

Exhibit A

Tax Treatment of Scholarships, Stipends, and Awards/Prizes/Gifts

	SCHOLARSHIPS FOR EDUCATION		STIPENDS FOR RESEARCH /COMMUNITY PROGRAMS	AWARDS/PRIZES/GIFTS		
				Cash/Cash Equivalent	Non-Cash > \$50	Non-Cash <= \$50
	<Non-taxed>	<Taxed>	<Non-taxed>	<Taxed>	<Taxed>	<Non-taxed>
Employee (A)	Job-related 54906	Not Job-related 54900	54812	54904	54904 (C)	54907
Non-Employee (A)	55300 – 55318 (B)		54819	54902	54902	54908

- A. Tax withholding may be different for Non-Resident Aliens. See the Tax Department for clarification.
- B. Accounts 55303 (scholarships for on-campus housing) and 55304 (scholarships for off-campus housing) are taxable to the student. All other scholarships to U.S. Citizens and Resident Aliens are non-taxable.
- C. Awards to employees are, for the most part, considered to be wages to the employee and are subject to federal tax withholding, social security tax, and reported along with regular wages on Form W-2. However, an exclusion from income is available to employees receiving length of service or safety awards. The length of service and safety award rules are quite restrictive. The following criteria must be met for an employee length of service or safety award to be considered non-taxable:
1. Applies to Both Length of Service and Safety Awards
 - Only awarded tangible personal property (not cash or equivalent)
 - Does not discriminate in favor of highly compensated employees
 - Annual average cost not greater than \$400 per employee.
 - Awarded as part of a meaningful presentation, not disguised compensation
 2. Applies Only to Length of Service Awards
 - Awarded no more than once every 5 years and never during the first 5 years of service
 3. Applies Only to Safety Awards
 - Awarded to no more than 10 percent of eligible employees per year
 - Never awarded to management or administration
 - Not awarded to part-time employees or employees with less than 1 year of service.