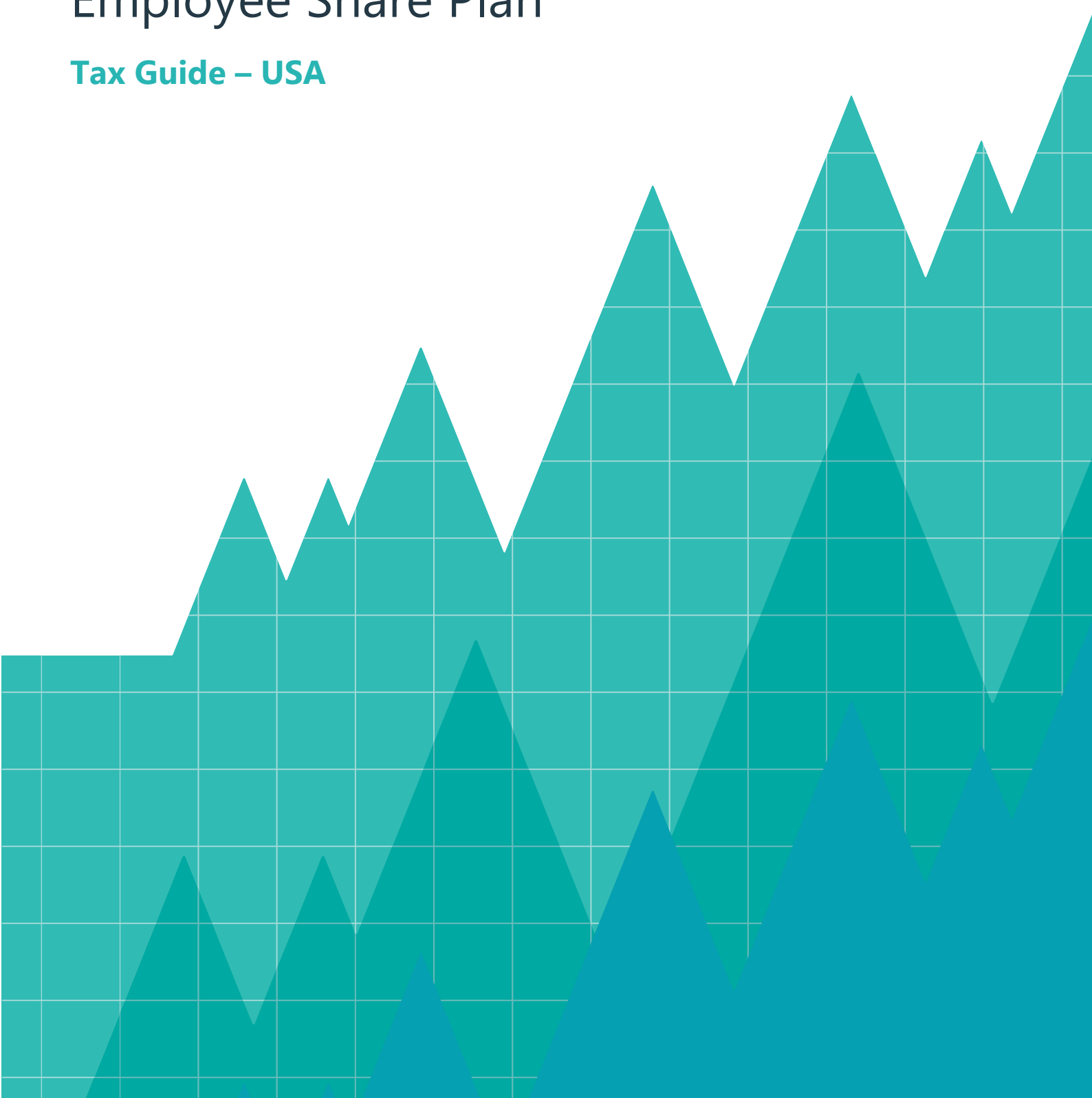


Wood Guidance

Employee Share Plan

Tax Guide – USA



Wood Guidance Employee Share Plan Tax Guidance – USA

This information is for guidance only and may differ according to your personal circumstances. Other than for the 'Income tax and social tax for mobile employees' section, it assumes that for tax purposes you are a domiciliary, national and resident of the US and have been/will be at all material times – i.e. from the date on which you purchase your first shares in the Plan until the end of the Plan period 24 months later – this is known as the Holding Period.

The 'Income tax and social tax for mobile employees' section outlines the tax treatment for your shares if you have spent time working outside the US – for these purposes, it is assumed that you are tax resident in the respective countries where you are working at the relevant times.

This is not tax advice tailored to your personal situation. If you require confirmation of your personal tax position, you should contact a professional tax advisor.

This information is understood to be correct as at 6 November 2018. Any future changes to legislation or tax rates may affect this information.

Income tax and social tax

Will I have to pay income tax or social tax in respect of my Shares?

The table below sets out the tax point and the taxable amount for the shares received under the Plan:

Income tax and Social Tax		
	Point at which tax will be paid	Taxable amount
Purchased Shares	No income tax or social tax will apply.	N/A
Matching Shares	Income tax (consisting of federal, state and local taxes) and social tax will be payable when your Matching Shares are delivered to your personal account following the end of the Holding Period. This is known as the Delivery Date.	The amount subject to income tax will be the market value of the shares on the Delivery Date. Social tax will also be payable on the same amount which is subject to income tax.
Dividend Shares	You will be taxed upon receipt of the cash dividend used to acquire Dividend Shares. No social tax will be payable on this amount	The amount subject to income tax is the cash dividend received and used to acquire the Dividend Shares.

How do I pay the income tax and social tax in respect of my Shares?

Your employer will withhold the income tax and social tax payable on the Matching Shares. Your employer will **not** withhold any income tax due on the dividend income used to acquire the Dividend Shares. You are responsible for any tax due on the dividend income.

Wood Guidance Employee Share Plan Tax Guidance – Rep. of Ireland Employees

Income tax and social tax for mobile employees

Will I have to pay income tax or social tax in respect of my Shares if I have only spent a portion of the Holding Period working in the US?

The tax treatment for the Purchased Shares and Dividend Shares is the same as specified above. Whether you will be taxed on your Dividend Shares depends on your residency status at the time when you receive the cash dividend used to acquire the Dividend Shares.

For Matching Shares, if you are a US citizen/Green Card holder **and/or** if you are resident in the US at the tax point, the amount subject to income tax will be the full market value of the shares on the Delivery Date. You should be able to obtain a foreign tax credit for any taxes paid on the Matching Shares in another country. Social tax will also generally be payable on the amounts subject to income tax, at the time the income tax charge arises.

If you are not a US citizen/Green Card holder **and** you are not resident in the US at the tax point, the amount subject to income tax will be apportioned based on your US workdays over the Holding Period. If you are not employed by a US entity at the tax point, you should not generally be liable to social tax in the US.

How do I pay the income tax and social tax due in respect of my Shares?

Your employer will withhold the income tax and social tax payable on the Matching Shares. If you are a US citizen/Green Card holder **and/or** are resident in the US at the tax point and you worked outside the US during the Holding Period, your employer may in certain cases withhold income tax on a portion of the gain, calculated based on your workdays in the US over the Holding Period. If your employer has withheld US taxes on the full gain, and you have also paid income tax on the Matching Shares in another country, you should be able to claim a foreign tax credit on your personal tax return.

Your employer will **not** withhold any income tax due on the dividend income used to acquire the Dividend Shares. You are responsible for any tax due on the dividend income.

Sale of shares

Will I incur a further tax liability and social tax when I sell my Shares?

Yes, you will be required to pay either long-term or short-term capital gains tax on any gains arising when you sell your shares.

The taxable gain is calculated broadly on the difference between sale proceeds and the total of: (i) the amount that you paid for the shares (for your Purchased Shares and Dividend Shares) and (ii) any amount previously subject to income tax (for your Matching Shares). You are responsible for paying any tax due through your personal tax return (see Reporting below).

If you have held your shares for more than 12 months prior to the date of sale, long-term capital gains tax will be payable.

If you have held your shares for less than 12 months, short-term capital gains tax will be payable.

The Purchased Shares are “held” from the acquisition date and the Matching Shares are “held” from the Delivery Date.

Wood Guidance Employee Share Plan Tax Guidance – USA

Reporting

Will I have any reporting requirements?

Annual reporting

Yes, you should include details of the taxable amounts (as referred to above) in your personal tax return for the year in which the tax charge arises.

The tax return is normally due by 15 April following the end of the tax year. However, extensions are available to postpone the filing due date until 15 October.

You should also pay any tax liability to the tax authorities by 15 April following the end of the relevant tax year. There is no extension available for the deadline by which tax must be paid.

Form 8938

You may be required to file Form 8938 alongside your annual tax return if the value of your "Specified Foreign Financial Assets" exceeds certain thresholds. If Form 8938 is required, you should report any John Wood Group shares you hold (including all Purchased Shares and any delivered Matching Shares) as well as any other specified financial assets.

If you are not married, you will generally be required to file Form 8938 if the aggregate value of your "Specified Foreign Financial Assets" exceeds USD 50,000 as of the last day of the tax year, or if the value exceeds USD 75,000 at any time during the tax year. These thresholds are doubled if you are married and filing jointly with your spouse.

Wood Guidance Employee Share Plan Tax Guidance – Rep. of Ireland Employees

Appendix 1 – relevant tax rate summary

This appendix sets out the relevant tax rates in the US, for the tax year ending 31 December 2018.

Income tax		
	Maximum effective tax rate	Notes
Federal income tax	37%	State and / or local taxes may also be payable depending on where you reside.

Social tax		
	Employee	Notes
FICA	6.2%	Capped at USD \$128,400 per annum for 2018
Medicare	1.45%	Uncapped
Additional Medicare	0.9%	Payable on earnings of more than USD \$200,000 per annum

Dividends and capital gains tax		
	Maximum effective tax rate	Notes
Qualified dividends	20% (plus state and / or local taxes)	<p>To be eligible for the qualified treatment, the shares on which the dividend is paid must have been held for at least 61 days during the 121-day period that began 60 days before the ex-dividend date.</p> <p>Unearned Income Medicare Contribution at a rate of 3.8% may also be payable on dividends received. This contribution is payable on modified adjusted gross income (MAGI) exceeding USD \$200,000 (single filers) or USD \$250,000 (joint filers).</p>
Non-qualifying dividends	37% (plus state and/or local taxes)	<p>Non-qualifying dividends will be taxable at your marginal rate of income tax.</p> <p>Unearned Income Medicare Contribution (the rates and thresholds specified above apply) may also be payable.</p>
Long-term capital gains	20% (plus state and/or local taxes)	<p>Shares must have been held for more than 12 months prior to sale.</p> <p>Unearned Income Medicare Contribution (the rates and thresholds specified above apply) may also be payable.</p>

Wood Guidance Employee Share Plan Tax Guidance – USA

Short-term capital gains	37% (plus state and/or local taxes)	If the shares have not been held for 12 months, any gains will be taxable at your marginal rate of income tax. Unearned Income Medicare Contribution (the rates and thresholds specified above apply) may also be payable.
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