

# Frequently Asked Questions about the Stock Option Plan

Dear Team,

We understand that you may have questions regarding the Stock Option Plan. Below are some frequently asked questions to provide clarity.

## **1. What is a stock option?**

A stock option gives you the right to purchase a company's stock at a predetermined price for a specific period of time.

## **2. Who is eligible for the Stock Option Plan?**

The Stock Option Plan is available to full-time employees who have been with the company for at least one year.

## **3. How do stock options work?**

Employees receive options that allow them to buy shares at a fixed price (exercise price) after a predetermined vesting period.

## **4. What is the vesting period?**

The vesting period is the duration that employees must wait before they can exercise their options. Typically, it is over four years with a one-year cliff.

## **5. What happens if I leave the company?**

If you leave the company, you may have a limited time to exercise your vested options. Please refer to the plan document for details.

## **6. How are stock options taxed?**

Tax implications vary depending on several factors, including the type of stock options granted. Consult a tax professional for personalized advice.

If you have any additional questions, please do not hesitate to reach out to the HR department.

Sincerely,  
Your Company Name