data Protection Agency.

Tax

Employee Tax Treatment

With regard to restricted stock, the employee is most likely subject to tax on the value of the shares when the restricted stock is granted, because the employee becomes legal owner of the shares at grant. However, depending on the circumstances, the employee may obtain a refund of the tax paid on grant if the employee is subsequently obliged to return the shares.

With regard to RSUs, the employee will, generally, be subject to tax on grant. However, performance based vesting criteria and, in certain circumstances, timed based vesting criteria may postpone the time of taxation until vesting.

Any capital gains realized upon a subsequent sale of shares will be subject to tax as share income at a progressive rate up to 42%.

Social Insurance Contributions

Employee social insurance obligations apply to both restricted stock and RSUs.

Tax-Favored Program

Restricted stock/RSUs may be granted to employees on a tax-free basis provided that the program in question qualifies under one of two special tax regimes. In order to qualify for the preferential tax treatment, the stock must either be held in trust on behalf of the employees for a period of five or seven years after vesting and/or meet certain maximum value requirements.

Withholding and Reporting

The employer has reporting requirements at the grant of restricted stock. There is some uncertainty with respect to RSUs. However, it is most likely that the employer has reporting requirements when the conditions to receive the stock are fulfilled. Withholding is not required.

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France

Employment

Labor Concerns

Employee entitlement claims are becoming more common. The risk of employee claims for additional benefits under a restricted stock or RSU plan may be reduced by having the employee agree to standard waiver and consent provisions.

Free shares allotted under Article L. 225-197-1 to 3 of the Commercial Code can be placed on a PEE up to €2,573 for 2009 subject to specific conditions (inter alia, the shares should be granted homogeneously to all employees according to objective criteria; the shares are blocked for 5 years and the modalities of application of the shares among the employees must be defined in a in-house collective agreement).

Communications

The translation of restricted stock and RSU plan documents for employees is recommended, but not legally required. Government filings must be in French. Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

Neither the award nor the vesting of restricted stock or RSUs is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are awarded and vest free of charge.

Foreign Exchange

The employee must satisfy certain declaration requirements for the transfer of currency into or out of France. However, if the award is granted to the employee via bank transfers, a declaration will not be required.

Data Protection

Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. In addition, any database containing personal data must be reported to France's data protection authorities prior to transferring data abroad.

Tax

Employee Tax Treatment

Unless the preferred tax treatment for restricted stock applies, the employee should be subject to income tax at the progressive rate 40% max on the value of the stock when the restricted stock is granted, and/or on the value of the shares when the RSU award vests. The proceeds from the sale of stock may be subject to capital gain tax at 30.1% (18% + 12.1 % additional social taxes), when the gross sale proceeds during the year are greater than €25,830. However, the additional social charges of 12.1% will remain due as from the first euro of sale proceeds.

Social Insurance Contributions

For grants made on or after 16 October 2007, flat-rate employer social security of 10% is payable on the award date of free shares under French qualified plans. The taxable basis of the contribution is at the employer's discretion but is either equal to the fair value of the options (as defined under IFRS 2) or to the value of the shares on the date that the Board decide to grant the shares. Additionally, employees are required to pay up to 2.5% of the acquisition gain on the vesting of free shares. The contribution rate for employees is 2.5%, assessed on (i) the exercise gain income arising from the difference between the market value of the shares upon exercise and (ii) the market value of the shares on the acquisition date for the free shares. Social insurance contributions are due on any income from a restricted stock or RSU plan which do not qualify for the Tax-forwarded program. The rates for most social insurance are not subject to a cap and can be of approximately 45% for employers and 20% for employees.

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France (cont.)

Tax-Favored Program	Preferred tax treatment is available for grants of restricted stock that meet certain requirements, including a minimum two-year vesting and two-year holding period. Preferred tax treatment will defer taxation of the Stock underlying the award until they are sold by the employee. The acquisition gain is taxed at 42.1% (i.e. 30 % + 12.1% additional social taxes) and the capital gain at 30.1% (i.e. 18 % + 12.1% additional social taxes). The capital gain is reduced by 1/3 per year of ownership after the 5th year of ownership of the shares computed as from 1 January 2006.
Withholding and Reporting	In general, reporting is required but there are no income tax withholding obligations. Withholding is required for social insurance, if any.
Employer Tax Treatment	The costs relating to the provision for the acquisition of the restricted stock should be deductible (no up-to-date official position).

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With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.

Germany

Employment

Labor Concerns

In order to reduce the risk of German employment law restrictions (including potential invalidity of forfeiture restrictions) applying to restricted stock or RSUs, it is recommended that the German subsidiary should not be involved in the award of restricted stock or RSUs and should not be party to any award agreement.

Employees should expressly agree that termination of employment will result in the loss of unvested rights and that the Plan is discretionary and voluntary.

If the parent company sets up the Plan, it should be determined whether consultation is required with German works council regarding the terms of the Plan.

Communications

The translation of restricted stock and RSU plan documents for employees is recommended, but not legally required. Government filings must be in German. Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

Neither the award nor the vesting of RSUs is likely to trigger any prospectus requirement, provided that the RSUs are awarded and vest free of charge.

A Plan regarding restricted stock may give rise to a requirement to publish a prospectus unless an exemption applies according to the German Securities Prospectus Act (WpPG), such as:

- the offer is made to fewer than 100 non qualified investors in each Member State of the European Economic Area (EEA);
- if the offer prescribes a minimum purchase price per security for not less than €50,000 or where the securities are divided in shares not below a value of €50,000;
- the sale price for all securities subject to the offer over a 12 month period amounts to less than €100,000; or
- the offer is made to employees by their employer or a company affiliated with their employer, provided that the securities in question must be of the same kind as the securities that are already listed on an EU regulated market and a document, such as an information package, is made available to the employees containing information on the number and nature of the securities and the reasons for and details of the offer.

As there is still some uncertainty in Germany regarding the prospectus requirement, it is advisable to obtain German legal advice on a case-by-case basis. Even if the Plan may not fall under the German Securities Prospectus Act (WpPG), it may fall under the German Selling Prospectus Act (VerkProspG) and certain duties regarding prospectuses may apply.

If the Plan qualifies as an investment fund, the German Investment Funds Act (InvG) would need to be considered. Even if the Plan does not fall under the German Securities Prospectus Act (WpPG), it may fall under the German Selling Prospectus Act (VerkProspG) and certain duties regarding prospectus may apply.

Foreign Exchange

Minor statistical reporting may be required (in 2010: transfer of at least €12,500). See section. 59 paragraph 2(1) of the German Foreign Trade Order (Außenwirtschaftsverordnung).

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With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.

Germany (cont.)

Data Protection

Employee consent for the collection, use, and transfer of personal data is the recommended method of compliance with existing data privacy requirements. If consent is given together with other declarations, it must be distinguishable in its appearance from the other declarations (e.g., by using a different type-face). Additionally, employees must be informed of the purpose for which their information will be transferred. Employers may be required to register certain data processing activities with Germany's data protection authorities. At present, however, amendments to German data protection laws have been proposed and changes in the law may be implemented.

New legislation has to be considered. German government introduced the "Policy for Employee's Data Privacy ("Grundsatzregelung zum Datenschutz der Arbeitnehmer") which came into effect on 1 September 2009. Collecting, processing and transfer of personal data should be assessed under these new rules.

Currently, section 32 of the German Data Protection Act can be regarded as the core instrument of German data protection law relating to employees. The statute regulates the conditions for collection, use and transfer of personal data of employees. According to this law, the collection, use and transfer of personal data of employees is forbidden, unless it is justified by certain reasons (e.g. execution of the contract of employment). Furthermore personal data of employees may be collected or used if there is sufficient reason for the employer to assume that the employee has committed a crime in relation to the contract of employment (e.g. theft).

Tax

Employee Tax Treatment

The employee should be subject to tax when the restricted stock is granted or the RSUs are paid out in cash or in shares. The amount of income subject to tax is the difference between the fair market value of the Stock at the time of its grant or the cash paid out minus the amount paid for the grant, if any.

The sale of the Stock will, in general, be subject to a separate tax rate of 25% (so-called flat tax, Abgeltungsteuer), plus 5.5% solidarity surcharge thereon and, if applicable, church tax. The flat tax regime will, however, not apply if the employee at any point in time during the five years preceding the sale has held a stake representing 1% or more directly or indirectly of the share capital of the Issuer. In this case the so-called part-income system (Teileinkünfteverfahren) applies, according to which 40% of the capital gains are tax exempt and the remaining 60% of the capital gains are subject to tax at the employee's personal income tax rate. On the other hand, 60 % of the expenses related to the shares are deductible.

Social Insurance Contributions

Generally, both the employer and employee must pay social insurance on the value of the restricted stock or RSUs to the extent that the employee has not exceeded the stated wage base.

Tax-Favored Program

None.

Withholding and Reporting

Withholding and reporting are required.

Employer Tax Treatment

A deduction is generally available if the Subsidiary reimburses the Issuer pursuant to a written agreement.

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Hong Kong

Employment

Labor Concerns	Employee rights to restricted stock and RSU plan benefits after termination are not restricted by law. However, as a precaution, standard consent and waiver provisions in the restricted stock or RSU agreement are recommended.
Communications	The translation of plan documents for employees is not legally required but is recommended. Government filings may generally be made in English.

Regulatory

Securities Compliance	There are no securities and prospectus requirements provided that: (i) the offer of participation in the restricted stock or RSU plan and publicity about the offer are confined to employees; (ii) employees cannot assign their restricted stock (or RSUs); and (iii) the offering documentation contains a prescribed form of legend to take advantage of available exemptions from the prospectus and investment advertisements regime.
Foreign Exchange	There are no foreign exchange restrictions.
Data Protection	The Personal Data (Privacy) Ordinance imposes registration, notification and consent requirements on the collection, holding, processing, use and transfer of personal data. Employee consent to the cross-border transfer of personal data is a recommended method of compliance with existing data privacy requirements.

Tax

Employee Tax Treatment	The employee may be subject to tax upon grant of a restricted stock award and is likely to be subject to tax at vesting of an RSU award, to the extent that income that may arise therefrom would constitute income arising in or derived from Hong Kong. Tax is charged on the spread at a sliding rate of tax with a top rate of 17%, subject to a standard rate of 15% for employees whose income exceeds an annual level. There is no tax imposed at the time the stock is sold.
Social Insurance Contributions	Benefits awarded under an RSU plan are not subject to contributions under the Mandatory Provident Fund Schemes Ordinance (being the sole form of a social insurance type contribution payable in Hong Kong).
Tax-Favored Program	None.
Withholding and Reporting	Withholding obligations do not apply. Annual reporting of the benefits received under a restricted stock or RSU plan is required with the employee salary statement. Employees are responsible for reporting the benefit deemed received by them as income on vesting of an RSU award and for paying the applicable tax.
Employer Tax Treatment	Generally, a deduction is available if the Subsidiary reimburses the Issuer to the extent that the reimbursement is in respect of expenses incurred by the Subsidiary in the production of profits subject to Hong Kong profits tax. However, a deduction may not be available in all situations.

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India

Employment

Labor Concerns

It is possible, albeit not common, that benefits under a restricted stock or RSU plan would be viewed as part of the employee's salary and taken into account when determining damages paid to the employee upon unlawful termination. To mitigate this risk, the employee should acknowledge in writing that the plan and any benefits thereunder are provided at the sole discretion of the company.

Communications

The translation of plan documents is recommended, but not legally required unless the plan is a tax-favored ESOP scheme – in which case, if the plan document is in any language other than English, an English translation must be provided. Government filings must be in English.

Regulatory

Securities Compliance

A plan document will not be considered to be a prospectus for securities law purposes provided the offerees are a defined set of individuals, and the offer is incapable of being subscribed to by persons other than the offerees.

Indian listed companies proposing to offer a plan will have to comply with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines (1999).

Foreign Exchange

If no funds are transferred in the grant of restricted stock or RSU awards, foreign exchange requirements generally do not apply.

The Reserve Bank of India has increased the investment limit by resident individuals under the Liberalised Remittance Scheme from USD 100,000 to USD 200,000 per financial year (April-March) to encourage such resident Indians to make investments in financial instruments, without any prior approval of the Reserve Bank of India.

The resident individuals who are either employees or directors of an Indian office or branch of a foreign company or of a subsidiary in India of a foreign company or of an Indian company in which the foreign holding, either directly or indirectly (through a special purpose vehicle, trust or a step down subsidiary) is not less than 51% are permitted to acquire foreign securities under an award scheme without any monetary limit. They are also permitted to freely sell the shares provided the proceeds thereof are repatriated to India.

A person resident in India may sell vested Stock which is acquired under the Plan, if the sale proceeds are repatriated immediately and in any case not later than 90 days from the date of such sale.

Foreign companies are permitted to repurchase Stock issued to residents in India under any ESOP Scheme in the form of restricted stock or RSU plans provided (i) the Stock is issued in accordance with the rules and regulations framed under Foreign Exchange Management Act (1999) (ii) the Stock is being repurchased in terms of the initial offer document and, (iii) an annual return is submitted by the Indian company to the RBI through the authorized dealer (bank) giving details of remittances, beneficiaries, etc.

Data Protection

It is recommended that employers disclose their data processing activities to employees. It is recommended that an employer obtain an employee's prior written consent for the collection, use, and transfer of his or her personal data outside of India. It is also recommended that an employer reserves, in the employee contract, the right to transfer information contained in the database to related companies or to a third-party plan administrator.

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India (Cont.)

Tax

Employee Tax Treatment

The Fringe Benefit Tax (“**FBT**”) has been abolished. It is proposed to restore the perquisite regime of taxation in the hands of the employees and each employee's stock option plan would be taxable as a perquisite at the time of their vesting at the fair market value, computed in accordance with the rules notified in this regard.

This amended provision will be regarded as effective from 1 April 2009.

In terms of the shares allocated in pursuance of the Employee Stock Option scheme(s), there would be capital gains tax implications. Capital gains tax applies upon the subsequent sale of such Stock, subject to certain exceptions. The employee may receive more favorable long-term capital gains treatment at the time of sale, depending upon the period of holding of the capital asset.

Social Insurance Contributions

Benefits received under the plan are not subject to social insurance.

Tax-Favored Program

If the employee holds the underlying Stock for 12 months or more from the date of allotment or transfer of such security or sweet equity shares, more favorable capital gains tax rates apply. Capital gains are taxable as Long Term Capital Gains or Short Term Capital Gains, depending upon the period of holding of the capital asset.

Withholding and Reporting

The payer is under an obligation to withhold taxes at the applicable rates, in accordance with the provisions of the Income Tax Act (1961).

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Ireland

Employment

Labor Concerns

Employee entitlement claims are increasingly more common. The risk of an employee making a claim for additional benefits under a Plan may be reduced by having the employee agree to standard waiver and consent provisions. Companies should also be aware of Irish anti-discrimination laws and not exclude certain classes of employees, such as part time employees and fixed term contract workers. Retirement provisions in a scheme may be problematic from an age discrimination perspective.

Communications

There are no legal requirements specific to employee communications.

Generally, electronically executed award agreements are acceptable.

Regulatory

Securities Compliance

Neither the award nor the vesting of RSUs is likely to trigger any prospectus requirement, provided that the RSUs are non-transferable and that they are awarded and vest free of charge.

Awards of restricted stock are generally caught by the prospectus regime. One or more of the exemptions to issuing a prospectus for awards of Restricted Stock may be available.

Additional restrictions may apply to directors under the provisions of Irish company law.

Foreign Exchange

There are no foreign exchange restrictions applicable to restricted stock or RSU plans.

Data Protection

Employee consent to the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. Certain categories of data controllers and data processors must register with the Data Protection Commissioner before processing personal data.

Tax

Employee Tax Treatment

The employee is generally subject to income tax and the income levy when the restricted stock is granted. The employee is generally subject to income tax and the income levy when the RSU award vests, subject to certain exceptions. The employee may also be subject to capital gains tax upon the sale of Stock, subject to certain exemptions.

Social Insurance Contributions

Benefits received from restricted stock and RSU plans are not subject to social insurance contributions.

Tax-Favored Program

Restricted stock may qualify for a reduction of the tax charged at grant (by claiming a reduction in the taxable value of 10% per year of restriction, up to a maximum of 60% for restriction of over 5 years) subject to satisfying certain conditions.

Withholding and Reporting

Neither the Issuer nor the Subsidiary is required to withhold tax arising in connection with the granting of restricted stock or vesting of the RSU. However, the Issuer or Subsidiary is required to report to the Revenue Commissioners the grant of restricted stock and RSU awards and any taxable benefit received by employees in connection with the awards (whether at grant or vesting), by 31 March after the end of the relevant tax year.

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Ireland (cont.)

Employer Tax Treatment

In certain circumstances, a deduction, equal to the equal to the actual costs incurred by the Irish company in connection with the restricted stock or RSU awards, may be allowed provided the cost is incurred wholly and exclusively for the purposes of the trade. The deduction is not available until the award is taxable in the hands of the employee.

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Italy

Employment

Labor Concerns	Employee entitlement claims are becoming more common. The risk of employee claims for additional benefits under a restricted stock or RSU plan can be reduced by having the employee agree to standard waiver and consent provisions.
Communications	The CONSOB (Italian Securities Commission) recommends, in relation to listed companies, that all plan documents be translated into Italian to ensure that employees understand the terms of the grant. Employees should sign an agreement stating that they have read and accepted the terms of the plan. In any event, If employees are not fluent in English, award agreements should be translated into Italian. Any government filings must be in Italian.

Regulatory

Securities Compliance	Neither the award nor the vesting of restricted stock or RSUs is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are awarded and vest free of charge.
Foreign Exchange	Employees may have reporting obligations with respect to foreign Stock held abroad. The parent company may have reporting requirements depending on the total value of Stock issued in Italy.
Data Protection	Employee consent to the processing and transfer of personal data is a recommended method of compliance with existing data protection requirements. Generally, an employer must register with Italy's data protection authorities prior to processing employees' personal data.

Tax

Employee Tax Treatment	The employee is subject to tax on the spread between the price paid and the value of the Stock when the RSU award vests. Capital gains tax is due on the proceeds received from the sale of Stock.
Social Insurance Contributions	Social insurance contributions are required on the benefit received under a restricted stock or RSU plan, unless purchase rights are granted under the tax-favored program. For the employer, social insurance costs for the benefits under a restricted stock or RSU plan can be significant.
Tax-Favored Program	Income tax and social insurance obligations may be reduced under the tax-favored program, which is the broad-based grant program. Under a broad-based grant program, an employee may generally defer tax on up to €2,065 of the value of the shares annually, subject to a 3 year minimum holding period.
Withholding and Reporting	Unless the RSU is offered through the tax-favored option plan, withholding and reporting are required.
Employer Tax Treatment	The availability of a deduction for the Subsidiary is unclear. A tax deduction may be available if the Subsidiary reimburses the Issuer for the cost of restricted stock or RSU plan benefits.

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Japan

Employment

Labor Concerns

Employee entitlement claims are becoming more common. The risk of employee claims for additional benefits can be reduced by having the employee acknowledge in writing the plan's discretionary nature and by preparing plan documents separately from the contract and work rules. The awards may not be made in lieu of salary.

Communications

Translation of restricted stock and RSU plan documents for employees is recommended, but not required. Government filings must be in Japanese.

Regulatory

Securities Compliance

Securities restrictions generally do not apply to restricted stock or RSUs.

Foreign Exchange

Employees must file a report with the Ministry of Finance within 20 days of grant of restricted stock or in case of RSUs, the acquisition of shares, if the value of the securities underlying the restricted Stock or RSUs exceeds ¥100,000,000 via the Bank of Japan.

Data Protection

Employee consent for the processing and transfer of personal data is required, subject to certain statutory exemptions for "joint use".

Tax

Employee Tax Treatment

Japanese tax laws lack explicit provisions for restricted stock and RSU plans and thus tax consequences are uncertain. The employee most likely will be subject to tax upon vesting in the case of RSUs provided that there remains a risk of forfeiture until vesting. In the case of restricted stock, if employees maintain shareholders' rights (e.g., to receive dividends and to vote) from grant, the Japanese tax authorities would likely assert that the employee should be subject to tax upon grant despite the potential forfeiture in future. The value of the Stock at the taxable event (vesting or grant) is taxed as general remuneration income. Capital gains tax generally is due on the gain from the sale of the Stock.

Social Insurance Contributions

Social insurance charges should not be imposed provided the restricted stock or RSU is not treated as a salary for labor performed by the employee for this purpose.

Tax-Favored Program

None.

Withholding and Reporting

Withholding and reporting requirements do not apply if the Subsidiary/other local office remains uninvolved in the payment of plan benefits and the Issuer is not reimbursed for the cost of plan benefits.

Employer Tax Treatment

Although the law is vague, a deduction probably is allowed if the Subsidiary bears the cost for plan benefit, subject to prescribed requirements for deduction.

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Mexico

Employment

Labor Concerns Employee entitlement claims are becoming more common. Standard waiver and consent provisions may be unenforceable.

Communications Translation of plan documents for employees is not required, but it is recommended. Government filings must be made in Spanish.

Regulatory

Securities Compliance In general terms, there are no applicable securities compliance requirements provided that the offer of restricted stock or RSUs a private offer. To qualify as a private offer, the offer must be made through a plan applicable in general form to employees or groups of employees of the Issuer or entities controlled by it, or entities that control such Issuer.

Foreign Exchange There are no foreign exchange restrictions applicable to restricted stock or RSU plans.

Data Protection It is recommended that an employer disclose its data processing activities to employees. The employer should obtain an employee's authorization or consent prior to transferring his or her personal data contained in databases.

Tax

Employee Tax Treatment The employee will likely not be taxed when restricted stock is granted. However, since there are no specific rules pertaining to this issue, the Mexican tax authorities may subject the employee to tax on the value of the Stock when the restricted stock is granted. The employee may be subject to tax on the value of the Stock when an RSU award vests.

The employee is taxed upon the sale of the Stock. The amount taxed is likely to be the difference between the fair market value of the Stock at the time of sale over the fair market value at the time of vesting. However, since there are no specific rules pertaining to this issue, the Mexican Tax Authorities may tax the entire sale proceeds.

If the underlying Stock is traded through the Mexican Stock Exchange, any profits derived from its sale may be exempt from Mexican taxes. Any sale of Stock traded through the Mexican Stock Exchange, carried out by a person or a group of persons that directly or indirectly hold 10% or more of the Stock of an issuer, whenever in a 24-month period such person or persons sell 10% or more of the Stock of the relevant issuer in one or more simultaneous or subsequent transactions is not exempt from taxes. The exception will not be applicable either for the person or persons that having control of an issuer, sell it through one or more simultaneous or subsequent transactions in a 24-month period.

Social Insurance Contributions Benefits received under restricted stock and RSU plans may be subject to social security contributions. However, in most cases, the relatively low social insurance ceiling will have been exceeded through regular salary.

Tax-Favored Program None.

Withholding and Reporting The Subsidiary may be required to withhold taxes and to report the benefits received under the restricted stock or RSU plan.

Employer Tax Treatment A deduction may be permitted provided the cost of the restricted stock or RSU plan is reimbursed by the Subsidiary to the Issuer.

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Poland

Employment

Labor Concerns	Polish labor law issues are unlikely to apply to restricted stock and RSU plans. As a precaution, however, employees should acknowledge in writing that an award of restricted stock or RSUs does not create a right or entitlement to further grants.
Communications	Translation of plan documents for employees is recommended, but not required. Government filings must be made in Polish.

Regulatory

Securities Compliance	Neither the award nor the vesting of restricted stock or RSUs is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are awarded and vest free of charge.
Foreign Exchange	Employees may be subject to certain reporting requirements.
Data Protection	Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. If data is transferred outside EU, written consent will be required unless the consent for the transfer is issued by local data protection authority. Moreover, the local entity must enter into a written agreement with third party data processors.

Tax

Employee Tax Treatment	The employee is taxed at vesting on the fair market value upon vesting of the restricted stock or RSUs. Tax is also imposed on the gain from the subsequent sale of the Stock.
Social Insurance Contributions	No unified social tax (including pension insurance contributions) and mandatory accident insurance contributions are likely to be due on the fair market value so long as participation in the plan is considered to be a benefit provided by the employer (being either a Polish company or a branch of a foreign company) pursuant to an employment relationship.
Tax-Favored Program	None.
Withholding and Reporting	<p>Under a broad interpretation of Polish tax legislation, any legal entity (Polish or foreign) paying income to Polish taxpayers is subject to a reporting and withholding obligation. In practice, the Polish tax authorities tend not to apply this provision to foreign entities providing benefits to Polish taxpayers so long as such entities are deemed not to have any presence in Poland. The Subsidiary, however, may be deemed as being obliged to withhold tax if the participation in the plan is considered to be a benefit provided to the employees pursuant to an employment relationship.</p> <p>If no withholding was made, the employees are required to report income in their tax returns and to pay tax themselves.</p>
Employer Tax Treatment	A local tax deduction likely would not be permitted, even if the Subsidiary reimburses the Issuer for the cost of plan benefits.

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Russia

Employment

Labor Concerns

Russian labor laws should not generally impact restricted stock and RSU plans so long as participation in the plan is not considered to be a benefit provided by the Russian employer pursuant to an employment relationship.

The restricted stock and RSU plans expressly agreed by the participants should be generally enforceable. However, the final confirmation of its enforceability can be provided following a review of the exact language of the plans.

Communications

The translation of restricted stock and RSU plan documents for employees is recommended, but not legally required. Government filings must be in Russian.

Regulatory

Securities Compliance

The principal regulatory framework for the offering of foreign securities is generally set out in Federal Law No. 39-FZ "On Securities Market" dated 22 April 1996, as amended (the "**Securities Market Law**"). The Securities Market Law currently states that: (i) foreign securities that have not been admitted to public placement and/or public circulation in Russia, as well as (ii) foreign financial instruments that have not been recognized as securities, may not be offered in Russia "in any form or by any means", including by way of advertising, to an unlimited number of investors and to persons who are not "qualified investors" under Russian law. In addition, circulation of foreign securities which have not been admitted to public placement and/or public circulation in Russia will be subject to the following requirements and limitations: (i) such foreign securities can be owned by "qualified investors" only; and (ii) any acquisitions and disposals of such foreign securities can only be carried out through Russian licensed brokers (save for a very limited number of exceptions).

Based on the literal reading of the rules and limitations described above, the Stock under the restricted stock and RSU plans may not be offered to "non-qualified investors" in Russia (both in connection with their initial placement or further resale) to the extent that the underlying Stock has not been admitted to public placement and/or public circulation in Russia upon fulfillment of certain admittance procedures provided for under Russian law. Such procedures may include registration of the securities prospectus (prospect tzennikh bumag) related to such Stock or RSUs with the Federal Service for Financial Markets of the Russian Federation, the Russian regulator of the securities and investment markets.

There are, however, certain measures to minimize the risk of breaching the above restrictions on the offering of Stock and RSUs to "non-qualified investors" in Russia established by the Securities Market Law. These measures include the distribution of the relevant materials outside Russia or the execution of documents abroad. As an alternative to these mitigation measures, consideration may be given to an application for the admission of the Stock and RSUs to public placement and/or public circulation in Russia. However, the full legal regulations dealing with such applications have not yet been finalized by the Federal Service for Financial Markets of the Russian Federation.

Currency Control

Subject to the relevant securities market law considerations, currency operations (including those for transfer of external securities) between a foreign company (such as the Issuer) and a Russian individual may be made freely.

The transfer of external securities (including Stocks issued by a foreign company) by a Russian company (such as the Russian employer) to a Russian individual is generally prohibited (subject to certain exceptions related to transfer of Stocks via a stock exchange or Stocks accounted for by Russian depositaries).

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Russia (cont.)

Data Protection

As a general rule, the processing of personal data requires the consent of the data owner (i.e. the employee). In limited cases, such consent is not required.

The transfer of the personal data of a restricted stock or RSU plan participant from the employer to the Issuer will qualify as a transfer of personal data to a third party and also as a cross-boarder transfer of personal data. This will require written consent of each participating employee.

Tax

Employee Tax Treatment: Individual Income Tax

No individual income tax obligation should arise upon award of RSUs, although the tax authorities may take a different position. In particular, there is a risk that such award would be considered as receipt of "derivative financial instrument" free of charge or purchase of such "derivative financial instrument" without paying arm's length purchase price.

The employee is taxed at receipt of the stock free of charge (i.e. upon award/receipt of restricted stock, or vesting of RSUs) on the fair market value of that stock. Tax is also imposed upon the subsequent sale of the underlying stock on the difference between the sale price and properly documented expenses related to the sale, acquisition and storage of the stock and the amount on which individual income tax has been already paid upon purchase of the stock.

Tax is levied at a rate of 13% for Russian tax residents or at a rate of 30% for non-residents.

Tax-Favored Program

None.

Withholding and Reporting

The Russian subsidiary, branch or representative office may be deemed as being obliged to withhold tax if the participation in the plan is considered to be a benefit provided to the employees pursuant to an employment relationship.

Employer Tax Treatment: Social Contributions and Accident Insurance Contributions

No social contributions and no mandatory accident insurance contributions should arise upon award of RSUs or performance Stocks, since at this moment no disposal of stock to the employee takes place.

Social contributions and mandatory accident insurance contributions are likely to be due on the fair market value of the stock transferred free of charge provided that participation in the plan is considered to be a benefit provided by the employer (Russian company or a branch/representative office of a foreign company) pursuant to an employment relationship.

Social contributions are payable to the Pension Fund, the Social Insurance Fund, the Federal Fund for Mandatory Medical Insurance and Territorial Funds for Mandatory Medical Insurance at fixed rates. In 2010, these rates amount to 26%. From 2011 these rates will go up to 34%. Social contributions apply to the individual's annual earnings only up to a specific cap amount of RUB 415,000, subject to annual indexing.

The mandatory accident insurance contributions are payable in the amount of 0.2-8.5% depending on the employer's industry type.

Employer Tax Treatment: Cost Deduction

A local tax deduction would not be likely to be permitted, even if the Russian subsidiary reimburses the foreign parent company for the cost of plan benefits.

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With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.

Singapore

Employment

Labor Concerns

Employee entitlement claims are not common in Singapore. As a precaution, however, employees should acknowledge that the offer of purchase rights does not create a right or entitlement to further grants.

There is generally no requirement to inform and/or consult with local employee representatives (e.g. trade unions) prior to implementing the restricted stock/ RSU plans in Singapore unless the employer had entered into any collective bargaining agreement with a trade union in Singapore which obliges the employer to do so.

Communications

There is no legal requirement for the documents relating to the restricted stock plans to be in a particular language. However, as English is the working language in Singapore, it is recommended that all information pertaining to the restricted stock plans should be made available in English.

Regulatory

Securities Compliance

An exemption from prospectus requirements is generally available if: (i) the securities are offered to employees of either the Issuer or a related corporation of the Issuer pursuant to a Stock plan, (ii) the securities are held by or for the benefit of such employees, (iii) the securities are the securities of the Issuer or its related parties; and (iv) no selling or promotional expenses are paid or incurred in connection with the offer other than certain allowed professional fees or commission.

Foreign Exchange

There are no foreign exchange restrictions applicable to the restricted stock plans.

Data Protection

There is no general data protection law in Singapore. However, if such data is confidential and is provided in circumstances imparting an obligation of confidence, the employer, being the recipient of such information, will owe a duty of confidentiality under common law towards the employees.

In addition to provisions in specific laws such as the Banking Act, Chapter 19 of Singapore and codes of practice protecting personal information such as in the medical profession and telecommunications sector, there is a Model Data Protection Code, the adoption of which is voluntary. An Inter-Ministry Committee is currently reviewing the data protection regime.

It is recommended that an employer (i) discloses its data processing activities to employees, and (ii) obtains an employee's consent prior to transferring his or her personal data to third parties. Employers should not make unauthorized disclosure of information which is of a confidential nature and which was communicated to it in circumstances importing an obligation of confidence.

Tax

Employee Tax Treatment

Employees will generally be subject to income tax on RSUs and restricted stock upon vesting. In the event there are disposal restrictions on the Stock acquired, tax is payable when such restrictions lapse. The taxable amount is the fair market value of the Stock at such time less any amount paid for the Stock. There is generally no tax on the subsequent sale of the underlying Stock, unless the employee is regarded as trading or dealing in securities.

Social Insurance Contributions

The award of restricted stock or RSUs should not be subject to contributions to the Central Provident Fund, unless such awards are cash-settled.

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Singapore (Cont.)

Tax-Favored Program	Singapore has certain schemes pursuant to which employees may receive a partial tax exemption or deferral of taxation (subject to an interest charge) with respect to gains derived from employee equity-based remuneration plans where certain conditions are met.
Withholding and Reporting	<p>Benefits paid to employees pursuant to a Stock purchase plan are generally not subject to income tax withholding, except where tax clearance procedures are required in respect of employees who are leaving the employment of the local employer and who are (i) neither Singapore Citizens nor Singapore Permanent Residents; or (ii) Singapore Permanent Residents leaving Singapore permanently. Certain “deemed vesting / exercise” rules also apply to such employees, where any purchase rights would be deemed to vest (and any disposal restrictions deemed to cease) one month prior to cessation of employment or the date the purchase rights are granted (whichever is the later), and such employees would then be taxed at such time with respect to the purchase rights granted.</p> <p>The local employer also has certain tax reporting obligations.</p>
Employer Tax Treatment	A deduction is not allowed for expenses incurred in respect of any right or benefit to acquire shares (other than treasury shares where certain conditions are met) of the employer’s holding company.

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Spain

Employment

Labor Concerns

Employers should distribute a hard-copy disclaimer which acknowledges the employees' receipt of the plan documents as well as the voluntary nature of the plan. Court rulings have held that stock plan benefits are considered salary for purposes of calculating termination rights. Court rulings have also held that an employee terminated without cause may be entitled to continuation of the Stock plan benefits by applying the termination provisions for retirement or disability also in the event of a termination without cause.

Communications

Translation of plan documents for employees is not required, but is recommended. Should any discrepancy arise and documents need to be presented to a Spanish court, official translations would be required. Government filings must be made in Spanish. Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

Neither the grant nor the vesting of restricted stock and RSU plan is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are not transferable to third parties prior to vesting.

Currency Control

Spanish resident individuals must make an annual filing (for administrative and statistical purposes only) declaring their interests in foreign securities.

Data Protection

Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. Generally, an employer must register data processing activities and databases with Spain's data protection authorities.

Tax

Employee Tax Treatment

The employee is generally subject to tax on the value of the Stock when restricted stock and RSUs vest. Tax is also imposed on the gain upon sale. However, the transfer of Stock to employees up to an annual limit of €12,000 is not taxable, provided that (i) it is made in the context of the general remuneration policy of the company or the company's group; (ii) none of the employees, together with their spouses and/or relatives holds a stake higher than 5% in the company; and (iii) the Stock is held for at least three years. 40% of the income from RSUs will be tax exempt if (i) the benefits arising from the RSUs are not obtained on a regular or recurrent basis (i.e., the RSUs are not granted annually) and are accrued in a period of more than two years, and (ii) such benefits do not exceed the amount resulting from multiplying the annual average salary by the number of years in which the benefits have accrued. This limit may be doubled in certain circumstances. Any excess over this limit will not benefit from the reduction.

Social Insurance Contributions

Social security contributions are due on compensation up to a threshold. Since employees may have exceeded the social security contribution ceiling, income from the restricted stock or RSUs (when the RSUs vest) may not result in additional social security contributions. If this is not the case, the profits arising from the stock plan would be subject to social security contributions. Social security contributions cannot be passed onto the employees.

Tax-Favored Program

None.

Withholding and Reporting

Payment on account is required, subject to certain salary thresholds, generally by the local employer. Such payment on account is generally made in the form of income tax withholdings.

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Spain (cont.)

Employer Tax Treatment

A deduction is available if the Subsidiary reimburses the Issuer for the cost of restricted stock or RSU plan benefits. A written reimbursement agreement is required (stating the criteria used to establish the amount to be paid by the Subsidiary).

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Taiwan

Employment

Labor Concerns Employees should sign a written disclaimer acknowledging that the restricted stock or RSU plan is a discretionary benefit that is offered to employees outside of their normal salaries and can be terminated at any time.

Communications All employee communications should be available in Chinese for the employees who are not fluent in English. Government filings must be made in Chinese.

Regulatory

Securities Compliance Offers under restricted stock or RSU plans will be exempt from local securities law requirements if the offers are not made to the public. It will not be considered as a public offer if the offers are made to fewer than 35 persons, being specific employees, directors and/or supervisors of the affiliated company.

Foreign Exchange Approval from the Central Bank of China is required for any remittances which exceed, in each calendar year: (i) US\$50m for a Taiwanese subsidiary; and (ii) US\$5m for each Taiwanese resident.

Data Protection The employer is not required to obtain a license or government approval to collect and process the personal data of the employees provided that prior consent is obtained from the employees. The employer should have regard to the rights and interests of employees when collecting or utilizing personal data. The use and handling of personal data should accord with principles of honesty and integrity and must not exceed the scope of the specific purpose as agreed between the employer and the employee.

Tax

Employee Tax Treatment An income tax charge is imposed on the employee when he exercises his restricted stock or RSU plans. The income tax is calculated by the difference between the purchase price of the Stock and the market value of the shares at the time the restriction on the Stock is released. The sale of Stock is not subject to tax.

Social Insurance Contributions There are no social insurance obligations applicable to restricted stock or RSU plans.

Tax-Favored Program None.

Withholding and Reporting The Subsidiary is not required to withhold income taxes from employees. However, the Subsidiary is required to file a non-withholding statement by January of each year.

Employer Tax Treatment A tax deduction may be available if the Subsidiary: (i) reimburses the Issuer for the cost of restricted stock or RSU plan benefits, and (ii) such costs are characterized as employee remuneration.

Withholding and reporting are required if the Subsidiary reimburses the Issuer for the costs of the plan.

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The Netherlands

Employment

Labor Concerns

Employee entitlement claims are becoming more common. The risk of employee claims for additional benefits can be reduced by having the employee agree to standard waiver and consent provisions. Note that a court may allow an employee to continue vesting after termination of employment. If a Works Council is in place, agreement of the Works Council is required before stock plan benefits may be offered in the Netherlands. Furthermore, any amendments to, or the withdrawal of, an employee stock plan, require the Works Council prior consent. Plans may not be discriminatory. For example, employees who work part time should be treated equally as full time employees.

Communications

Translation of plan documents for employees is recommended, but not required. Governmental filings must be made in Dutch.

Generally, the electronic execution of agreements is acceptable.

Regulatory

Securities Compliance

Neither the award nor the vesting of restricted stock or RSUs is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are awarded and vest free of charge to existing shareholders and a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer.

Foreign Exchange

None.

Data Protection

Employee consent may be difficult to use for the processing and transfer of personal data as consent should be freely given. The Dutch Data Protection Authority is reluctant to accept this as the ground for processing as consent should be freely given which is difficult to realize in the hierarchical employer/employee relationship. Other grounds could also be used for the processing and transfer of data. Generally an employer must register data processing activities with the national data protection authority. Only the most common processing activities are exempt from notification provided all requirements as listed in the Exemption Decree are fulfilled.

Tax

Employee Tax Treatment

The employee should generally be subject to tax on the value of the Stock when the restricted stock is granted. Certain restrictions may decrease the value of the Stock to be taken into account in this respect. The employee should generally be subject to tax on the value of the Stock when the RSU award vests. There is generally no capital gains tax upon the subsequent sale of Stock.

Social Insurance Contributions

Income under a restricted stock or RSU plan is subject to social insurance contributions, but most employees will likely have exceeded the wage base for social insurance contributions.

Tax-Favored Program

None.

Withholding and Reporting

Withholding and reporting are required.

Employer Tax Treatment

As of 1 January 2007, the cost of restricted stock and RSU plan benefits are no longer deductible.

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United Kingdom

Employment

Labor Concerns

Appropriate language should be included in restricted stock or RSU agreements stating that the employee has no rights to compensation for loss of rights under the Plan in the event of their termination of employment. The exclusion of part time employees or employees on disability or maternity leave generally constitutes unlawful discrimination.

Communications

There are no legal requirements specific to employee communications. Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

Neither the award nor the vesting of restricted stock or RSUs is likely to trigger any prospectus requirement, provided that the restricted stock or RSUs are awarded and vest free of charge.

Foreign Exchange

There are no foreign exchange restrictions applicable to restricted stock or RSU plans.

Data Protection

Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. Employers are required to register data processing activities with the UK Information Commissioner.

Tax

Employee Tax Treatment

Generally, provided the vesting period (and related risk of forfeiture) lasts no more than five years from award and the employer and employee do not elect otherwise, restricted stock will be subject to income tax when the restricted stock vests. As an alternative, the employer and employee may jointly elect for the employee to pay income tax on award of the restricted stock on its full "unrestricted" value at grant. If they do so, there should be no further income tax on the award.

The employee will likely be subject to income tax on the value of the Stock or cash received when an RSU award vests.

Capital gains tax is due on the proceeds received from the sale of Stock, subject to reduction by an individual annual exemption.

Social Insurance Contributions

National Insurance Contributions ("NICs") are generally payable by both employer and employee at the same time and on the same amount as income tax.

Tax-Favored Program

None.

Withholding and Reporting

Employers are generally required to withhold income tax and employee's NICs. Annual reporting requirements apply to the employer and the employee.

Employer Tax Treatment

If the Subsidiary reimburses the Issuer and documents the reimbursement, it generally may take a tax deduction for the costs of the Plan. Alternatively, provided certain conditions are met, the employer may be entitled to statutory corporation tax relief based on the market value of the Stock at the date of acquisition and/or vesting (less any amount paid for the acquisition).

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United States

Employment

Labor Concerns

A claim for breach of contract could arise where an equity incentive plan is amended or discontinued. It is recommended that Plan provisions be drafted so as to preclude leased and/or temporary employees and independent contractors from claiming entitlements under the Plan (absent a specific intention to include these workers). Plans should be drafted to permit unilateral termination of the Plan, and employees should be required to acknowledge the discretionary nature of the Plan.

Employers may not deny, directly or indirectly, employees the opportunity to participate in the Plan based on any prohibited grounds of discrimination, including, among others, race, color, religion, sex, national origin, citizenship, age, disability, uniformed service or any other status protected by federal, state or local law.

Communications

Plan documents should be translated into English unless the participant speaks the language in which the documents are written. Most government filings must be made in English (although certain documents may be filed with a summary in English). Generally, the electronic execution agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

Federal and state securities laws govern the grant of securities under employee benefit plans, including stock incentive plans. Under the US Securities Act of 1933 (the “**Securities Act**”), unless an exemption is available, any offer or sale of a security must be registered with the US Securities and Exchange Commission (the “**SEC**”). The SEC has created a special exemption and a special registration process for offers and sales of securities in connection with employee benefit plans:

Reporting companies. Companies with a class of securities registered under the Securities Exchange Act of 1934 (the “**Exchange Act**”) — which includes, among others, companies listed on a US stock exchange — are allowed to use a streamlined registration statement called a Form S-8. Form S-8 requires less disclosure than other SEC registration forms. To be eligible to use this form, the company must have filed all required reports during the preceding 12 months (or such shorter period as the company was required to file). The Form S-8 is filed with the SEC and is generally no more than ten pages long. Separate from the Form S-8, the company must deliver to employees a prospectus containing a description of the Plan, together with the company’s most recent annual report.

Non-reporting companies. Private companies in the United States cannot use Form S-8. However, they are permitted to grant a limited amount of securities under employee benefit plans pursuant to a special exemption contained in Rule 701 under the Securities Act. There are no special information requirements for employees unless the value of securities issued in any 12-months period exceeds \$5 million, at which point financial statements and other disclosure must be provided.

Reporting and non-reporting companies can use other exemptions that are available under the Securities Act. For example, the exemption for the issuance of securities to accredited investors under Regulation D may be available for grants to executive officers. Failure to comply with registration or exemption requirements may give employees rescission rights or the right to sue for damages if they no longer own stock. While the SEC is responsible for enforcing of the United States Federal securities laws, each individual state has its own securities laws, referred to as “blue sky laws”, and its own regulatory agency which administers the law, typically known as the state Securities Commissioner. Blue sky laws are often superseded by Federal law, particularly with respect to reporting companies, but they do continue to apply to non-reporting companies. In addition, blue sky laws vary widely from state to state.

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United States (Cont.)

Therefore, while most state blue sky laws have exemptions from registration for stock incentive plans that are exempt from federal registration, some do not, and a few require notice or a streamlined registration procedure. The laws of each state where any Plan participant resides must be checked prior to undertaking any securities offerings or sales in that state.

Foreign Exchange

There are no exchange controls in the US.

Data Protection

The US has no omnibus data protection law that reaches all personal data. Rather, it has a patchwork of sector-specific state and federal laws that regulate only certain classes of data. Outside the health care and background-check contexts, much employee information falls beyond the reach of these sector-specific laws. Nevertheless, a best practice in administering equity/benefit plans is to build into Plan enrolment forms a written consent; Plan participants should expressly authorize the use and disclosure of their data for all Plan purposes. Also, Plan administrators must comply with any privacy policy of a sponsor employer, and with document-retention laws that mandate retaining tax-related information for certain periods.

Tax

Employee Tax Treatment

An employee will not recognize any taxable income upon the award of shares of restricted stock which are not transferable and are subject to a substantial risk of forfeiture. Dividends paid with respect to restricted stock prior to the lapse of restrictions applicable to that restricted stock will be taxable as compensation income to the employee. Generally, the employee will recognize taxable ordinary income at the first time those shares become transferable or are no longer subject to a substantial risk of forfeiture, in an amount equal to the fair market value of those shares when the restrictions lapse. However, an employee may elect to recognize the fair market value of the restricted stock on the award date as taxable ordinary income upon the award date. If an employee makes this election, any dividends paid with respect to that restricted stock will not be treated as compensation income, but rather as dividend income, and the employee will not recognize additional taxable income when the restrictions applicable to his or her restricted stock award lapse.

The granting of RSUs does not result in taxable income to the employee who receives the RSUs. The amount of cash paid or the then-current fair market value of the shares received upon settlement of the RSUs is taxable to the employee as ordinary income.

Social Insurance Contributions

Amounts taxable upon the lapse of restrictions applicable to restricted stock awards, or taxable earlier if the employee elects to be taxed on the award date, are subject to social security contributions to the extent the employee has not exceeded the applicable wage base. Upon vesting of RSUs, the then-current fair market value of the shares subject to the vested RSUs is subject to social security contributions to the extent the employee has not exceeded the applicable wage base.

The employer is required to withhold the employee's portion of the social security taxes. The employer must then pay the employee's withholdings and the employer's contributions at the time the employee receives the earnings.

Tax-Favored Program

None.

Withholding and Reporting

Amounts taxable upon the lapse of restrictions applicable to restricted stock awards, or taxable earlier if the employee elects to be taxed on the award date, are subject to income tax withholding and reporting by the employer. Also, the amount of dividends received with respect to non-vested restricted stock, unless the employee elected to be taxed on the value of the stock on the award date, is subject to income tax withholding and reporting by the employer.

Amounts taxable upon the payment of RSUs are subject to income tax withholding and reporting by the employer.

Employer Tax Treatment

Assuming compliance with the applicable income tax withholding and reporting requirements, the employer will be entitled to a tax deduction equal to the amount of ordinary income recognized by an employee in connection with his or her restricted stock award in the employer's taxable year in which that employee recognizes that ordinary income. The employer is also generally entitled to a tax deduction for any dividends that are paid on non-vested restricted stock if the employee has not elected to be taxed on the value of the Stock on the award date.

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United States (Cont.)

The granting of RSUs does not result in a tax deduction for the employer. The amount of cash paid or the then-current fair market value of any shares received upon settlement of the RSUs is deductible by the employer.

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Glossary

Some terms used in the summaries have particular meanings and certain assumptions are made which may require clarification. These are described below.

EU	The European Union.
Home Member State	The Member State with whose regulatory authority the Issuer is required to file a prospectus in certain circumstances. The rules for determining the Home Member State are complex. However, generally speaking, if the Issuer's registered office is in the EU, its Home Member State will be the Member State of its registered office. If the Issuer is listed on a regulated market in the EU, its Home Member State will be the Member State in which it is listed. If the Issuer is not EU-listed and its registered office is not in the EU, its Home Member State will generally be the Member State in which the Issuer's securities are first offered to the public or admitted to trading after 31 December 2003.
Issuer	The company which is offering awards to employees under a Plan.
Member State	A member state of the European Union.
Plan	A restricted stock and RSU plan where participants in restricted stock plans are generally awarded Stock free of charge (although they may be subject to tax), but this Stock is subject to certain restrictions under which, for example, the Stock is forfeited if the participants resign or are dismissed. These restrictions apply for a set period (most often, three years) during which participants are not permitted to transfer the Stock. With Restricted Stock Units (RSUs), employees are not awarded the Stock itself at the outset, but rather a right to receive Stock at the end of the restricted period, provided the conditions are fulfilled, i.e., generally, that the employee remains in employment at that time.
Stock	Shares of stock in the Issuer.
Subsidiary	A local subsidiary of the Issuer which employs the employees to whom awards are being offered.

Worldwide. For Our Clients.

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