

United Kingdom

Employment

Labor Concerns

Appropriate language should be included in enrolment forms 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

It is possible that a prospectus will be required for participation in the Plan to be offered to employees in the UK and other Member States. However, certain exemptions, exclusions and interpretations may be applicable and, in practice, a prospectus is rarely required. For example, offers made to no more than 150 persons in any one Member State are exempt and certain listed companies are required only to publish summary information about the Plan and the Stock in substitution for a prospectus. Where a prospectus is required, the Issuer may be able to take advantage of a short form regime under which certain requirements for the prospectus' contents are waived. Any prospectus must be approved by the relevant regulatory authority in the Issuer's Home Member State and filed under the passporting system with the relevant regulatory authority of each Member State in which participation in the Plan is being offered.

Foreign Exchange

There are no foreign exchange restrictions applicable to the Plan.

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

For purchase rights granted under non tax-favored (i.e. "unapproved") plans, income tax is imposed on the spread upon the purchase of the Stock, i.e., the excess of the market value of the Stock at that time over the amount paid for the Stock. Capital gains tax ("**CGT**") will apply on sale of the Stock.

Social Insurance Contributions

For purchase rights granted under unapproved plans, national insurance contributions ("**NICs**") are generally payable by both employer and employee on the spread upon the purchase of Stock. The employer may transfer its NICs liability to the employee with the employee's prior consent.

Tax-Favored Program

Favorable tax treatment is available for certain "approved" plans which involve the purchase of Stock (SAYE and SIP). Under SAYE, where savings are accumulated over a 3, 5 or 7 year period, income tax is not generally payable on purchase of the Stock. Under SIP, employees are able to purchase Stock from their gross salary, subject to certain limits and conditions, including a 3 year holding period. CGT is payable on sale of the Stock under SAYE, subject to an individual annual exemption.

Withholding and Reporting

Wherever income tax is payable, withholding of income tax and NICs will generally be required. Reporting requirements apply to both unapproved and approved plans.

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 as a salary expense. Alternatively, provided certain conditions are met, the employer may be entitled to statutory corporation tax relief for any difference between the market value of the Stock at the time of acquisition and the amount paid for the Stock.

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.