

Asia-Pacific Legal Update

June 29, 2007

Craig Tanner
Partner
International
DLA PIPER US LLP



Bernice Toy
Senior Manager -
Stock Programs
APPLIED MATERIALS, INC.



Countries

Australia
China
India
Indonesia
Japan
Malaysia



New Zealand
Philippines
Singapore
South Korea
Taiwan
Thailand
Vietnam

Issues Affecting Global Equity Awards

Securities

Tax

Foreign Exchange

Data Protection

Labor



Australia



- Securities
 - Exemptions
 - Section 708
 - ASIC Class Orders
- Tax
 - No withholding
 - Reporting Required
 - “Temporary Resident” tax legislation



China



- Securities
 - CSRC approval
- Foreign exchange restrictions
 - SAFE accounts for receipt and transfer of funds
- Tax
 - Withholding and reporting required
 - Tax filing requirements



India



- Foreign exchange requirements
- Tax
 - Effective April 1, 2007, equity awards taxed as fringe benefits and tax burden shifts to employer
 - Tax-favored plans eliminated
 - FBT rate of 33.99%
 - Employer's tax burden MAY be shifted to employee
 - Timing of tax
 - For options and RSUs, tax will be assessed at vesting – and due at exercise/delivery
 - For purchase rights, tax will be assessed and due at purchase
 - Tax paid by employer in advance on a quarterly schedule



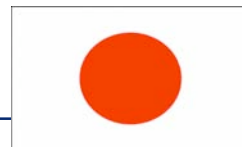
Indonesia



- Securities
 - Prospectus/disclosure exemption available if
 - Shares granted during 12 month are less than Rp 1 billion (US\$113,500) and
 - Shares sold to less than 50 Indonesians worldwide or offer is made to less than 100 Indonesians worldwide
- Tax
 - Withholding and reporting are generally required if the local entity takes a tax deduction



Japan



- Securities
 - Grant-triggered filings – Forms 6, 7 and 7-2
 - Annual filings – Forms 8 and 10
 - Exemption for wholly- and directly-owned subsidiaries
- Tax
 - Supreme Court reversed NTA's decision to impose penalty taxes on stock option income classified as "occasional"
 - Generally, withholding and reporting are required if the Japanese entity is involved in the operation of the plan



Malaysia



- Securities
 - Information Memorandum - filed with the Malaysian Securities Commission for each grant within seven days of the distribution of any grant materials to the Malaysian employees
- Tax
 - 2006 Finance Act - tax due on exercise
 - Withholding and reporting required (unless sub obtains an exemption from withholding)
- Currency Exchange
 - Removal of Central Bank application requirement (April 1, 2007)

New Zealand



- Securities
 - Options generally exempt provided:
 - Notice and reporting requirements met
 - Annual reporting requirements met
 - Certain materials (annual reports, plan document, financial statements) are provided to employees
 - New legislation relating to the Financial Act Reporting requirements, which will allow companies to apply for an exemption from the obligation to file non-consolidated financial statements
- Tax
 - New transitional resident rules
 - FIF: simplified “deemed rate of return” FIF calculation method announced

Philippines



- Securities
 - Exemptions are generally available for stock plans
 - Request exemption in advance of grants
 - Exemption fee based upon the number of shares anticipated to be granted
 - Securities authorities increasing restrictions on exemption
 - Additional annual reporting requirements apply if exemption granted
- Tax
 - Withholding and reporting are required if subsidiary reimburses parent company

Singapore



- Tax
 - Inland Revenue Authority of Singapore (IRAS) has provided details relating to tax deduction available to companies that grant employee stock options and share awards using treasury shares
 - Withholding and reporting are required
 - Deemed exercise rule for transferring employees

South Korea



- Foreign Exchange
 - Repatriation of proceeds in excess of US\$500,000 required within 18 months of transaction
 - Employees must “confirm” with the South Korean foreign exchange bank all remittances of funds to purchase shares
- Tax
 - Withholding and reporting of are required if the parent company is reimbursed by the subsidiary
 - Withholding of social insurance is required regardless of reimbursement

Taiwan



- Foreign Exchange
 - No approval required provided:
 - Less than US\$5,000,000 for each resident; and
 - Less than US\$50,000,000 for subsidiary
- Tax
 - No withholding requirements for options and purchase rights
 - Withholding may be required for RS/RSUs
 - Reporting applies to all awards

Thailand



- Securities
 - Onerous securities disclosure requirements
 - Exemption available for offers to less than 35 persons
 - Annual filing for exempted offers
- Foreign Exchange
 - Repatriation requirements recently clarified
 - Dividend reinvestment programs now permitted



Vietnam



- Foreign Exchange
 - Approval from the State Bank of Vietnam required
 - Annual filing requirement upon receipt of this approval
 - Awaiting release of draft Decree on Foreign Exchange Control by the State Bank of Vietnam
- Tax
 - Withholding and reporting are required



Thank you!
Please contact us with any
questions

Craig Tanner
DLA Piper US LLP
153 Townsend, Suite 800
San Francisco, CA 94107
(1-415) 836-2522
craig.tanner@dlapiper.com

Bernice Toy
Applied Materials
Senior Manager - International
Stock Programs
3050 Bowers Avenue, M/S 2023
Santa Clara, CA 95054
(1-408) 563-5890
bernice_toy@amat.com

