

United Kingdom

Employment

Labor Concerns

Appropriate language should be included in Plan documents stating that the employees have no rights to compensation for loss of rights under the Plan in the event of termination of their 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 grant nor the exercise of employee options in the UK is likely to trigger any requirement for securities filings, provided the options are non-transferable.

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 options granted under an unapproved option plan (see Tax-Favored Program), income tax is imposed on the spread at exercise, i.e. the excess of the market value of the Stock over the amount paid for the Stock. Subject to an annual exemption, capital gains tax ("**CGT**") is assessed on the gain achieved between the grant of approved options and the sale of Stock. CGT will also be imposed on any gain made on the subsequent sale of Stock following the exercise of unapproved options (where not sold on exercise).

Social Insurance Contributions

National Insurance Contributions ("**NICs**") are generally payable by both employer and employee on the spread at exercise for options granted under an unapproved plan and options granted under an approved plan in certain circumstances. The employer may transfer its NICs obligation under an option plan to the employee.

Tax-Favored Program

Favorable tax treatment is available for certain option plans which have been approved by HM Revenue & Customs, or in the case of EMI options (see below), which satisfy certain legislative requirements. Options granted under approved plans are exempt from income tax, subject to certain conditions, including that they may not be exercised for three years from the grant date (except in certain "good leaver" circumstances). Employees may not hold approved options over Stock with a value at grant in excess of £30,000. Another tax favorable arrangement is available to smaller companies called Enterprise Management Incentive ("**EMI**") options. These are subject to various limitations and are unlikely to be available to non-UK based Issuers.

Withholding and Reporting

Unapproved options are generally subject to withholding of income tax and NICs at exercise. Reporting requirements for both employer and employee apply to both tax qualified and non-qualified plans.

Employer Tax Treatment

If the Subsidiary reimburses the Issuer and documents the reimbursement, it may generally take a tax deduction for the amount of the spread on the date of exercise as a salary expense. Alternatively, provided certain conditions are met, the employer may be entitled to statutory corporation relief for that amount.

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.