

2007
SIXTH
ANNUAL
CONFERENCE

**U.S. PLANS FOR
NON-U.S. COMPANIES**

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Agenda

- Common U.S. Employee Stock Awards
- U.S. Regulatory Considerations and New Developments
- U.S. Tax Considerations and New Developments



Common U.S. Employee Stock Awards



Types of Employee Stock Awards

- Stock Options
 - Incentive Stock Options (ISOs)
 - Non-Qualified Stock Options (NQSOs)
- Restricted Stock
- Restricted Stock Units
- Stock Appreciation Rights
 - Stock-Settled
 - Cash-Settled
- Employee Stock Purchase Rights

Stock Options - ISOs

Features

- Regulated under IRC §422
- Option term may not exceed 10 years
- Must hold shares for two years from grant and one year from exercise to receive preferential tax treatment

Exercise Price

- Exercise price must be equal to or higher than FMV of shares on grant date

Vesting

- Typically time-based vesting

Tax

- If holding period met, tax upon sale of shares at long-term capital gain rates
- Subject to Alternative Minimum Tax ("AMT")

Accounting

- Under APB 25 – non-compensatory plan
- Under FAS 123(r) – fixed accounting amortized over vesting period

Stock Options - ISOs

Comparable to:

France – Qualified Stock Plan

- Specific restrictions on exercise price
- Four-year restriction on sale of shares

Israel – Section 102 Plan

- FMV exercise price
- Restriction on sale of shares (e.g., trust account)

UK – Approved Company Share Option Plan

- FMV exercise price
- Three-year restriction on exercise
- £ 30,000 cap on total awards

Stock Options - NQSOs

Features

- Standard stock option
- No restrictions on length of option term

Exercise Price

- May grant at discounted price, but subject to IRC §409A deferred compensation rules and variable accounting

Vesting

- Either time-based or performance-based

Tax

- Subject to income tax at time of exercise

Accounting

- Under APB 25 – non-compensatory
- Under FAS 123(r) – fixed accounting amortized over the vesting period



Restricted Stock

Features

- Award of stock subject to vesting restrictions
- Shareholder and dividend rights may be included

Purchase Price

- Typically no or minimal purchase price (par-value of shares)

Vesting

- Either time-based or performance-based

Tax

- Subject to income tax on full value of shares, less purchase price, at vesting

Accounting

- Under APB 25 and FAS 123(r) – fixed accounting amortized over vesting period



Restricted Stock

Comparable to:

France – “Free Share” Plan

- Preferential tax treatment
- Four-year restriction on sale (includes two-year vesting requirement)

UK – Enterprise Management Incentives (EMI)

- Preferential tax treatment
- Subject to vesting and transfer restrictions



Restricted Stock Units

- Features**
 - Right to receive shares upon satisfaction of vesting requirements
 - No shareholder rights prior to delivery of shares
- Exercise Price**
 - Typically no or minimal purchase price (par value of shares)
- Vesting**
 - Either time-based or performance-based
- Tax**
 - Subject to income tax on the full value of shares, less purchase price, at vesting
- Accounting**
 - Under APB 25 and FAS 123(r) – fixed accounting amortized over vesting period

Stock Appreciation Rights – Stock-Settled

- Features**
 - Right to receive the appreciation in the value of underlying stock in actual shares
- Exercise Price**
 - Typically FMV of underlying stock on grant date
- Vesting**
 - Typically time-based, but may be performance-based
- Tax**
 - Subject to income tax on full value of shares delivered at exercise
- Accounting**
 - Under APB 25 – “variable” accounting
 - FAS 123(r) – fixed accounting amortized over vesting period

Stock Appreciation Rights – Cash-Settled

- Features**
 - Right to receive the appreciation in the value of the underlying stock in cash
- Exercise Price**
 - Typically FMV of underlying stock on grant date
- Vesting**
 - Typically time-based, but may be performance-based
- Tax**
 - Subject to Income tax on the gain paid out in cash at exercise
- Accounting**
 - Under APB 25 – variable accounting based on mark to market of “intrinsic” value
 - Under FAS 123(r) – variable accounting based on “fair value” valuation

Employee Stock Purchase Rights

Features

- Broad-based plan that allows employees to purchase shares of company at significant discount
- Employee contributions through after-tax payroll deductions
- Under IRC §423, limited to annual share purchases with value of \$25,000
- Typically shares purchased every six months

Purchase Price

- Under IRC §423, the lesser of 85% of the FMV of shares on either the first day of the offering period or the purchase date
- Under FAS 123(r) limitations on discount purchase price may reduce employee benefit and participation

Tax

- Under IRS §423, subject to income tax when shares are sold. Tax rates depend on whether holding periods met

Accounting

- Under APB 25 – non-Compensatory plan
- Under FAS 123(r) – non-compensatory plan, so long as shares purchased at no more than 5% discount on the purchase date

Employee Stock Purchase Rights

Comparable to:

France – PEE

- Employees may make voluntary contributions
- Employer contributions permitted, but capped annually
- Five-year restriction on withdrawal of funds

UK – Approved Savings Share Plans (SAYE)

- Purchase shares at discounted price
- Tax-free monthly contributions
- Three-, five-, or seven-year purchase terms

Trends

- Stock options still primary award
 - NQSOs favored over ISOs
- Restricted stock and RSUs becoming more common
- Stock-settled SARs considered as alternative to stock options with cashless exercise
- Performance-based vesting slowly being implemented
- Limitations placed on purchase rights discounted pricing due to FAS 123(r) expensing
- Greater shareholder activism in award design

U.S. Regulatory Considerations and New Developments

Major U.S. Securities Laws

- Securities Act of 1933 regulates offerings and sales
- Securities Exchange Act of 1934 regulates trading markets
- Other federal laws: 1940 Acts regulate investment companies and advisors
- Sarbanes-Oxley legislation
- State securities laws

Foreign Private Issuers

- Preferential treatment for non-US companies
- Definition based on multiple factors
- Two broad categories: SEC reporting and non-reporting companies
- Eligible to register on Form 20-F with US GAAP financials
- Non-reporting companies can utilize Rule 701
- Reporting companies frequently maintain ADR programs

Exemptions From Registration

- No-sale doctrine for bonus plans
- Rule 506 for senior executive plans
- Rule 701 for option and other plans of non-reporting companies

Rule 701 Practical Implications

- Quarterly reconciliation over \$5 million
- Relation to private offering exemptions
- Meeting the 15% tests
- Grants to consultants

New Registration Issues

- Restricted Stock Units (Deferred Shares)
 - "No-sale" doctrine could apply
 - No individual bargaining and broad class of employees required
 - Not recognized by most state Blue Sky laws
 - Sale of shares to cover tax withholding may require separate registration or exemption
 - Performance criteria can affect no-sale analysis

New Registration Issues

- SARs and Phantom Stock
 - SEC staff treats all-cash SARs as a security, but does not require registration on Form S-8
 - Awards paid in stock may qualify for "no-sale"
 - Separate exemption needed for employee re-sales
 - Comparatively little legal authority
 - Many states have specific exemptions

Federal Securities Laws (SEC Reporting Companies: Form S-8)

- Form S-8
- Can be used for options, ESPP, 401(k), etc.
- Registration Statement filed with SEC
 - Effective upon filing (not reviewed by SEC)
 - Covers issuance and permits free resale of securities
- Prospectus not filed with SEC
 - Describes material terms of plan and tax effects
 - Incorporates Form 20-F by reference

1934 Act Registration

- Registration or exemption required over 500 shareholders/options worldwide
 - Exemption available for up to 300 U.S. holders
 - If over 300, must obtain Section 12(g) exemption
- Full registration required to list on U.S. exchange

Rule 12g3-2(b) Compliance

- Furnish home-country information to SEC
- Within 120 days after exceeding \$10 million or 300 U.S. holders
- Ongoing periodic submissions
- Information not considered "filed" for liability purposes

Impact of Sarbanes-Oxley Legislation

- Forfeiture of CEO and CFO bonuses and profits after an accounting restatement (304)
- Regulation BTR--Blackout Trading Restrictions (306)
- Prohibition on loans to executive officers and directors (402)

U.S. Tax Considerations and New Developments

IRC 409A – Basic Principles

- Internal Revenue Code (“IRC”) Section 409A was created by the American Jobs Creation Act of 2004
- IRC 409A broadly defines the arrangements that qualify as “nonqualified deferred compensation” and provides rigid conditions to avoid immediate taxation
- Deferred compensation that does not comply with the requirements of IRC 409A subjects the participant to the following:
 - Immediate taxation on the deferred amount
 - Interest at the federal underpayment rate plus 1% from the date of the deferral
 - 20% penalty on all amounts included in income

IRC 409A – Basic Principles

Effective for compensation deferrals after December 31, 2004 and for modifications after October 3, 2004, IRC 409A imposes restrictions on:

- Timing of initial deferral elections – *generally prior to the beginning of the year in which earned*
- Events upon which deferred payments may be made – *separation of service (for key employees six months after), disability, death, change in control, unforeseeable emergency*
- Changes to payment elections – *12 months before effective and 5 year minimum deferral*
- No early distributions

IRC 409A – IRS Guidance

- On December 20, 2005, the Internal Revenue Service (IRS) issued Notice 2005-1 to provide guidance on IRC 409A
- Notice 2005-1 provides guidance on what constitutes deferred compensation, transition rules, and other miscellaneous items such as the definition of “Change in Control”
- Prior to the issuance of Notice 2005-1 it was not clear whether certain types of equity awards would be subject to IRC 409A, such as:
 - SARs settled in stock, and
 - Restricted Stock

IRC 409A – IRS Guidance

Notice 2005-1 excludes the following equity-based compensation from coverage under IRC 409A:

- **Nonqualified Stock Options** – granted with an exercise price equal to the fair market value of the underlying stock on the date of grant
- **Stock Appreciation Rights** – granted by public companies that are only settled in stock
- **Restricted Stock** – that is subject to IRC Section 83

IRC 409A – IRS Guidance

Notice 2005-1 clarifies that the following equity-based awards are subject to IRC 409A:

- **Stock Appreciation Rights** – settled in cash
- **Tandem Stock Options/SARs**
- **Stock Options that provide a deferral feature**
- **Performance Shares/Restricted Stock Units**

FAS 123(r) – Effective Dates

- On December 16, 2004, FASB unanimously approved and issued Financial Accounting Standard 123 (revised 2004)
- FAS 123(r) becomes effective **June 15, 2005**, for fiscal years beginning thereafter
- The effective date for non-listed companies is **December 15, 2005** (i.e., fiscal years beginning thereafter)

FAS 123(r) – Basic Principles

Fair-value measurement and recognition of all equity-based compensation

- Measurement of "fair-value" is based on the grant date and amortized over the service period (i.e., vesting or performance period)

Liability-classified awards (cash awards, e.g., Stock Appreciation Rights settled in cash) are recognized based on an "updated" fair-value measurement at the end of each financial period



FAS 123(r) – Basic Principles

Performance-based awards

- Example: 3-year performance period, options vest three-year revenue exceeds \$300 million
- Accrue compensation cost based on estimate of awards that will vest
- Compensation cost may be reversed if the awards are forfeited because the performance conditions are not met, unless the performance condition is classified as a "market condition" (e.g., stock price)



FAS 123(r) – Employee Stock Purchase Plans

- ESPPs will also result in a charge to earnings under FAS 123(r)
- Compensation expense resulting from ESPPs with "look-back" features will be determined using option valuation model based on the grant date
- FAS 123(r) provides a "Safe Harbor" Plan that results in no compensation expense
 - 5% discount on the date of purchase (no "look back")





GENERAL TAXATION		TAXABLE EVENT		APPLICABLE SUBJECT TO TAX	
		EMPLOYEE	COMPANION	EMPLOYEE	COMPANION
STOCK OPTIONS	ISO - PAID IN CASH	•	•	•	•
	ISO - PAID IN STOCK	•	•	•	•
EMPLOYEE STOCK PURCHASE PLAN		•	•	•	•
		•	•	•	•
RESTRICTION STOCK		•	•	•	•
RESTRICTION STOCK UNIT		•	•	•	•

WITHHOLDING, REPORTING & TAX PREFERENCE PLANS

Is the employee obligated to withhold income taxes?
No. The employee is required to withhold income taxes on all Compensation.

Is the employee obligated to withhold social taxes?
No. The employee is required to withhold social taxes on all Compensation.

Is the employee obligated to report the Compensation for the tax authorities?
Yes. The employee is required to report all Compensation to the Internal Revenue Service.

Are tax qualified plans available?
Yes. The tax qualified plans are available for tax qualified stock option and stock purchase plans.

CORPORATE INCOME TAX

Is Compensation tax deductible when paid to the local subsidiary's employees for the parent company?
Yes. Compensation income arising from employee benefit plans whether paid in cash or stock is tax deductible. The tax deduction is generally equal to the amount recognized as Compensation income by the employee (i.e., including interest).

Is the tax deduction contingent upon the type of shares issued by the parent company?
No. Whether newly issued shares or treasury shares are issued by the parent company is not a factor.

Is a written letter company charge back agreement required to verify the tax deduction?
No.

REGULATORY		EMPLOYMENT, LABOR & OTHER	
<p>REGULATORY LAWS</p> <p>Is the parent company or local subsidiary required to file a prospectus or register the shares? Yes. Securities issued to U.S. employees are registered by the U.S. Securities Act of 1933 (the "1933 Act"), the U.S. Securities Exchange Act of 1934 (the "1934 Act") and state securities laws.</p> <p>The 1933 Act and 1934 Act must be detailed federal and state filing requirements with general exemptions that differ according to the state where participants reside. Prior to the issuance of an equity compensation award, which should be obtained in both federal and state securities filing requirements.</p> <p>The 1933 Act governs the offering of a security and related registration requirements, while the 1934 Act governs ongoing reporting. Under the 1933 Act, any offer or sale of securities within the U.S. requires the filing of a registration statement with the Securities Exchange Commission, unless an exemption applies. The most widely relied upon exemption for employee equity compensation plans is Rule 505.</p>		<p>ACQUISITION RIGHTS</p> <p>Are employees required rights claims to plan benefits commensurate and uniformity? No. Equity and other long term incentive awards generally are not considered an acquired right.</p> <p>UNION CONTRACT/LABOR UNION</p> <p>Are employees required to negotiate plan and award modifications with works council/union assets? No.</p> <p>PAYROLL DEDUCTIONS</p> <p>Are there restrictions on payroll deductions? No.</p>	
<p>EXCHANGE CONTROLS</p> <p>Are there restrictions on the exchange and transfer of currency? No.</p>			
<p>DATA PRIVACY</p> <p>Are there any restrictions on transferring the employees' personal information to the parent company or its agents? No.</p>			

**APPENDIX
Stock Options**

Features

- Right to purchase shares of the issuing company once vesting criteria are met.

Exercise price

- Typically based on the FMV of the underlying stock on the date of grant.

Vesting Schedule

- Time-based
 - Typically vest over a four-year period either 25% on each anniversary of the grant date or 25% on the first anniversary of the grant date with the remainder being monthly thereafter in equal installments.
- Performance-based
 - Criteria for vesting set by company.

Accounting Treatment

- Under APB 25 - no earnings charge if award granted at FMV and with time-based vesting.
- Under FAS123(r) - fixed charge based on FMV at grant, amortized over the vesting period.

Dilution

- High dilution because typically larger awards.

Taxation

- For ISOs, preferential federal income tax treatment. (No income tax due on spread upon option exercise, but could create alternative minimum taxes.) Entire gain upon sale of shares is taxed at long-term capital gains rates.
- For NQSOs, income tax at exercise based on the spread (i.e., the difference between the FMV of shares at exercise and, the exercise price.)

**APPENDIX
Stock Options**

ISO Requirements - must satisfy all of the following or else treated as NQSO:

- Stockholder approval.
- Option exercise price must be no less than share fair market value on grant date;
- Maximum amount that is first exercisable in calendar year is \$100,000 measured at grant date;
- Sale of shares cannot occur until at least two years after grant date and at least one year after option exercise date, otherwise "disqualifying disposition" and
- Various other requirements.

Early Exercise - optionee purchases unvested shares subject to repurchase.

- IRC Sec. 83(b) - Elect within 30 days to pay income tax now with the subsequent gain taxed as capital gains; minimize AMT or NQSO tax on spread at exercise.
- Repurchase - Company can repurchase unvested shares at exercise price; this right lapses as shares vest. Note that, separately, a private company will retain a right to repurchase vested company shares upon termination of employment at fair market value - this right will lapse usually within 90 days after termination of, upon company being publicly traded.

**APPENDIX
Stock Options**

Typical Plan Terms

- 10 year option term and 3 months to exercise post-employment.
- Payment in full at option exercise (cash, notes, shares, cashless exercise.)
- Non-transferability of options except by gift to family member.
- Shares not issued until tax withholding satisfied.
- Cancellation or clawback if terminated for cause.
- Company right of repurchase of shares (at FMV on date of termination) (private company.)
- Company right of first refusal (private company.)

**APPENDIX
Restricted Stock**

Features

- Delivery of stock subject to satisfying vesting requirements.
- Dividend and voting rights may be included.

Exercise Price

- Typically no cost or par value depending on plan terms.

Vesting Schedule

- Time-based and/or performance-based.

Accounting Treatment

- Under APB 25 and FAS 123(r) – fixed charge based on FMV at grant and amortized over the vesting period.

Taxation

- Subject to income tax at vesting based on the full value of the shares, less exercise price, if any.

Dilution

- Less dilutive than stock options because awards are for fewer shares.

**APPENDIX
Restricted Stock Units (RSUs)**

Features

- Right to receive shares at a future date subject to satisfying vesting requirements.
- No stock issued at grant.

Exercise price

- Typically no cost or par value depending on plan terms.

Vesting schedule

- Time based and/or performance-based.

Accounting Treatment

- Under APB 25 and FAS 123(r) – fixed charge based on FMV at grant and amortized over the vesting period.

Taxation

- Subject to income tax at vesting based on the full value of the shares, less exercise price, if any.

Dilution

- Less dilutive than stock options because awards are for fewer shares.

**APPENDIX
Stock Appreciation Rights (Stock-Settled or Cash-Settled)**

Features

- Right to receive the appreciation in stock value over a set award term, either stock or cash, subject to satisfying vesting requirements.

Exercise Price

- Typically based on the FMV of the underlying stock on the date of grant.

Vesting

- Typically time-based vesting over a four-year period, either (i) 25% on each anniversary of the grant date, or (ii) 25% on the first anniversary of the grant date, with the remainder vesting in equal installments each subsequent month.

Accounting Treatment

- Under APB 25 – variable accounting, based on mark to market of "intrinsic" value.
- Under FAS 123(r) – variable accounting, based on "fair value" valuation.

Taxation

- Subject to income tax at exercise based on the spread (i.e., difference between the FMV of shares at exercise and exercise price.)

Dilution

- Less dilutive than stock options because fewer shares issued with stock-settled SARs and no shares issued with cash-settled SARs.

APPENDIX
Stock Purchase Rights (ESPP)

Features

- For public companies only.
- Right to purchase shares periodically (e.g., every six months) at a discounted price.
- Employee contribution is through after-tax payroll deductions.
- Typically ESPP is structured to provide preferential tax treatment under IRC §423.

Purchase Price

- For IRC §423 ESPP, up to 15% discount on the share FMV on the first day of the offering period or the purchase date, whichever is less (offering period may be as long as 27 months).

Accounting Treatment

- Under APB 25, generally no expense if IRC §423 requirements are met (e.g., non-compensatory plan).
- Under FAS 123(r), considered non-compensatory plan with no expense if discount limited to 5% of share FMV on date of purchase. If non-compensatory plan limits not imposed, expense based on estimated contribution levels and recorded over the offering period.

Taxation

- For §423 Plan – capital gains tax may apply to proceeds at sale, if shares held for two years from the purchase date. If shares sold before the holding period ends, spread is taxed as compensation.
- For non-IRC §423 Plan – spread is taxed on purchase date as compensation.

APPENDIX
Stock Purchase Rights (ESPP)

IRC §423 Plan Requirements

- Uniform treatment of employees-equal rights and privileges.
- Stockholder approval.
- If requirements cannot be satisfied, tax result is same as for NSOs and may not qualify for favorable accounting treatment.
- US\$25,000 annual share purchase limit.

APPENDIX
Performance-Based Awards

IRC §162(m) Requirements

- Limits annual corporate tax deduction of non performance-based compensation paid to a named executive officer to US\$1 million.
- Applies to U.S. SEC reporting companies.
- Foreign private issuers that file a 20-F are not subject to 162(m).
- Scenarios that could expose foreign companies or their affiliates to 162(m):
 - Publicly-traded U.S. subsidiaries and their officers are separately subject to the rule;
 - Reincorporations/redemptions in which foreign company becomes a U.S. reporting company, and
 - Mergers in which executives of the foreign entity become named executive officers of the resulting U.S. reporting company.

APPENDIX
Listing of Frequently Used Statutes/Regulations

- FEDERAL SECURITIES LAWS (1933 and 1934 Acts)
 - Rule 701
 - Form 20-F, F-4
 - Form S-8
 - Sections 4(2), 3(b)
 - Regulation D (Rule 504, 506)
 - Section 12(g)
 - Schedule TO
 - Reg. S-K
- FINANCIAL ACCOUNTING (FASB)
 - APB Opinion No. 25
 - FAS 123(r)
 - FIN 44
- CALIFORNIA BLUE SKY RULES (Corporations Code)
 - Sections 25110, 25120, 25130
 - Section 25102(o)
 - Regs. 260.140, 41-46
 - Section 25102(f)
 - Section 25113 (Permit)
- FEDERAL INCOME TAXES (Internal Revenue Code)
 - Section 409(A)
 - Sections 421 - 424 (ISO, ESPP)
 - Sections 55-58 (AMT)
 - Section 83(b)
 - Section 162(m)

APPENDIX
Federal Securities Laws (Non-SEC Reporting Companies)

Every issuance (and resale) of a security in U.S. must either be registered or be exempted from securities registration.

- Rule 701**
 Written Plan or Agreement
 Compensation Purposes Only - Cannot be for Capital Raising
 Rule 701 prospectus with U.S. GAAP financials if grant value exceeds \$5 million in any 12 months
 Can rely on Rule 701 to exercise and resell shares post-IPO
 Grant Value of Securities must not exceed in any 12-month period greater of:
 - 15% of Issuer Assets
 - 15% of Issuer Securities of that Class
 - \$1,000,000
- Section 402**
 Rule 506 - Sophisticated offerees (up to 35 non-accredited). Disclosure of company information.
 Definition of accredited investor
 Section 3(b) Regulation D
 Rule 504 - Offering <= \$1m (12 months).
 Rule 505 - Offering <=\$5m (12 months). Sophisticated offerees (<=35 non-accredited).
 No-sale doctrine

American Depositary Receipts

- Level I ADR Programs (Pink Sheets)
 - Rule 12g3-2(b) Exemption
 - Deposit Agreement
 - Form F-6 Registration Statement
- Level II ADR Programs (NYSE or Nasdaq National Market)
 - Registration under the 1934 Act
- Level III ADR Programs (U.S. Public Offering)
 - Registration under the 1933 Act
 - Offering Prospectus
 - Liabilities and Due Diligence
- "Restricted" ADR Programs (Qualified Institutional Buyers)
 - Rule 144A

Forfeiture of Bonuses and Profits

- Applies when there has been
 - A restatement of accounts
 - Due to material noncompliance with reporting requirements
 - As a result of misconduct
- Remedies are
 - Return of equity and incentive compensation
 - Return of profits realized

Regulation BTR

- Applies to a US domestic issuer when
 - A "blackout period" prevents employee trades for 3 consecutive business days, and
 - More than 50% of US employees are affected
- Applies to a "foreign private issuer" when, in addition
 - The number of participants in the US affected exceeds 15% of all employees of the issuer, or
 - 50,000 participants in the US are affected
- Change of plan trustee is most common blackout event

Regulation BTR

- Prohibits transactions by directors and executive officers, wherever located
- Profits realized are recoverable by the issuer
- Notice and filing requirements inform SEC and plaintiff firms of violations
- Separate Labor Law provisions overlap SEC notice requirements

Prohibition on loans

- It is unlawful to
 - Extend or maintain credit
 - Or "arrange" for the extension of credit
 - In the form of a personal loan
 - To any director or executive officer
- Violation is a criminal offense
- Old loans grandfathered
- Limited exemption for foreign banks

Prohibition on loans

- Principal impacts
 - Cashless exercise procedures
 - Executive relocation loans
 - Advances for tax withholding
 - Stock purchase loans of all kinds
- No impact on loans to rank-and-file
 - Other lending restrictions may apply
 - SEC margin rules
 - Truth-in-Lending Act

**APPENDIX
California Blue Sky Laws**

Every issuance (and resale) of a security in California must either be qualified or exempt from California Blue Sky laws.

<p>California Section 25102(o)</p> <ul style="list-style-type: none"> • Exemption for compensatory option plans and sales of stock • Must file 25102(o) notice and pay fees with Department of Corporations • Must be compliant with Rule 701 • Options vest at least 20% per year • Exercise price at least 85% of FMV • Plan must be approved by shareholders • Need 2/3 shareholder vote if option pool exceeds 30% of outstanding shares • Optionees receive company financial information at least annually • Other substantive rules 	<p>California Section 25102(f)</p> <ul style="list-style-type: none"> • For sophisticated individuals • Up to 35 individuals (even 6 months?) • Must file 25102(f) notice and pay fees with Department of Corporations <p>California Permit (Section 25113(b))</p> <ul style="list-style-type: none"> • Use if do not qualify for 25102(o) • Permit Application reviewed by DoC • Request deviations from 25102(o) rules <p>Blue Chip and other Exemptions (Section 25100 et al.)</p>
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Questions?



Thank you for your participation


