

# ATTRACTIVE ALTERNATIVE TO A CASH BONUS

## BONUS IN THE FORM OF WARRANTS

BUDGET OF EMPLOYER BONUS = € 1000

Simulation of 3 cases:

1. The warrants are sold 2% below the purchase price.
2. The warrants are sold at purchase price.
3. The warrants are sold 2% above the purchase price.

	PAYMENT OF THE BONUS BUDGET IN THE FORM OF CASH		PAYMENT OF THE BONUS BUDGET IN THE FORM OF CALL WARRANTS		- 2%	=	+ 2%
EMPLOYER SIDE	Employer payments (based on a rate of 28%)	-€207	Employer contributions (exemption <sup>2</sup> )	-€0	-€0	-€0	-€0
			Issuance fees (5%)	-€50	-€50	-€50	-€50
	<b>Gross bonus (+ holiday pay)</b>	<b>€793</b>	<b>Allocation value of Call Warrants for the employee</b>	<b>€931</b>	<b>€950</b>	<b>€969</b>	
EMPLOYEE SIDE	Personal payments (13.07%)	-€104	Personal payments (exemption <sup>2</sup> )	-€0	-€0	-€0	-€0
			Miscellaneous costs payable by the employee (up to 1.35% <sup>4</sup> )	-€13	-€13	-€13	-€13
	Personal income tax (53.5% <sup>3</sup> )	-€369	Personal income tax (53,5% <sup>3</sup> of the allocation value)	-€508	-€508	-€508	-€508
	<b>Income after tax<sup>5</sup></b>	<b>€321</b>	<b>Income after tax<sup>5</sup></b>	<b>€410</b>	<b>€429</b>	<b>€448</b>	
	<b>Income after tax / Bonus budget</b>	<b>32%</b>	<b>Income after tax / Bonus budget</b>	<b>41%</b>	<b>43%</b>	<b>45%</b>	
			<b>A bonus in call warrants rather than cash allows eligible employees to receive a post-tax income x times higher</b>	<b>1,27</b>	<b>1,34</b>	<b>1,40</b>	

<sup>1</sup> Rate that is not applied on a portion of the gross since it is part of the holiday pay which is only partially subject to social security payments.

<sup>2</sup> Interpretation of BNP Paribas based on the opinion of the ONSS regarding the application of the Royal Decree of 5 October 1999 which states that "the benefit gained from stock options" is exempted from social security payments. Situation in June 2018.

<sup>3</sup> Maximum rate of withholding tax.

<sup>4</sup> Miscellaneous costs of about 1%, including brokerage costs and tax on Stock exchange transactions (0.35%).

<sup>5</sup> The final tax level of an individual depends on several factors and is not calculated here. The withholding tax applied might not fully cover the tax due.

The hard data provided herein is for information only and serves to illustrate how the Call Warrants work. It is no indication of future results and should under no circumstances be considered as a business proposal.

