United Kingdom

Employment

Labor Concerns	Appropriate language should be included in restricted stock or RSU agreements 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	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	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	Generally, provided the vesting period (and related risk of forfeiture) lasts no more than five years from award and the employer and employee do not elect otherwise, restricted stock will be subject to income tax when the restricted stock vests. As an alternative, the employer and employee may jointly elect for the employee to pay income tax on award of the restricted stock on its full “unrestricted” value at grant. If they do so, there should be no further income tax on the award. The employee will only likely be subject to income tax on the value of the Stock or cash received when an RSU award vests. Capital gains tax is due on the proceeds received from the sale of Stock less the amount upon which income tax has already been charged, subject to reduction by an individual annual exemption.
Social Insurance Contributions	National Insurance Contributions (“**NICs**”) are generally payable by both employer and employee at the same time and on the same amount as income tax. The employer may transfer its NICs liability to the employee, but only with the employee’s prior written consent.
Tax-Favored Program	None.
Withholding and Reporting	Wherever income tax is payable in respect of shares comprising “Readily Convertible Assets”, withholding of income tax and NICs will generally be required. Reporting requirements apply to both employer and employee.
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. Alternatively, provided certain conditions are met, the employer may be entitled to statutory corporation tax relief based on the market value of the Stock at the date of acquisition and/or vesting (less any amount paid for the acquisition).

