France

Employment

Labor Concerns

Employee entitlement claims are becoming more common. To reduce the risk of potential claims to employee entitlements, employees should expressly agree that participation in the purchase plan is discretionary and that termination of employment will result in the loss of unvested rights. It is no longer possible to provide that employee termination for cause or gross misconduct will lose his acquired rights: all employees must be treated in the same way, whatever the ground of their termination by the company. Certain French company savings plans (including the French qualified employee stock purchase plan (**"PEE"**)) must be negotiated with employee representatives if the company has union delegates or a works council.

Communications

The translation of 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

If the Issuer does not have securities listed on a regulated exchange in the EU, there may be a requirement to publish in France a prospectus which has been approved in the Issuer's Home Member State if (i) the offer is made to 100 persons or more in any Member State and (ii) the price being paid for Stock by employees throughout the EU is greater (in aggregate) than €2.5m, when aggregated with offers of securities made in the EU in the previous 12 months. If the Issuer has securities listed on a regulated exchange in the EU, the Issuer will be required to publish summary information about the plan and the Stock being offered to employees.

Foreign Exchange

The employee must satisfy declaration requirements for the transfer of currency into or out of France under certain conditions.

Data Protection

Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements. Employers shall inform employees about data processing and data transfer abroad. 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

The employee is taxed on the spread at the time the purchase right is exercised. The proceeds from the sale of Stock may be subject to income tax at progressive rates up to 45% plus additional social taxes at a total rate of 15.5% (of which 5.1% is deductible) and, if applicable, to the exceptional income tax for high earners at a rate of 3% or 4%.

Social Insurance Contributions

Social insurance contributions are due on any income from a purchase plan that is not established as a tax-favored scheme. Most social insurance contributions are uncapped and payable at a rate amounting to approximately 45% for employers and 23% for employees.

No social insurance contribution applies under the PEE tax favored regime (details of which are set out below).

France (cont.)

Tax-Favored Program

A tax-favored scheme (PEE) is available, but not appropriate for every company.

Under the PEE regime, the contributions made by the employee and the employer in the PEE to acquire shares must be frozen during at least five years. The employee's annual contribution in the PEE is limited to 25% of his or her annual gross salary. The additional contribution of the company is not taxable for the employee if it does not exceed three times the employee's contributions, capped to €2,962.56[1] per calendar year and per employee.

In addition to the company's contribution of €2,962.56, the company can increase the contribution with an additional contribution of maximum 80 % of €2,962.56used for the purpose of the employee's acquisition of shares or investment certificates issued by the company or by an associated company. The total of the company's contributions which are not taxable for the employee under the conditions mentioned above, but subject to CSG and CRDS withheld by the employer must still be lower than three times the employee's contribution.

Withholding and Reporting

In general, reporting is required (notably, deposit of the corporate saving plan to the "DIRECCTE" – Labor Administration) but there are no income tax withholding obligations. Withholding is required for social insurance.

Employer Tax Treatment

Under the PEE regime, the company's additional contribution is tax deductible and exempt from social contributions, and other taxes (except from tax on wages with respect to the company's additional contributions made as from January 1st, 2013). However, a fixed social tax (forfait social) of 20% is payable by the employer on the company's contributions.

[1] This amount, applicable for 2013, is adjusted on a yearly basis and corresponds to 8% of the annual social security cap.

