

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 exercise of the stock options is likely to trigger any prospectus requirement, provided that the stock options are not transferable.

Foreign Exchange

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 profit arising out of the exercise of the stock options (market value less exercise price) at the time of exercise. 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 stock options will be tax exempt if (i) the benefits arising from the stock options are not obtained on a regular or recurrent basis (i.e., the stock options are not granted annually) and are accrued in a period of more than two years, and (ii) such benefits do not exceed either the amount resulting from multiplying the annual average salary by the number of years in which the benefits have accrued or EUR 300,000. This limit may be doubled in certain circumstances. Additional limits to the reduction may apply. 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 exercise of stock options (upon exercise) 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.

Employer Tax Treatment

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

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 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 this summary when implementing their stock plans.