

The Share Matching Plan (SMP)

Understanding the Sell-to-Cover (STC) Option



You haven't yet set STC as your preferred payment method for all future tax payments? Then read on.

How does STC work?

STC is a simple tax payment method that helps offset the tax burden related to the vesting of SMP matching shares. STC ensures a timely payment of your taxes, helps avoid one-time deductions from your income, and allows you to keep a consistent net pay.

With STC, you automatically authorize the sale of just the matching shares necessary to cover

your tax liability, if any (based on the applicable tax rate which varies from country to country). Any remaining shares will be delivered into your EquatePlus account.

No further action is required if you do not wish to sell any shares. In this case, please expect to pay your taxes through the payroll, or where income deductions are not possible, via the invoicing process in September 2016.

In this document you will learn more about STC and how to elect this option. Please also explore the [Sell-to-Cover Jam page](#).





WHAT YOU NEED TO KNOW

- No action is required if you do not wish to elect STC to pay the taxes of your SMP 2013 matching shares. Any taxes that you owe will be settled through the payroll or invoicing process (unless you have set STC in last year's election as your preferred payment method for all future SMP tax payments).
- If you wish to apply STC, please indicate this on the [EquatePlus](#) online platform from **July 11, 2016 00:00 CET until August 9, 2016 23:59 CET**.
- If you have not yet accepted your contractual agreements with biw (for colleagues outside the U.S.), you will be prompted to do so when logging into EquatePlus as this is a requirement for STC.
- Unlike last year, the Sell-All option is not being offered in 2016 due to the timing of the vesting and payroll cut-off dates, as this may lead to delays in the payout of your share sale proceeds. If you previously selected Sell All as your preferred tax payment method, your choice will be voided and the payroll/invoicing process option will be set as the default payment method. If you wish to sell all your shares (including shares from other SMP plans of previous years), please do so in EquatePlus after you received your matching shares.





SHARE QUANTITIES

How many shares will be sold?

To determine the number of matching shares needed to be sold to cover your tax liability, the taxes will be calculated based on your country's marginal tax rate. The required number of shares will be rounded up so that the share sale proceeds are higher than the amount needed to cover your tax liability. The remaining amount will be paid back with your payroll payment. Your individual tax rate may be lower; therefore, your local payroll department will calculate the tax liability based on your individual tax rate. The difference in the amounts will be paid out together with the above mentioned remaining amount in the next payroll run.

FEES AND TAXES

Are there any fees or taxes when I sell shares?

A transaction fee of 0.3% (min. €20) of your share sale proceeds applies to shares sold through Equateplus, including the STC option.

Note that taxes apply per local tax laws and may have to be reported in the annual tax return. For more information, please refer to the [Sale](#) section of the [country-specific tax guides](#).

In Germany, capital gains taxes will automatically be deducted from the share sale proceeds. This applies to any shares sold through EquatePlus, including the STC option.





UNSOLD SHARES

What happens to the portion of my shares that does not get sold?

Any remaining portion of your SMP 2013 matching shares will be delivered into your EquatePlus account after vesting and will be available to you until August 17, 2016. No further action is required by you.

STC KEY DATES IN 2016

Jul 11–Aug 9	Online election of the STC tax payment method on EquatePlus
Aug 16–17	Tax calculation and selling of shares
Aug 17 (latest)	Delivery of any remaining matching shares into your EquatePlus account
Sep 30	Pay out of remaining payments from payroll



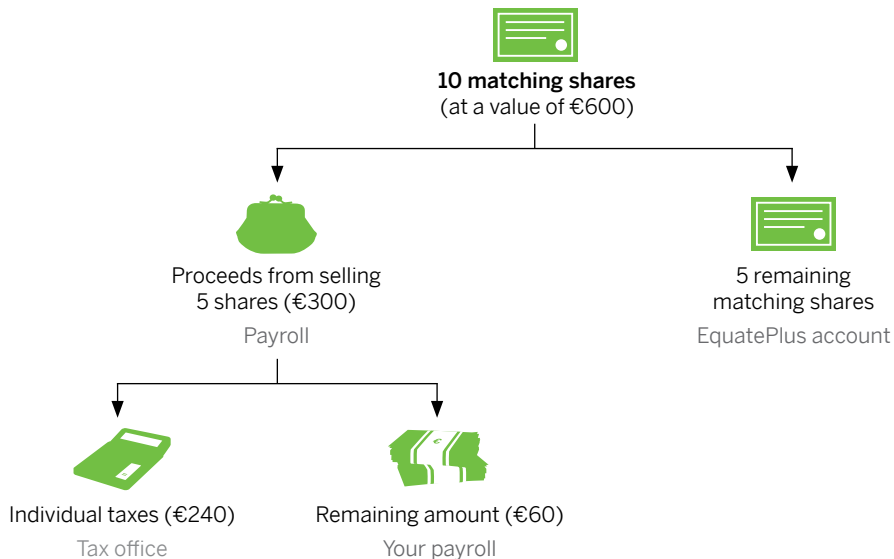


CALCULATION EXAMPLE

The value of matching shares represents a taxable amount. Shares will be sold to cover the taxes calculated on the basis of an applicable country's tax rate (for example, $€600 \times 42\% = €252 \rightarrow 5$ shares to be sold at a value of €300).

The remaining shares will be transferred into your EquatePlus account. Payroll calculates the taxes based on your individual tax rate. For example, $€600 \times 40\% = €240$. The remaining amount ($€300 - €240 = €60$) is then paid out via the September 2016 payroll run.

The local payroll department will pay the tax amount to your tax office. Note that you can find your taxable amount and share sale proceeds in your payslip. The remaining amount is not separately indicated.



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