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The basis of such shares will be increased by an amount equal to the amount taxable as ordinary income, and any further gain or loss on such a disposition would be taxable as a long-term capital gain or loss. We will not be entitled to a deduction for U.S. federal income tax purposes with respect to the offer of such shares, the sale of such shares upon the completion of the offering period, or the subsequent disposition of shares purchased.

If the shares issued under the Employee Stock Purchase Plan are disposed of prior to the expiration of the required holding periods described above, the participant will realize ordinary income in the year in which the disposition occurs, the amount of which will generally be the excess of the fair market value of such shares of our common stock at the time of purchase over the purchase price. Such amount will ordinarily be deductible by us for U.S. federal income tax purposes in the same year in which the disposition occurs. Any further gain realized upon the disposition will be treated as a long-term or short-term capital gain, depending on the participant's holding period. If the amount received upon disposition is less than such fair market value, the difference will be treated as long-term or short-term capital loss.

For these purposes, a disposition of stock generally includes a sale, exchange, gift or any transfer of legal title, but does not include a transfer from a decedent to his or her estate, a transfer by bequest or inheritance, or a mere pledge or hypothecation.

Income realized under a Section 423(b) tax-qualified employee stock purchase plan is not subject to wage withholding or federal employment taxes. Moreover, Section 423(b) tax-qualified employee stock purchase plans are exempt from Code Section 409A, regardless of whether the stock is issued at a discount.