

Employee Stock Option Plan

Frequently asked questions

What is a stock option?

A stock option gives you the opportunity, but not the obligation, to purchase a specific number of shares of your company's stock at a specific price for a specific period of time.

How are my options taxed?

(Note: UBS Financial Services Inc. does not give tax advice. The following information is intended to help you discuss your situation with your tax advisor.)

Nonqualified stock options (NQs)—Generally, when you exercise a nonqualified stock option, the difference between the option grant price and the fair market value (FMV) is treated as ordinary income and, as such, is subject to normal federal, state, and local income taxes and FICA (social security) taxes. If you buy and sell your options simultaneously in a cashless same day sale, the FMV is the actual sale price of the shares. If you buy and hold the shares, the FMV is outlined in your company's plan documents.

Incentive stock options (ISOs)—Generally, ISOs are accorded special tax treatment. For income tax purposes, the difference between the option grant price and the fair market value (FMV) is not recognized as ordinary income when the options are exercised. Instead, the taxation is based on additional factors.

If you hold the shares you received from the exercise for over one year from the exercise and two years from the grant date, the difference between the exercise price and the sale price is taxed as a long-term capital gain with tax rates that are generally more favorable than ordinary income tax rates.

If you sell the shares within one year of the exercise, much or all of your gain will be taxed as ordinary income. If the sale price is higher than the fair market value on the date you exercised, you recognize ordinary income on the difference between the grant price and the FMV.

And the difference between the FMV on exercise and the sale price is recognized as long-term capital gain. If the sale price is equal to or less than the FMV on the date you exercised, the entire difference between the exercise price and the sale price is considered ordinary income and is subject to ordinary income tax rates.

There is a \$100,000 per year limit per employee on ISO treatment of stock received on exercise of options. When options become or are exercisable during a given tax year, only the first \$100,000 worth of stock received on exercise of options may be treated as ISO stock for tax purposes. The excess over \$100,000 will be treated as stock received on exercise of NSOs.

Gains on options may also be subject to the alternative minimum tax. Always consult your tax advisor regarding an exercise of options and sale of stock.

How do I determine what type of stock option I have?

Click on the "Grants" tab from the home page to view your Stock Options. The type of stock option you have been granted is listed under the Grant Type column.

When will my stock options become exercisable (vested)?

Your stock option vesting schedule is available on this website.

Am I obligated to exercise my options?

Stock options are just that: you have an option whether or not to purchase shares of your company's stock. You are under no obligation to do so; however, stock options will expire if still unexercised prior to the specified expiration date. There are specific guidelines for expiration dates that occur on weekend dates or stock market holidays, and the expiration date will likely change if you leave your company. Please refer to your grant agreement for details.

How do I exercise my stock options through your firm?

UBS Financial Services Inc., one of the country's leading wealth managers, is the designated broker for your stock option program. There are several ways in which you can exercise your stock options:

- **Via the Internet**—You may exercise your stock options through this website (UBS One Source).
- **Via a Financial Advisor**—You may exercise your stock options by telephone. Please contact the UBS Equity Plan Advisory Services to learn more.

Before you can exercise options through UBS Financial Services Inc., you must complete and submit an Account Authorization Form (a W-9 Form for U.S. employees or a W-8BEN Form for non-U.S. employees). You can easily submit this form online via the links found on the home page under the "Online Forms" section. It is important to activate your account so that you will be able to perform transactions, and by properly completing your tax form, you will not be subject to backup tax withholding.

What charges are involved when exercising my options?

Commission charges (incurred with each sale transaction) apply. Transaction charges include commissions paid, processing and handling fees, and transactions fees. Please contact the UBS Equity Plan Advisory Services for more information.

Optional service charges are as follows:

Optional Services

- | | |
|--|-------------|
| – U.S. destination wires | |
| – ≤\$1,000 | \$10.00 |
| – >\$1000 | \$25.00 |
| – Foreign destination wires | No charge |
| – Overnight/expedited delivery service | As incurred |
| – Payment via ACH | No charge |
| – Currency conversion ⁴ | As incurred |

Are there any account fees associated with my UBS Account?

There are no account maintenance fees for your limited-purpose UBS account. However, commissions and fees apply to most trades, currency conversions, wire transfers and other optional services.

What methods are available to me for exercising my stock options?

There are several choices available to you for exercising your stock options:

Same-day sale—A same-day sale, also called cashless exercise, does not require you to deposit funds into your UBS account to pay for the exercise. Instead, this method instructs us to exercise your options and sell all of the shares. You will receive the proceeds of the sale minus the option cost, applicable commissions, fees and taxes. There is no out-of-pocket expense to you.

Cash exercise—A cash exercise requires you to deposit funds into your UBS account to exercise your options. You can place a cash exercise directly through the UBS One Source website or by contacting a Financial Advisor. We will calculate your out-of-pocket costs and exercise your options. UBS will need to receive a check or wire transfer within three (3) business days of the transaction date to cover the option cost, applicable fees and taxes. You will be notified of the tax payment due. Please note that if your funds are not received within three business days of the exercise date, shares may be sold in accordance with applicable rules and U.S. federal regulations. A late payment charge may also result due to any delay of payment. Once your option cost and tax payments are received, your company stock will be delivered to you per your instructions.

Sell-to-cover—In a sell-to cover exercise, you instruct us to exercise your options and purchase your company stock for you. You do not have to deposit money to exercise your options and retain your company stock. The firm will sell only the number of shares of your company stock in the open market needed to cover the option cost, applicable commissions, fees and taxes, subject to slight adjustments that may be required to accommodate market price fluctuations. The remaining shares belong to you.

Market sell order vs. limit sell order:

Market sell order—A market sell order is a request for the firm to sell shares at the current stock price, subject to normal market fluctuations. If your market sell order is received while the Exchange is closed it will be held and processed at the market price when the Exchange opens on the next trading day. However, you should note that there is a risk associated with placing a market sell order when the market is closed (i.e., the stock may open at a price lower than the previous day's close; consequently, your option will be automatically exercised and your shares sold at a lower price than you may have anticipated).

Limit sell order—A limit sell order is a request to sell the shares at a specified price or better, which must be higher than the current market price. Limit orders are executed on a first-in, first-out basis. A limit sell order is good for either one day, or Good-till-Cancelled (GTC) as the length of which is outlined by your company. A GTC order will remain as an open order until you change or cancel it, your company goes into a blackout or your options expire.

If I perform a cash exercise, how do I get the funds to UBS Financial Services Inc.?

You may send a check or bank wire to cover your option cost and tax liability. Please send checks to: UBS Financial Services Inc., Attn: Equity Plan Advisory Services, 1000 Harbor Boulevard, Weehawken, NJ 07086.

If you choose to send a bank wire, please use the following wire instructions:

Bank UBS AG

ABA # 026007993

Acct Name UBSPW

Retail Acct # 101-WA-258641-000

Swift Code# UBSWUS33

Your name as it appears on your UBS account

Your seven character UBS account number #

(Ex. 6QA0001)

The amount of your option cost and tax obligation is due within three U.S. business days from the vest date. If this amount is not received by UBS Financial Services Inc. during the third day after the exercise date, shares may be sold to cover taxes.

What is the company's policy for good-'till-cancelled (GTC) orders?

Please call UBS Equity Plan Advisory Services to find out the maximum number of calendar days for which your company has stipulated that good-'til-cancelled orders will be effective. GTCs are also subject to blackout and job status changes.

When will I receive my proceeds?

Upon the sale of the underlying shares from an exercise of your stock options, the proceeds will be distributed, as per your instructions, three business days after the date of sale.

What are my choices for distribution of those proceeds? What are the fees?

You can choose to keep your proceeds in a UBS account or request to have your proceeds sent to you in one of the following manners:

Regular mail—On the third business day after a sale, a check will be deposited in the mail. No fee involved.

Overnight/expedited delivery service—At your request, on the third business day after a sale, a check will be sent to you via overnight mail service. Additional overnight delivery fees will apply.

Bank wire—At your request, on the third business day after a sale, a bank wire will be sent to an account provided by you. In this case, a bank wire form must be completed and sent to us no later than two business days after the sale to accommodate a timely transfer of funds. You may also submit this form on-line. Additional wiring fees will apply.

ACH—The ACH (Automated Clearing House) transfer proceeds method allows you to transfer proceeds resulting from a transaction to a U.S. financial institution that participates in ACH. The proceeds from your transaction will be transferred to your selected ACH account five business days following your trade date. There is no fee.

If you would like assistance from a UBS Financial Advisor regarding the UBS account alternatives available to you, please contact UBS Equity Plan Advisory Services and let them know you would like to speak with a Financial Advisor. The representative will ensure that you are directed to a Financial Advisor who is specially trained on your company plan.

Can I have my proceeds wire-transferred to another financial institution? What are the fees?

You can have your proceeds transferred via wire to another financial institution. You must provide UBS Financial Services Inc. with a completed Bank Wire Transfer form, which you can conveniently submit online. You will find the form on the home page in the "Online Forms" section. Wire fees will apply.

You may also choose to expand your UBS relationship. UBS offers financial planning services that may be appropriate for clients in your situation. If you have questions as to whether UBS could assist you in your financial planning needs, please contact UBS Equity Plan Advisory Services and let them know you would like to speak with a UBS Financial Advisor. The representative will ensure that you are directed to a Financial Advisor who is specially trained on your company plan. Certain UBS Financial Services Inc. products and services require the establishment of a full-service account, which would require additional documentation and may not be available in all jurisdictions. Additional fees may apply, depending on the products and services selected.

Can I exercise my options through a broker other than UBS Financial Services Inc.?

No. UBS is the designated broker for your stock option plan. However, if you would like to transfer funds from your account with your private broker to pay costs associated with an exercise and transfer shares to your private account there, please contact us.

Whom do I contact if I have questions about my stock options?

If you have questions about your stock option plan, you should contact UBS Equity Plan Advisory Services.

How do I print copies of my stock option website information?

Several of the screens on the UBS One Source website require scrolling left to right to see the entire text. To print a copy of a wide-view screen, have the page on the screen that you want to print; select the 'File' option on the menu bar, click on 'print'-click on 'Properties' and select the 'Paper Size' tab, change 'Orientation' to landscape, and then click on 'OK'.

I have moved. Whom do I notify to have my address changed?

If you have moved, you must notify your company's Human Resources department to have your address updated.

What are the hours of operation for the New York Stock Exchange and the NASDAQ, and what U.S. holidays are observed by these exchanges?

This information is available on the bottom of the pre-login screen of this UBS One Source website.

Can UBS help me fit my stock benefits into an overall financial plan?

UBS Financial Services Inc. offers financial planning services that may be appropriate for clients in your situation. If you have questions as to whether or not UBS could assist you in your financial planning needs, please contact the UBS Help Desk and let them know you would like to speak with a Financial Advisor. The representative will ensure that you are directed to a Financial Advisor who is specially trained on your company plan. Certain UBS Financial Services Inc. products and services require the establishment of a full service account, which would require additional documentation and may not be available in all jurisdictions. Additional fees may apply, depending on the products and services selected.

UBS Financial Services Inc. and its Affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with UBS Financial Services Inc. of any of the matters addressed herein or for the purpose of avoiding U.S. tax related penalties.

¹ All fees are subject to change.

² Multiple same day business transactions are aggregated at the end of each business day to calculate applicable fees.

³ Transaction fees: For each sale of stock in a brokerage account, UBS is required to pay a fee to a self regulatory organization, which must pay the U.S. Securities and Exchange Commission (SEC) a transaction fee based on volume of securities sold on its market. This nominal fee is subject to change by the SEC.

⁴ Currency conversions for UBS Financial Services Inc. (UBSFS) are provided by an affiliate, UBS AG or UBS Securities LLC at competitive rates. Built into those rates is a mark-up of 125 basis points (1.25%). The currency conversion rate appears on the account statement.