

Global Equity Services, Executive Compensation and Benefits

Baker & McKenzie – the industry leader in global equity solutions for over 15 years. Leveraging our unmatched network of 68 offices worldwide, Baker & McKenzie’s Global Equity Services (“GES”) attorneys provide state-of-the art design, implementation and tax/legal compliance advice for over 300 companies worldwide with equity and benefit plans operating in 130+ countries. Our cutting edge approach integrates tax and legal solutions in all jurisdictions, fluently and contemporaneously, with centralized and integrated project management. With unparalleled depth and experience, we provide the most cost-effective solution. We also offer our Global Equity Helpdesk, through LawInContext, a subscription service providing online access to a timely and comprehensive database of country-specific analyses of tax and legal issues associated with global equity plans in 53 countries.

Our team provides tailored, pragmatic advice to address the specific needs of each client. We leverage Baker & McKenzie’s global network of offices and affiliates to provide clients with solutions that are both current and comprehensive. We partner with our clients on all aspects of the process from design, to implementation and administration of equity and benefit plans. To date, we have implemented plans in over 100 countries. Teaming with our local counsel, we offer detailed advice on the local tax effects for the entity (as well as the employee), securities registration requirements or applicable exemptions, labor law constraints, exchange control requirements, data privacy obligations, and the enforceability of both electronic agreements and electronic delivery of documents. We evaluate the validity of beneficiary designations, assess the tax and social insurance effects on employees transferring across borders, and analyze the accounting impact of certain design features. We prepare country-specific tax and securities ruling requests, exchange control applications, prospectuses, employee communications and translations. In short, we provide a one-stop shop and unparalleled capabilities for all of our clients’ equity and benefit programs regardless of which countries, or how many jurisdictions, are involved.

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Compliance and Administration

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Clients

GES advises a wide array of multinational companies across all industries and sectors. Our current client list includes over 300 such companies. We can provide a list of representative clients and references upon request.

Entitlement and Vested Rights Issues

Our attorneys advise on entitlement issues for equity and other benefits given to employees. In the U.S., most non-executive employees are employed at will and the issue of entitlement to equity and other employee benefits as a term and condition of employment generally is not significant. Outside the U.S., most employees are subject to an employment agreement which sets out the terms and conditions of their employment and cannot be unilaterally modified by the employer without employee consent. Baker & McKenzie attorneys routinely advise companies on steps that can be taken to ensure that equity grants made by a U.S. parent company to employees of non-US subsidiaries do not become a term and condition of employment, thereby retaining for the U.S. parent company the ability to unilaterally modify or discontinue equity programs at all times. We have developed a side letter template for companies to use as part of the offer of employment for new hires outside the U.S. that is intended to minimize the parent company's exposure to entitlement claims. To the extent a U.S. company offers a bonus or other non-equity benefit that is paid out through local payroll and thus likely to be considered an entitlement of employment, our attorneys can advise on the country-specific compliance and translation requirements for offering such programs on a global basis.

Corporate Transactions/Restructurings

We work hand-in-hand to assist companies with the legal and tax issues arising out of all sorts of corporate transactions and restructurings. Our attorneys can manage the equity and benefit plan tax and regulatory due diligence assessment on a global basis for companies buying or selling corporate entities or assets. We understand the implications of misclassified workers on benefit plan issues and can help to clean up any non-compliance prior to a deal's closing. In a merger or spin-off context, we advise companies on the issues that arise if there are tax-qualified equity plans operating in the U.S., France, Israel, the U.K. or elsewhere and the company wants to preserve that tax-favored benefit for employees and/or the company once the transaction is completed. We evaluate any qualified or non-qualified retirement or pension plan issues and work with pension plan experts in our various offices to ensure a smooth transition or discontinuation of benefits as a result of the transaction. Where companies are moving their corporate headquarters to a new location or creating a new holding company structure, we have experience assisting companies with the corporate redomestication actions necessary to move all of the existing equity and benefit plans to the new sponsor and to create any new plans that take into account new legal requirements in light of the company's new headquarters. In short, we are well versed in all types of transactions and are able to assist with such transactions in virtually all countries, easing a company's need to hire multiple law firms and coordinate advice from multiple sources.

Executive Compensation

We have attorneys that are fluent in the U.S. ERISA, securities law, and tax law aspects of executive compensation. Our expertise also extends to the non-U.S. executive compensation issues, including the special shareholder approval requirements for executive benefits in Australia and the restrictions on the grant of French-qualified awards to executives. We design and draft equity compensation plans to reward key executives as well as the broader employee population including omnibus equity incentive plans and employee stock purchase plans. These are part of the omnibus plan. We take into account the Code Section 162(m) issues that apply to U.S. executives and help companies to design performances-based programs meeting the necessary requirements. For U.S.-based executives, we design and draft nonqualified deferred compensation plans, including change in control severance plans, top hat plans and supplemental pension plans, and related rabbi trusts. We prepare prospectuses and proxy disclosures for U.S. public companies with respect to equity and executive compensation plans. We assist clients in correcting document and operational errors related to Code Section 409A violations.



Online at www.bakermckenzie.com/employeecompensationbenefits

Employee Benefits

Baker & McKenzie provides forward thinking advice to its clients with respect to the design, administration and legal compliance of their traditional employee benefit plans, including health and welfare and retirement plans. For our U.S.-based clients, we routinely monitor regulations published by the U.S. Department of Labor, Department of the Treasury, Department of Health and Human Services and other government agencies. Our attorneys assist our clients in developing and maintaining prudent fiduciary procedures to minimize the risk of plan litigation and prohibited transactions. We assist our clients in responding to participant claims for benefits in compliance with the ERISA claims procedures. We have extensive experience in the audit of employee benefit plans in all jurisdictions. We advise our clients with respect to voluntary compliance programs available in the U.S., Canada and elsewhere to avoid owing potential penalties to the tax or labor authorities. Our attorneys design and draft tax-qualified U.S. retirement plans (including 401(k) plans, profit sharing plans, cash balance plans and other pension plans), cafeteria/Section 125 plans and health and welfare plans. We draft FAQs, summary plan descriptions and participant communications. We advise clients on U.S. COBRA and HIPAA issues. For U.S. based companies, we advise clients on issues related plan funding and matters involving the Pension Benefit Guaranty Corporation.

Online at www.bakermckenzie.com/employeebenefits

Strategic Tax Planning for Equity and Benefit Plans

Baker & McKenzie's highly ranked international tax group supports attorneys in the Global Equity Services practice by providing clients with the full range of domestic and international strategic tax planning solutions related to equity and benefit plans. Baker & McKenzie is at the forefront in developing tax structuring strategies that minimize tax liability and enhance shareholder value. In addition to determining whether equity-based awards are deductible and reduce the FAS123R or IFRS expense, we consider international tax planning, social security minimization, transfer pricing strategies, foreign tax credit issues and cost sharing arrangements. We coordinate our efforts with internal tax and financial departments to provide advice tailored to the specific needs of each client. In addition, our attorneys can anticipate and minimize adverse accounting effects. We will assess a client's overall business plan in relation to its tax position and its equity plans to ensure a consistent and defensible approach that reduces worldwide tax burdens and achieves its strategic objectives.

LawInContext

Law In Context, a subsidiary of Baker & McKenzie, offers a subscription-based service that provides information regarding employee stock plans. It is available seven days a week, 24 hours a day. Baker & McKenzie attorneys provide the content, which is updated quarterly, and covers stock options, stock purchase plans, restricted stock and restricted stock units in 53 countries worldwide

U.S. Planning for Non-U.S. Companies

Baker & McKenzie attorneys have unique expertise in the area of U.S. employee benefits as applied to non-U.S. multinationals. We have a comprehensive understanding of the legal framework regulating both broad-based employee retirement and welfare plans and executive only compensation strategies. This multidisciplinary practice involves the federal tax code and securities laws, ERISA and, where relevant, state law requirements. As a direct result of our representation of U.S. employers and their broad-based global employee benefit plans and executive-only programs, we are able to advise non-U.S. companies regarding the appropriate programs to offer their employees in the U.S. when they commence in-bound business operations. Our familiarity with both U.S. and international employee benefit plan designs allows us to integrate employee benefit programs to provide a consistent program design, where that is a goal. Moreover, our experience with non-U.S. benefits provides us with a sensitivity to cultural differences in the types of benefits that are offered, as well as the level of benefits that are provided. In addition, we suggest and evaluate tax minimization strategies and tax compliance issues to accommodate the goals of the company and to satisfy the needs of employees transferred across borders.

Clear, Effective and Practical Advice

We realize that operating global equity programs can be a challenging task with many intricate laws and cultural differences on both a domestic and international basis. Our value add is to provide advice and solutions on a very practical level for those in tax, treasury, HR or stock plan administration who must address these issues on a day-to-day basis.

EU Directives

Our attorneys are intimately involved not only in advising on, but also direct efforts to influence interpretation and administration of EU Directives affecting global equity programs, including the Prospectus, Data Privacy, Age Discrimination and Part-Time Employee Directives. We are at the forefront in developing alternatives for compliance and providing practical approaches to deal with the inherent ambiguities found in EU Directives.



Data Privacy

Baker & McKenzie's international presence and unmatched experience puts us in a strategic position to advise on international data privacy issues. Due to the implementation of an EU Directive on Data Protection and the increasing concern with data privacy worldwide, we devote a significant amount of time working with multinational companies to

develop compliance strategies for data privacy issues on a global basis. The advice and solutions that we provide are instrumental in allowing companies to assess their risk with respect to compiling personal data and transferring it to entities in other countries, and to develop cost-effective strategies to manage that risk. GES attorneys work closely with our local offices to prepare data

privacy filings in conjunction with equity incentive plans and general employee personnel data bases. In addition, we provide clients with updates on changes in data privacy laws in foreign countries and the U.S. on a timely basis to ensure that clients are aware of such changes and can take the appropriate action to comply with the current laws or with safe harbor alternatives.

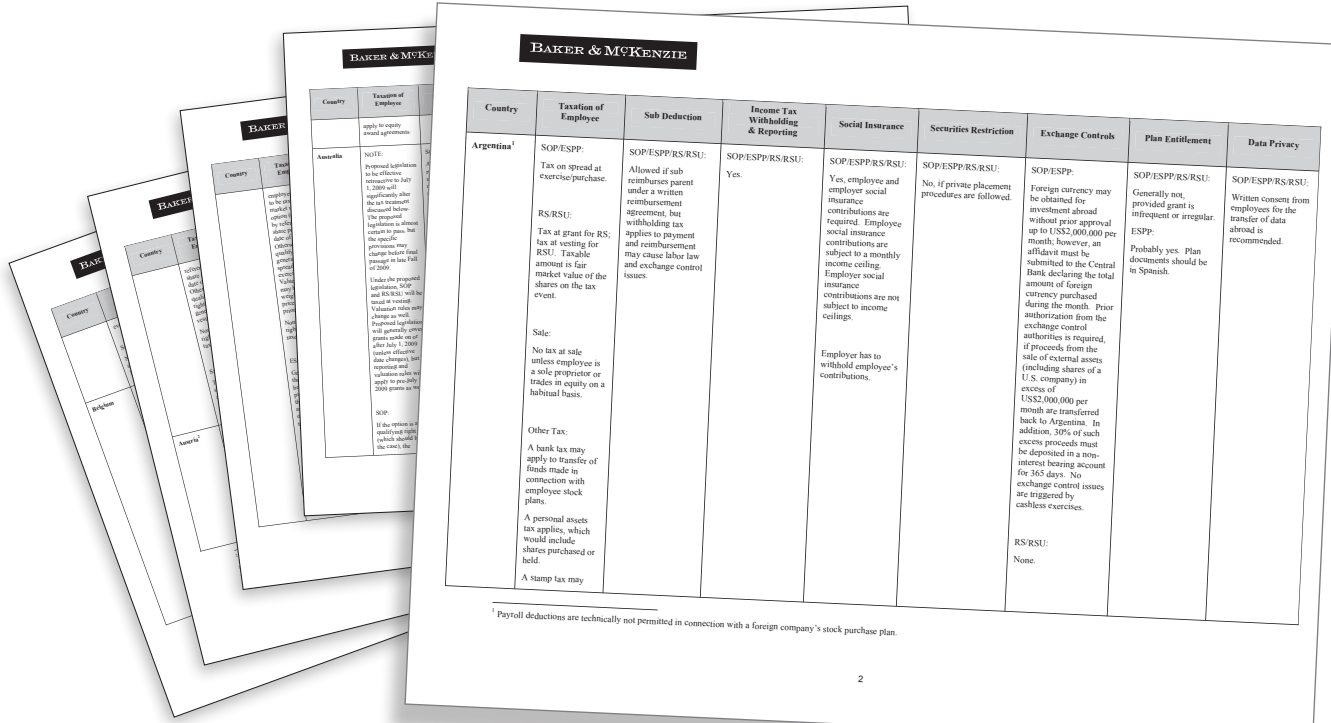


Our **Global Equity Services** Group offers a number of helpful resources to our clients and friends:

- Quarterly Newsletter
- Semi-Annual 40 Country Matrix
- News Alerts
- Seminars, Webinars, Podcasts
- Training Programs
- Articles and Publications
- Online Subscription Service through LawInContext

Country-Specific Information At Your Fingertips

A Snapshot of our Semi-Annual 40 Country Matrix



Country	Taxation of Employee	Sub Deduction	Income Tax Withholding & Reporting	Social Insurance	Securities Restriction	Exchange Controls	Plan Entitlement	Data Privacy
Argentina ¹	<p>SOP/ESPP: Tax on spread at exercise/purchase.</p> <p>RS/RSU: Tax at grant for RS; tax at vesting for RSU. Taxable amount is fair market value of the shares on the tax event.</p> <p>Sale: No tax at sale unless employee is a sole proprietor or trades in equity on a habitual basis.</p> <p>Other Tax: A bank tax may apply to transfer of funds made in connection with employee stock plans.</p> <p>A personal assets tax applies, which would include shares purchased or held.</p> <p>A stamp tax may</p>	<p>SOP/ESPP/RS/RSU: Allowed if sub reimburses parent under a written reimbursement agreement, but withholding tax applies to payment and reimbursement may cause labor law and exchange control issues.</p>	<p>SOP/ESPP/RS/RSU: Yes.</p>	<p>SOP/ESPP/RS/RSU: Yes, employee and employer social insurance contributions are required. Employee social insurance contributions are subject to a monthly income ceiling. Employer social insurance contributions are not subject to income ceilings.</p> <p>Employer has to withhold employee's contributions.</p>	<p>SOP/ESPP/RS/RSU: No, if private placement procedures are followed.</p>	<p>SOP/ESPP: Foreign currency may be obtained for investment abroad without prior approval up to US\$2,000,000 per month; however, an affidavit must be submitted to the Central Bank declaring the total amount of foreign currency purchased during the month. Prior authorization from the exchange control authorities is required, if proceeds from the sale of external assets (including shares of a U.S. company) in excess of US\$2,000,000 per month are transferred back to Argentina. In addition, 30% of each excess proceeds must be deposited in a non-interest bearing account for 365 days. No exchange control issues are triggered by cashless exercises.</p> <p>RS/RSU: None.</p>	<p>SOP/ESPP/RS/RSU: Generally not provided grant is infrequent or irregular. ESPP: Probably yes. Plan documents should be to Spanish.</p>	<p>SOP/ESPP/RS/RSU: Written consent from employees for the transfer of data abroad is recommended.</p>

¹ Payroll deductions are technically not permitted in connection with a foreign company's stock purchase plan.

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Global Equity Services
June 30, 2010 - Complimentary Webinar

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You're Invited

Wednesday, June 30, 2010
11:00 - 12:00 PM (PACIFIC)
11:00 - 12:00 PM (CENTRAL)
12:00 - 1:00 PM (EST)

Featuring



Michelle Fink
Partner, San Francisco



Brian Wyzanski
Partner, Chicago

How to Comply with the New Australian Tax Reporting Requirements for Equity Plans

COMPLIMENTARY WEBINAR ON JUNE 30

Now that the Australian Tax Office ("ATO") has released the new tax forms that have to be provided to employees enrolled with the ATO under the amended employee share plan rules, companies must scramble to meet the July 14/August 14 deadlines. This webinar will instruct participants on how to complete these new forms for various types of equity awards, including awards granted prior to July 1, 2009, and will also provide an overview of the recent valuation guidance.

REGISTER NOW

CLERICE CREDIT
1 Day of online CLE credit approved by the CA, FL, & NY bar. 1 Day of CLE credit approved by the Texas bar. 1 Day of CLE credit approved by the New York bar. This webinar is subject to the approval of the appropriate bar associations in each jurisdiction.

Global Equity Services

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Client Alert

June 29, 2010

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New Israeli Tax Circular Affecting Taxation of Section 102 Options
Action Required by July 28, 2010

The Israeli Tax Authority ("ITA") recently issued a circular which may be helpful for employees who receive options under a Income Tax Ordinance ("Section 102 Options"). However, companies operating an existing Incentive plan under which they grant Section 102 Options will have to file an election by July 28, 2010 to adapt the rules under the circular.

The circular deals with the calculation of the "ordinary income portion" for Section 102 Options. This income is subject to a discount between the exercise price and the 30-day average share price at grant. Under the current rules, even if companies set the exercise price at the higher of the value of the shares on (discount), a taxable ordinary income portion may still exist based on currency and adjustment of the exercise price in accordance with the Israel Consumer Price Index. The tax cost is not due until the shares are sold.

Under the circular, the ordinary income portion may be calculated using only the exchange rate as of the grant date. This amount will then be adjusted "forward" to the date of exercise so that the amount paid to the date of exercise reflects the ordinary income portion adjusted to reflect the exchange rate at exercise. Further, under the circular, it will not be necessary to adjust the exercise price in accordance with the Israel Consumer Price Index (which typically increases 2 - 4% each year resulting almost certainly in an increase of the ordinary income portion).

As mentioned, for existing Incentive plans, companies have to file an election by July 28, 2010. The election will apply to companies are able to elect to apply the rules of the circular for any new Incentive plans filed with the ITA. Please note foreign currency elections are not reversible and must apply to all exercises thereafter.

For assistance with filing an election or more information regarding the impact of the new circular, please contact your CEO attorney.

Quarterly Newsletter

The Latest Global Developments for Equity Plans

Global Equity Services

Clients and Friends
Newsletter

BAKER & MCKENZIE

Global

June 1, 2010

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FIRST QUARTER 2010 —
THE TRENDS

UPCOMING EVENTS

AUSTRALIA
BELGIUM
CANADA
ESTONIA
FRANCE
GREECE
IRELAND
ITALY
JAPAN
MALAYSIA
PHILIPPINES
PORTUGAL
SERBIA
SWEDEN
SWITZERLAND
UNITED KINGDOM
UNITED STATES
VIETNAM

Recent Developments for the First Quarter 2010

This letter is from the Global Equity Services ("GES") group in San Francisco, Chicago and New York. Attorneys in the GES practice group work extensively with multinational employers to design, implement, and maintain equity-based compensation programs, including stock options, stock appreciation rights, restricted stock, restricted stock unit and stock purchase plans for their employees, consultants and directors. Within this context, we provide advice regarding U.S. and non-U.S. tax, securities, labor, exchange control, data privacy and other legal requirements. We design equity-based compensation programs to take into account a client's overall international tax structure and its accounting requirements. We also offer sophisticated and experienced perspectives on option repricing/exchange programs and ways to preserve the equity incentives in transactions such as spin-offs, mergers and acquisitions. In addition to legal services, we deliver project management services and prepare employee communications. To complement our global and domestic benefit plans, we furnish guidance in connection with global and domestic equity-based compensation fiduciary decisions, compare benefit programs and attain compliance. This letter summarizes developments around the world that affect global stock plans and that, for the most part, occurred between January and March 2010. In some cases, we expand on topics mentioned in previous updates.

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First Quarter 2010 — The Trends

As the first quarter of 2010 has ended, we hope that many of you will be able to take a small breather following an annual grant cycle. For the most part, leaving aside the quirky Australian rules, things have settled down a bit on the global legislative and regulatory front. Even with our China SAFE filings, we are finding that the process has become somewhat more regularized and predictable, although surprises continue to pop up on occasion and there are often inexplicable delays.

The recent financial crisis will no doubt have a delayed effect producing legislation and regulatory changes to bolster corporate governance and disclosure with respect to executive pay, as well as "say on pay" and other policies designed to give shareholders and perhaps regulatory bodies more control over companies' executive pay practices. Various bills pending in the House and Senate are designed to accomplish these goals.

Corporate tax reform is also on the front burner, and we continue to assist companies in so-called "redomestication" or "redomiciliation" projects where the corporate headquarters is being moved from, say, Bermuda to Ireland, Switzerland or another jurisdiction. These transactions involve substantial global equity issues, and we have at this stage a good roadmap for achieving the necessary compliance in these transactions.

Even with the improving economy, we find that companies are continuing to focus on containing cost, including the cost of equity programs. In that regard, we continue to see and are involved in projects to optimize tax results through tax recharge agreements, social security tax minimization and other steps to control corporate costs.

At the individual employee level, we see governments increasing tax rates, most notably in the UK. As a result of this, we are seeing heightened interest in UK tax-approved plans, such as Company Share Option Plans or "CSOPs," to mitigate the tax impact on higher income employees.

As for you burying your head in the sand, you may need to look again at the China SAFE issues. In recent weeks, two additional companies have had funds frozen when sent to cover tax withholding because the companies did not have SAFE approvals in place for their equity plans to Chinese nationals. We have now completed over 20 filings and have a good understanding. If you want more information on how or whether you need to make this change, let us know.

OUR GLOBAL PRESENCE



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