

# Germany

## Employment

### Labor Concerns

In order to reduce the risk of German employment law restrictions (including potential invalidity of forfeiture restrictions) applying to the grant of restricted stock or RSUs to German employees, it is recommended that the Subsidiary is not involved in the award of restricted stock or RSUs or 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 Subsidiary sets up the Plan, it should be determined whether consultation is required with the 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 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

Minor statistical reporting may be required (in 2011: transfer of at least €12,500).

### 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 processed. Employers may be required to register certain data processing activities with Germany's data protection authorities.

Collecting, processing and transfer of personal data should be assessed under the German "Policy for Employee's Data Privacy".

## Tax

### Employee Tax Treatment

The employee is, in general, subject to income tax when the restricted stock is granted or the RSUs are paid out in cash or in Stock. 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.

In addition, 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 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.

### Social Insurance Contributions

Generally, both the employer and employee must pay social insurance on the taxable income to the extent that the employee has not exceeded the wage base threshold.

This summary is intended to reflect local law and practice as at 1 May 2013. 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 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 this summary when implementing their stock plans.

## Germany (cont.)

<b>Tax-Favored Program</b>	There is a minor tax exemption (up to 360 EUR per annum) for restricted stock granted by the employing company or a related group company if the Plan is available for all employees. In addition, a reduction in tax rates may apply if the Stock is granted as part of remuneration for several years.
<b>Withholding and Reporting</b>	Withholding and reporting are required.
<b>Employer Tax Treatment</b>	A deduction is generally available if the Subsidiary reimburses the Issuer pursuant to a written agreement.

This summary is intended to reflect local law and practice as at 1 May 2013. 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 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 this summary when implementing their stock plans.