

Investor Tax Requirements for Stock Option Exercises

Date: [Insert Date]

[Investor's Name]

[Investor's Address]

[City, State, Zip Code]

Dear [Investor's Name],

We are reaching out to provide you with important information regarding the tax requirements related to the exercise of your stock options.

Key Information

- **Type of Stock Options:** [Incentive Stock Options (ISOs) or Non-Qualified Stock Options (NSOs)]
- **Exercise Date:** [Date of Exercise]
- **Number of Shares Exercised:** [Number of Shares]
- **Exercise Price:** [Exercise Price per Share]
- **Fair Market Value on Exercise Date:** [FMV]

Tax Implications

The following outlines the potential tax implications associated with your stock option exercise:

- For ISOs, you may be subject to Alternative Minimum Tax (AMT) if you hold the shares.
- For NSOs, taxes may be due on the difference between the exercise price and the fair market value as ordinary income.
- Additionally, capital gains tax may apply upon the sale of shares.

Action Required

Please consult with a tax advisor to understand how these transactions will affect your individual tax situation. It is essential to accurately report these transactions on your tax return.

Contact Information

If you have any questions or need further assistance, feel free to contact us at [Contact Information].

Thank you for your attention to these important tax considerations.

Sincerely,

[Your Name]

[Your Position]

[Company Name]

[Company Contact Information]