

## **SUB-PLAN United States**

### **Modifications to Plan 2007 – 2011 for Residents of the United States Allotment 2010**

In accordance with the provisions of this Annex, the following terms and conditions shall supplement the language of the Plan and shall apply to a grant of warrants to a resident of the United States. In the event there is a conflict between the language in this Annex and that found elsewhere in the Plan, the language in this Annex shall control.

1. **Definitions.** For purposes of this Annex, the following terms shall be defined as set forth below:
  - (a) “Affiliate” shall mean any parent or subsidiary corporation. For these purposes, the term "parent corporation" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of the Option Grant Date, the corporation possesses more than 50% of the total combined voting power of all share classes in one of the other corporations in the chain. The term "subsidiary corporation" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of the Option Grant Date, each of the corporations possesses more than 50% of the total combined voting power of all share classes in one of the other corporations in the chain.
  - (b) “Common Shares” shall mean the ordinary shares of Tessenderlo Chemie SA.
  - (c) “Company" shall mean Tessenderlo Chemie SA.
  - (d) "Disability" shall mean a physical or mental impairment which renders the Participant permanently and totally disabled such that he or she cannot engage in any substantial gainful activity and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. A Participant shall not be considered to be disabled unless proof of such disability is provided in the form and manner required (if any) under Internal Revenue Code Section 22(e).
  - (e) “Employee” shall mean any individual who is a common law employee of the Company or of any Affiliate.
  - (f) “Exercise Price” shall mean the price per share that must be paid by a Participant to acquire one Common Share subject to an Option.
  - (g) “Fair Market Value” shall mean the closing price of the Common Shares on the principal exchange on which Common Shares are traded on the applicable date.
  - (h) “Grant Date” shall mean the date that an Option grant becomes effective pursuant to the Company’s corporate governance provisions, the language of

the Plan and other applicable laws that specify the actions required in order to effect the grant of an Option under the Plan.

- (i) "Incentive Stock Option" shall mean a warrant granted under the Plan that is the type of option described in Internal Revenue Code Section 422(b).
- (j) "Internal Revenue Code" shall mean the Internal Revenue Code of the United States, as amended.
- (k) "Nonqualified Stock Option" shall mean a warrant granted under the Plan that is not an option of the type described in Internal Revenue Code Section 422(b).
- (l) "Option" or "Stock Option" shall mean a warrant granted under the Plan that is treated as either a Nonqualified Stock Option or an Incentive Stock Option.
- (m) "Optionee" shall mean a Participant holding an Option under the Plan.
- (n) "Participant" shall mean an individual to whom an Option has been awarded under the Plan.
- (o) "Plan" shall mean the document referred to as the "TESSENDERLO GROUP - Terms and conditions of the emission of warrants of Tessenderlo Chemie SA - Reserved for Top Directors of Tessenderlo Group - PLAN 2007-2011."
- (p) "Termination of Employment" shall mean a termination of a Participant's services with the Company or an Affiliate for any reason. A transfer of employment or services between or among the Company and an Affiliate shall not be considered a Termination of Employment. For these purposes, the employment relationship is treated as continuing intact while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of such leave does not exceed three months, or if longer, so long as the Participant's right to reemployment with the Company or an Affiliate is provided either by statute or by contract. If the period of leave exceeds three months and the Participant's right to reemployment is not provided either by statute or by contract, the employment relationship is deemed to terminate on the first day immediately following such three-month period.
- (q) "Voting Power" shall mean the total combined rights to cast votes at elections for an entity's board of directors.

2. Classification of Awards. The awards granted under the Plan shall be treated as either Nonqualified Stock Options or Incentive Stock Options. Incentive Stock Options may only be granted to Employees of the Company or of an Affiliate. To the extent that any Option is not designated as an Incentive Stock Option (or if an Incentive Stock Option does not qualify as an Incentive Stock Option under the provisions of this Plan and the Internal Revenue Code), it shall be treated as a Nonqualified Stock Option.

3. Maximum Number of Incentive Stock Option Awards. The maximum number of Common Shares that may be awarded in the form of Incentive Stock Options under the Plan is that number stated in Section 1.1 of the Plan, as further limited by the allotment of warrants for any particular calendar year. To the extent that an outstanding Incentive Stock Option expires or terminates or is canceled or forfeited, the Common Shares subject to such Incentive Stock Option shall again be available for re-issuance under the Plan.
4. Limit on Grant of Incentive Stock Options. To the extent the aggregate Fair Market Value (determined as of the Grant Date) of Common Shares with respect to which Incentive Stock Options are exercisable for the first time during any calendar year (under the Plan and all other similar types of plans of the Company and/or any Affiliate in which the Optionee participates) exceeds \$100,000, such portion in excess of \$100,000 shall be treated as a Nonqualified Stock Option. In the event the Optionee holds two or more such Options that become exercisable for the first time in the same calendar year, such limitation shall be applied on the basis of the order in which such Options are granted.
5. Option Exercise Price. On the Grant Date, the Exercise Price for each Common Share subject to a Nonqualified Stock Option or an Incentive Stock Option shall not be less than 100% of the Fair Market Value per share of the Common Shares on the Grant Date. Notwithstanding the above, in the event the Incentive Stock Option is granted to an individual who owns more than 10% of the total Voting Power of all classes of Common Shares, then the Exercise Price for each Common Share subject to the Incentive Stock Option shall not be less than 110% of the Fair Market Value per share of the Common Shares on the Grant Date.
6. Incentive Stock Option Grant Date. An Incentive Stock Option must be granted to an Employee within the 10 years from the earlier of the date the Plan was amended to include this Annex, or the date this Annex was approved by Company shareholders.
7. Term of Incentive Stock Option. In the event an Incentive Stock Option is awarded to an individual who owns more than 10% of the total Voting Power of all classes of Common Shares, then the Incentive Stock Option shall expire no later than the date 5 years from its Grant Date.
8. Exercise of Incentive Stock Option. An Incentive Stock Option must be exercised by an Optionee within 10 years from its Grant Date.
9. Exercise of Incentive Stock Option following Termination of Employment. In the event an Incentive Stock Option is exercised more than 3 months after an Employee's Termination of Employment, or is exercised more than 1 year after a Termination of Employment because of death or Disability, the Incentive Stock Option shall be treated as a Nonqualified Stock Option and may continue to be exercised during the remaining term (if any) of the Option.
10. Assignment of Incentive Stock Option. An Incentive Stock Option must be exercised by the Participant, or by a legal representative of the Participant (such as in the case of disability or death). No Incentive Stock Option granted under the Plan may be assigned, pledged or transferred by a Participant other than by will, the applicable

laws of descent and distribution or by a domestic relations order entered by a court of competent jurisdiction.

## **Incentive Stock Options**

The tax treatment of the ISOs granted under the Plan in the United States is as follows:

### *Taxable moment and taxable income*

There is no taxation at grant provided the ISOs have no “readily ascertainable value” at the date of grant.

There is no taxation at exercise.

If the shares obtained upon the exercise of the ISO are sold before the date 2 years from the grant date and 1 year from the exercise date, a “disqualifying disposition” of the ISO shares will occur. Upon a disqualifying disposition, the ISO holder is taxed as follows.

- The difference between the traded price of the ISO shares on the exercise date and the price paid to acquire the ISO shares is taxable to the employee as wages (and is taxed at ordinary income rates). No income tax withholding is required, and the amount taxable to the employee is not subject to social security taxes. Note that if the traded price of the ISO shares on the date of sale is less than that on the date of exercise, then the employee would recognize no wages related to the sale.
- The dollar amount of the ISO exercise price paid, plus any wages taxable to the employee upon the sale, becomes the employee’s tax basis in the shares. Any remaining gain or loss on the sale is treated as a short term capital gain or loss.

If the shares obtained upon the exercise of the ISO are held for at least 2 years from the grant date and 1 year from the exercise date, any gain or loss on the sale is a long term capital gain or loss.

### *Reporting*

The amount of wages realized by the employee upon a disqualifying disposition is reported to the employee on a Form W-2 for the year in which the ISO shares are sold. These wages are not subject to social security taxes.

### *Tax and social security rates for income year 2010*

The maximum marginal Federal tax rate in the U.S. is 35% on all income in excess of \$373,650 for single individuals, married couples filing jointly and for heads of household. For married couples filing separately, the 35% tax bracket applies to all income over \$186,825. Taxable income between \$171,850 and \$373,650 for singles, between \$209,250 and \$373,650 for married couples filing jointly, between \$104,625 and \$186,825 for married couples filing separately and between \$190,550 and \$373,650 for heads of household is taxed at a rate of 33%.

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<sup>1</sup> Tessengerlo Chemie SA/NV – Warrant Plan 2007 – 2011.

Additionally, state income taxes will be due. For instance, in *Arizona* the maximum applicable rate is 4.54% for all income above \$150,000 for single or married filing separately and above \$300,000 for married filing jointly and head of household. In *Louisiana*, the maximum tax rate is 6% for all income above \$50,000 for single, married filing separately, or head of household, above \$100,000 for married filing jointly or qualifying widow(er). *Pennsylvania* has a flat income tax rate of 3.07%. Finally, there is no personal state income tax in *Texas*.

U.S. social security (“FICA”) contains two components, i.e. OASDI and Medicare. OASDI is taxed at a rate of 6.2% up to 2010 ceiling of \$106,800, and Medicare is taxed at 1.45% without a ceiling. These percentages are applicable to both the employer and employee.

### Capital gains tax

Capital gains tax will be due on the difference between the stock price at the moment of the sale and the stock price at the moment of exercise (when there is a difference). The capital gains tax is a fixed rate of 15% for assets held more than 12 months (note that taxpayers in the 10% and 15% marginal tax brackets are taxed at 0% during 2008, 2009 and 2010). Capital gains on assets held less than 12 months are taxed at individual marginal income tax rates.

Capital gains realized upon sale of stock options are not subject to FICA tax.

In general, states tax capital gains at ordinary income tax rates.