



# KROMANN REUMERT

# Denmark – Specialties

## Employee Board Members Stock Option Act

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## Employee Board Members

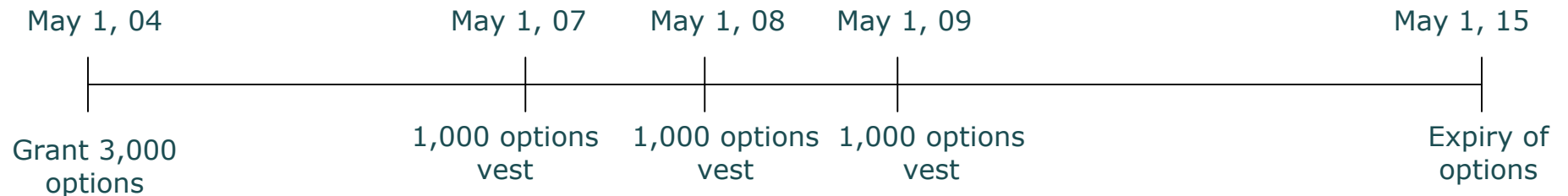
- Corporate two-tier structure
  - Board of Directors vs. Board of Management
- Compulsory right of board representation
  - 35 employees over 3 years
  - Employees elect to introduce scheme
  - 4 year election period
  - Half the number of shareholder elected board members
  - Formal procedural rules
- Compulsory right of parent company representation

## Employee Board Members (cont'd)

- Background and rationale
- Equal rights and obligations
  - Participation
  - Voting
  - Remuneration
  - Secrecy
  - Liability
- Employment protection
- Corporate Governance

# Stock Option Act

- Stock Option Schemes



- Customary exercise rights upon termination
  - Unvested options lapse
  - Vested options may be exercised for 90 days
- Background
  - Salaried Employees' Act
  - Normal employment law principles
  - Numerous court cases pending

## Stock Option Act (cont'd)

- New Stock Option Act as of 1 July 2004
  - Obtain clarity
  - Incentive to use stock options
  - Mandatory employee protection
- All financial instruments
  - Stock Options
  - Restricted Stock
  - ESPP's
- All employees
- Information requirements

## Stock Option Act (cont'd)

- Resignation by employee  
(termination by employer for employee's breach)
  - Employee loses all rights, both vested and unvested and rights to future grants
- Termination by employer  
(resignation by employee for employer's breach, retirement)
  - Employee retains all rights, both vested and unvested
  - Employee retains proportionate rights to future grants
- Consequences for future plans in Denmark
  - Adaptation to Danish law
  - Reduction of grants
  - Denmark carve out