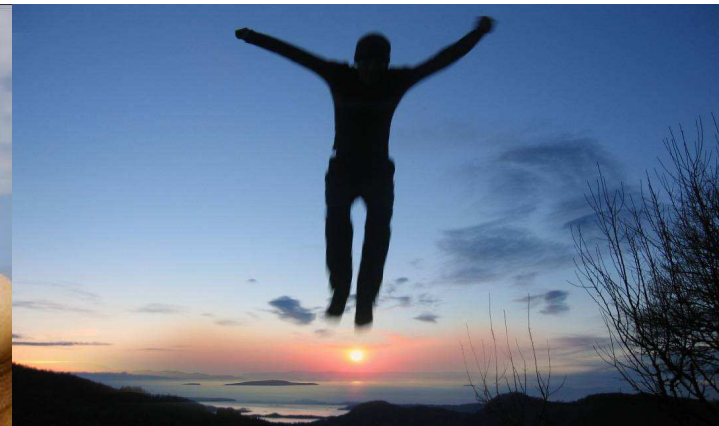


The Use of the Innovation Box in the Netherlands

Executive Summary

April 2010



Innovation Box – Key Features

- Income from self developed know-how taxed at 5%
- R&D expenses deductible at ordinary rate of 25.5%
- No thresholds or caps
- Optional
- Dutch treaty network provides for tax efficient licensing
- Full credit for foreign withholding tax



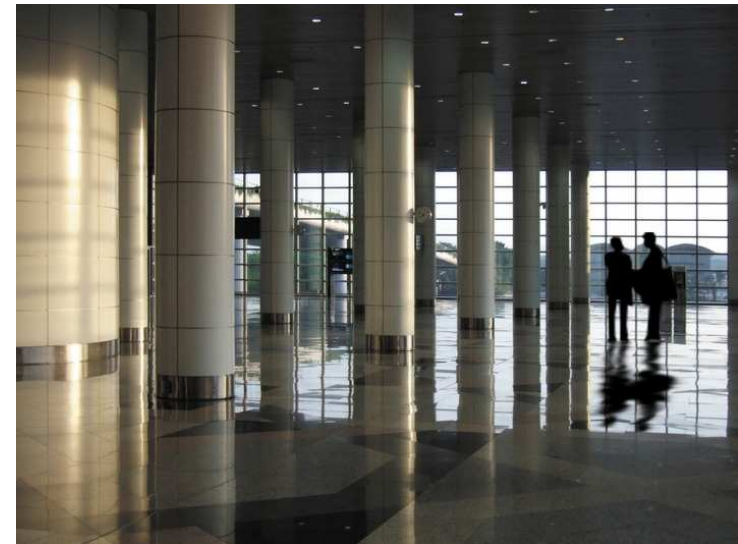
Innovation Box - Components

- Innovation income
 - royalties
 - manufacturing
 - sales / services
 - outside / inside the Netherlands
 - capital gains included
- Income from patented know-how
 - self developed patents
 - legal ownership of patent at DutchCo
 - foreign patents also qualify
- Non patented technical know-how
 - certified R&D activities
 - software, trade secrets, technology know-how

Not trademarks, brand names, copyrights, image rights or acquired intangibles

Innovation Box - Calculation

- 80% (5/25%) of Qualifying Income is excluded from the Dutch tax base, 20% taxed at 25.5% (= 5%)
- Recapture for R&D expenses and exploitation losses to the extent income exceeds such expenses / losses
- Full credit for foreign withholding tax (at effective rate of 5%)



Innovation Box – Calculating Qualifying Income (1)

- No statutory methods
- Practical approval Dutch tax authorities
- Analyze functions
- Qualifying Income Base



Innovation Box – Calculation Qualifying Income (2)

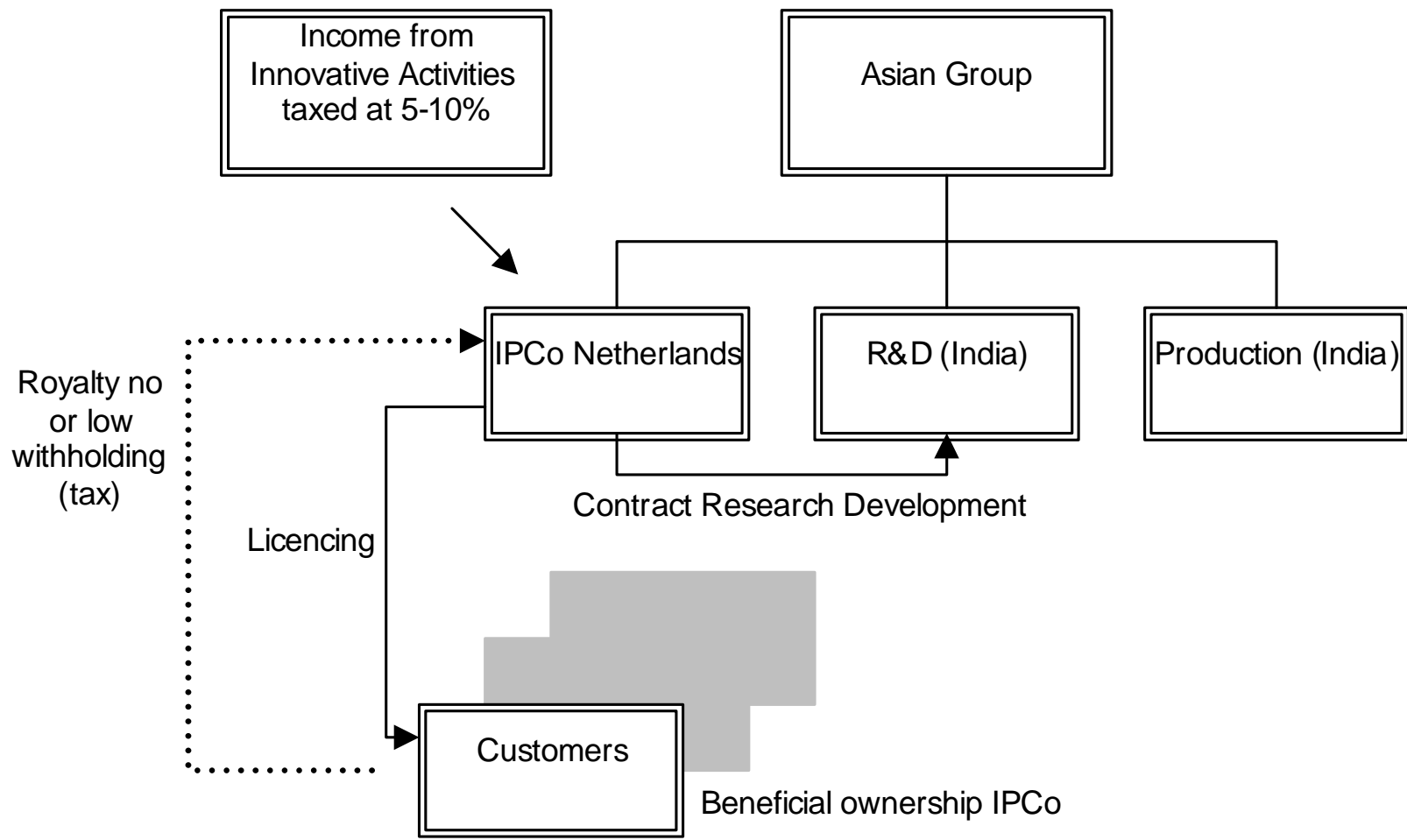
Approach Dutch tax authorities

1. Consolidated Qualifying Business Assets approach
 - Profit split when R&D is core activity (taxable profit allocated to KERT functions, e.g. sales 40%, entrepreneur 30%, R&D 30%)
 - Cost plus when R&D is not core activity

2. Individual Qualifying Business Asset Approach

Innovation Box - Outsourcing

- Contract Research R&D is possible
- Patented know-how
 - no restrictions
 - DutchCo should be the principal
- Non-patented know-how
 - certified R&D
 - maximum of 49% R&D to be outsourced



Innovation Box – Comparison other jurisdictions

	NL	Belgium	Luxembourg
Effective Tax Rate	5%	6.8%	5.7%
Qualifying Income	Innovation income patented know-how	Patents only	Software, patent, trademarks or brands, domain names, design
Capital gains	Yes	No	Yes
Deduction R&D Expenses	No	Limited	No
Cap/Threshold	No	No	No
Self-Developed	Yes	Yes	No

The Firm in a Glance

- Since 1898
- Leading independent The Hague based Corporate and Tax law firm
- Approximately 100 employees
- Corporate, Tax, M&A, Capital Markets, Finance, Real Estate
- Recommendations and Listings in the Tax Directors Handbook 2009, The Legal 500 EMEA Editions for Corporate, Commercial, Intellectual Property and Tax
- Client base consists of multinationals and medium-sized private companies, institutions and investment funds.
- Our focus is on complex capital markets, cross border corporate transactions and international tax planning
- Through our label Exterus (www.exterus.nl) we also provide expatriate related services including payrolling, visa and tax compliance.

Recognitions

Buren is listed in The Tax Directors Handbook 2009 and has been listed as one of the main firms in the Netherlands for, inter alia, Corporate and M&A, Restructuring & Insolvency, Tax, Employment and Intellectual Property by The Legal 500 Europe, Middle East & Africa, Edition 2010. For Tax Buren improved its rating in the most recent version of the Legal 500 to one of the 15 most recommendable firms.

“Alfred Guelen heads Buren van Velzen Guelen N.V.’s seven-partner team which has a strong domestic client base. The group also assists Eastern-European, US, Latin American and Spanish multinational corporations and investors” source: Legal500 EMEA 2010

“At Buren van Velzen Guelen N.V. Cees-Frans Greeven heads a team that recently advised UniCredit Merchant Banking and UK real estate investor, Hammerson, on various tax issues” source: Legal500 EMEA 2010



Selected Highlights of our Work

- Relocation of the EMEA headquarters of a leading listed global manufacturer of office automation equipment headquartered in Japan;
- Acting as lead counsel to a leading listed global manufacturer of office automation equipment headquartered in Japan in connection with the acquisition of the European Operation of listed American business systems company and the subsequent integration and restructuring of this operation;
- Negotiating and setting up the structure for a joint venture of a Dutch holding company of the largest manufacturer of heavy machinery in Russia with a listed US company, as well as the acquisition of companies by and restructuring of such Dutch holding company;
- Advising Unicredit CAIB Merchant Banking Ltd on multiple equity and debt investments;
- Advising on the acquisition of a Dutch tyre manufacturer by the Dutch holding company of one of the largest Russian tyre manufacturers and the restructuring, private placements and listing at the LSE of/by the Dutch holding company;
- Various restructurings for listed Dutch oil company;
- Assisting Atlantic Pacific Enterprises BV and Red Sea Hotels Ltd. with the conclusion of facility agreements in the aggregate amount of EUR 90 million with Bank Hapoalim BM;

Corporate, M&A and Commercial

Buren's Corporate, M&A and Commercial practice continues to experience a strong growth in the demand of services by our international and national clients and remains at the core of our firm's activities. The depth and breadth of this practice has been substantially increased by the arrival of notary Van der Waal and a team of seven (coming from the Dutch office of Bird&Bird and recognised in The Legal 500 EMEA 2008 Edition) and the appointment of Paul Deloo as partner and notary. The Corporate, M&A and Commercial practice is highly regarded in the Netherlands and abroad.

Our firm has well-established relationships with high ranking legal, tax and other advisors in all major industrial countries. In particular reference is made to the strong working relationship between Squire Sanders & Dempsey LLP and the firm. Therefore comprehensive services can be provided to our clients. This very substantial international network remains one of the critical factors of the success of our overall practice.



Restructuring & Insolvency

The restructuring and insolvency team of Buren has been actively involved in several high level insolvency matters and is regularly appointed as trustee by the Dutch courts, making the firm a market leader in this area in its district and well regarded in the Netherlands and abroad. The knowledge on restructuring and insolvency accumulated in the restructuring and insolvency department is also heavily used for advising in the corporate and commercial practice. In the current economic turmoil, the experience and knowledge accumulated in the restructuring and insolvency team is valued as an important asset.

Buren provides ongoing insolvency advises to medium-sized, multinational and listed companies. For various leading financial institutions Buren van processes auctions and executions and provides advice. Insolvency advice is further given to several listed and non-listed foreign companies and the team has assisted foreign trustees. Recently Buren further welcomed a formerly listed retail chain facing several insolvency matters with their suppliers and customers.



Finance

The Buren capital markets group has been actively involved in various transactions, being active in listings of equity capital of Dutch companies on the Alternative Investment Market (AIM), the Official List of the London Stock Exchange, the Frankfurt Stock Exchange and the Warsaw Stock Exchange. The group was involved in the listing of debt instruments at the Tel Aviv Stock Exchange in 2008. In 2007 and 2008, more work in this respect has been done, giving the capital markets group a greater publicity and reputation in this specific area of work; the niche sector of cross-border stock exchange listings. In 2009, the group assisted a Dutch listed temporary employment agency with a private placement of shares. Thanks to the fact we have strong contacts with the supervisory authorities, we can also assist our clients with preparation and approval of prospectuses, filing of regulatory information and post-listing compliance (including corporate governance).

The Buren banking & finance group has been involved in a number of large and medium-sized financing transactions, thereby acting for both the borrowers and the lenders. In these international financing transactions, advice is rendered on the Dutch legal aspects of the facility agreements and the vesting of security (pledges/mortgages/guarantees). In most cases, the Buren tax group gives tax advice in connection with financing transactions.



Tax

Our international tax practice offers clients creative tax solutions. Our tax lawyers combine in-depth knowledge of the Dutch tax system together with an understanding of the tax systems of several relevant European and other tax jurisdictions with a focus on international transactions and tax structures. The tax lawyers have extensive experience of challenging and innovative domestic and cross-border transactions and have coordinated several tax driven restructuring projects. The international tax services include:

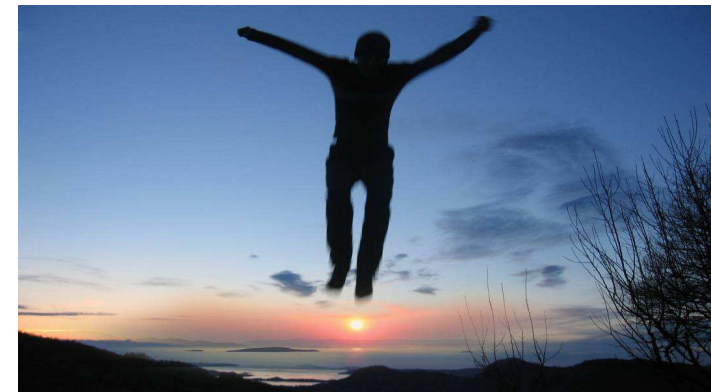
- * Efficient structuring and implementation of cross-border and domestic reorganisations, mergers, acquisitions and joint ventures;
- * Cross-border transactions, transfer pricing issues, special financial arrangements and holding, financing and royalty structures, and
- * Implementing tax schemes and the related structured finance work.

In addition also tax compliance services (such as the preparation of a corporate income tax return) are offered.



Capacity for Performance

Buren employs plus 50 lawyers, tax lawyers and (candidate) civil-law notaries, which brings the total of employees to around 100 employees. This experienced and enthusiastic group of professionals successfully renders high-quality legal services to our international and national client base.



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