

Strategies for Employee Equity  
Plans & Executive Reward



June 5 & 6, 2008  
**MAJESTIC HOTEL  
CANNES**

Speakers

- Bedell Group
- BDO Stoy Hayward
- Capita Share Plan Services
- Cyril Sweett plc
- Equiniti
- European Centre
- Global Shares
- Greenberg Traurig LLP (USA)
- Freehills (Australia)
- Hays plc
- Hewitt Bacon & Woodrow
- Kepler Associates
- Lewis Silkin LLP
- MM & K Ltd
- Emirates National Bank of Dubai
- Pinsent Masons LLP
- Sanne Group
- Strategic Remuneration



*From the chairman...*

The European Centre is delighted to be back in Cannes for this our 20th annual conference. The Majestic Hotel continues to look after us well and at this anniversary event we can look forward to raising our glasses on the Majestic's beach pontoon, as our

celebration party gets under way. This conference is not only a high-level teach-in to help keep you all abreast of latest developments, but it also provides a sounding-board for your and our responses to regulatory changes and new operational currents.

There can be little doubt about the severity of the threats which face international equity pay plans, at this time. We are still feeling the effects of the dodgy mortgage-backed poisoned US debt packages, which conned a substantial chunk of the world's banking system. The result was firstly the global 'credit crunch,' then the smell of fear which paralysed leading stock markets worldwide. The uncertainty looks set to continue for a while yet. Companies remain nervous about launching new employee equity plans in this environment, though they are still recording record, or near record profits for the most part.

The developed world labours under the options expense accounting regime (as you shall hear during this event), but most global companies have not cut back the scope of their all-employee share option plans, despite the implications for their bottom lines. That said, Sharesave option plans are suffering from the International Accounting Standards Board's illogical plan to make issuers pay an accelerated charge for cancellations by employees. Worse still is the threat to ESO/FP from corporate takeovers by foreign companies and by private equity consortia.

*continued in next column*



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Although we can largely exempt the US from such criticism, as it values Eso highly, the same cannot be said for corporations from other continents, nor indeed for private equity houses, some of whom regard Eso as dilutive at best. In the UK the number of employee equity plans which have suffered from these takeovers reached worrying levels last year.

I relay these and other concerns to ministers and regulators, but it is disappointing that the UK Chancellor Alistair Darling seems far less enthusiastic about advancing employee equity than his predecessor Gordon Brown who, as UK Prime Minister, has other fish to fry. We are pushing the European Commission to put employee financial participation back on a high policy priority level, but it takes time to produce results.

All-employee share ownership works, over time, on various levels—staff loyalty, corporate glue, industrial relations, employee financial education and productivity. ESO/FP is underpinned by our belief that employees should have a financial stake in the business, rather than being just wage or salary slaves. So global employee stock plans evolve, while we continue to ask hard questions about them, as our programme demonstrates. Our events are noted for information exchange, networking and for keen delegate involvement. This year's conference will be no exception.

*Malcolm Hurlston*



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### INTRODUCTION & WELCOME

**Malcolm Hurlston**

**Chairman ESO Centre**

### CASE STUDIES

**CYRIL SWEETT from partnership to AIM**

How a private company listed itself and the impact on its employee equity plans

Why did a successful company of consultant engineers want to go public? What were the challenges? How were employee shareholders affected?

**Mike Kemsley**

**Cyril Sweett plc**

**HAYS plc**

A Sharesave is launched this year in 12 Jurisdictions  
How the plan's sponsors and advisers cope

**Sheila Raybone**

**Hays plc**

**Rashree Chhatrisha**

**MM & K Ltd**

### TRUSTEES & EBTs

**Employee benefit trusts: here to stay?**

Case histories using EBTs in share plans for specific purposes; Relationships between sponsoring company, trustee and employees;

The financial and other benefits of using EBTs

**Sara Cohen**

**Lewis Silkin**

**Victoria Goode**

**Sanne Group**

**The Dutch Stichting v. the employee benefit trust**

**Eugène Weultjes**

**Greenberg Traurig LLP**

**When things go wrong in trusts**

Remedies for beneficiaries and trustees

Tools in the trust repair workshop - Hastings-Bass issues, rectification and variations etc

**Offshore regulatory update:** current practice and sector specific guidelines.

**Grant Barbour**

**Bedell Group**

## EXECUTIVE REMUNERATION

### Market update on executive reward

Have performance criteria toughened up?

Is there still abuse - what is the evidence Europe-wide?

Which executive performance indicators are gaining in use?

Are companies adapting executive packages in ways sought by the institutions and regulators?

**Leslie Moss** - **Hewitt Bacon & Woodrow**

## LEGISLATION & GOVERNANCE

### Update on key US equity compensation issues

Overview of US Regulatory landscape

Updates on: Sarbanes-Oxley, option and stock plan litigation

Backdated options, the credit crunch and stock drop litigation

409A confusion - impact on multinationals and on executive reward

**Joe Saburn** - **Greenberg Traurig LLP**

### Import-Export: Rules & guidance for share schemes

US and UK parent companies wish to export their stock plans to overseas subsidiaries. These case studies show how to import parent company plans tax efficiently into the UK and US and also how to navigate and avoid the US Securities Laws and section 409A pitfalls that can easily befall a company. The opportunity for US companies which have UK subsidiaries to extend their 401(k) plan design to these subsidiaries in a highly tax-efficient manner will be explained with examples of how to design a similar UK plan with significant benefits for both company and employees

**Alan Judes** - **Strategic Remuneration**

### Accounting for share-based incentives – Monte Carlo or bust?

A lively debate on the use of alternative valuation models for share-based incentives. William and Jon aim to dispel the fog and mystery which surrounds this area by giving an overview of the Black-Scholes and Monte Carlo valuation methodologies, exploring the pros and cons of each.

**William Franklin** **Pinsent Masons**  
**Jon Stanfield** **Kepler Associates**

## DELEGATE WORKSHOP

The floor is yours Q & A session with speaker panel

## PLAN ADMINISTRATION & DESIGN

### The latest Global Shares - Buck Consultants survey into global stock plan administration practices

What the results show; Are we doing any better?

**Maoiliosa O'Culachain** - **Global Shares**

### How to keep plan participation rates up in turbulent stock markets

**Justin Cooper** - **Capita Share Plan Services**

### The current presence of ESOP in the Middle East market

Prospects for development of employee equity plans

Anticipated business opportunities arising

**Julie Azharian & Nazneen Noor** **Emirates National Bank of Dubai**

### International share plans, why and how - a case study

**John Daughtrey** - **Equiniti**

## TECHNICAL

### Growing Companies - don't let the world slow you down!

Stock - the common currency - proper tax treatment v. risk management

Cultural reactions and barriers in rewarding with non-financial measures.

**Amanda Flint & Derrick Neuhauser** **BDO Stoy Hayward**

## NATIONAL FOCUS

### International rollout issues from an Australian perspective

Mandated disclosure of offshore parent entity equity remuneration in the local employer's remuneration report

Simplifying the administration (including distribution of dividends) of small ESOP holdings following a global offer

Getting the balance right in terms of ensuring substantive compliance v requiring zero regulatory risk

**Quentin Digby** - **Freehills**

### Ireland: Update on employee equity

**Maoiliosa O'Culachain** - **Global Shares**

**Grant Barbour** is a partner of the **Bedell Group** and a director of Bedell Trustees Ltd. Grant specialises in advising on executive employee benefit schemes and heads the employee share plans team which provides advice and administration services to an expanding portfolio of FTSE 100 companies and dynamic private companies. He is a Jersey advocate, a South African attorney and an English solicitor. He can be contacted on +44 (0) 1534 817435 or email: grant.barbour@bedellgroup.com

**Amanda Flint** is a partner in the human capital group of **BDO Stoy Hayward** and is one of the UK's most experienced advisors on employment related shares and incentive arrangements. Amanda advises on share and other incentives together with international tax treatment of share plans, the impact of corporate transactions on share incentives and other reward issues. Amanda also has special insight into the operation of the UK tax authorities. **Derrick Neuhauser** is a senior manager in the firm's national executive compensation and employee benefits consulting practice; and the founder and chairman of the international global equity team. He has 12 years of experience in executive compensation, employee benefits and individual tax planning issues. Derrick has consulted on executive compensation strategy and program design, management incentive systems, long-term incentive stock-based compensation in both national and international capacities.

**Capita Share Plan Services** is part of The Capita Group Plc, a FTSE 100 company and the fastest growing professional support services organisation in the UK. It offers flexible combinations of out-sourced, co-sourced and in-house products and services to companies operating share plans in the UK and globally. Capita's expertise in third-party share plan administration makes it market leader in administration services for the UK Share Incentive Plan. It offers a fully integrated share plan programme with Capita IRG Trustees Ltd streamlining the process by acting as trustees. Capita SPS subsidiary *myshares* offers market leading in-house administration and communication software products. **Justin Cooper** is the MD of Capita SPS.

Headquartered in the UK, **Cyril Sweett Group plc** is a major construction consultancy with branches and subsidiary operations in France, Spain, India, the United Arab Emirates and the Republic of Ireland. Until 31 October 2007, when it floated on the London Stock Exchange's Alternative Investment Market, the company was entirely employee-owned. Speaker **Mike Kemsley**, chief financial officer, has worked in property and construction consulting since 1990 and prior to that in commercial banking at a senior level. Passionate about employee-ownership, Mike helped lead Cyril Sweett's employee buy-out in 1998 and established its ESO plans. He is a chartered accountant.

**Equiniti** is a UK market-leading provider of employee benefits solutions and manages around 24 million shareholder and employee records every day. It helps companies to build strong relationships with their employees through managing a comprehensive range of employee share plans (ESP), share registration, pensions and flexible benefits. Equiniti offers you and your employees a range of plans including SAYE, global, executive plans and trustee, nominee and sharedealing services. Speaker **John Daughtrey**, senior manager, has worked at Equiniti for 17 years and has an in-depth knowledge of the employee share plan industry. John's

responsibilities are for business development covering all style of UK and global share plans, client acquisition and project management

**Freehills** is recognised as one of the leading Australian commercial law firms by independent legal guides and directories. It has more than 1000 lawyers, including 200 partners, and more than 1800 staff across Australia and South-East Asia. The firm has offices in Sydney, Melbourne, Perth, Brisbane and Singapore, and correspondent firms in Jakarta and Kuala Lumpur. Speaker **Quentin Digby** is a Partner in the Head Office Advisory Team of Freehills' Sydney Office. He specialises in director and executive remuneration and disclosure issues and corporate governance law generally.

**Global Shares** Global Shares, the Irish headquartered stock plan administrator with operations in the US, UK, France and China, is focused on providing quality and flexible global stock plan administration and related consulting services to both public and private companies. It achieves this by combining top class professionals with state-of-the-art administration systems to integrate neatly administration with the corresponding complex global tax, accounting and financial issues to make the lives of the companies more seamless. Maoliosa O' Culachain, formerly the eircom ESOP manager, is COO and General Counsel. He said: "Leading edge software, flexibility, proactive regulatory compliance and an expert administration team, are what set Global Shares apart. We set out to raise the bar in terms of expectations for global share plan administration, and our clients are already experiencing a world class service."

**Greenberg Traurig LLP** is an international, full-service law firm with 1700 attorneys and other professionals in 29 offices in the US, Asia and Europe and is ranked seventh among the largest US law firms. It provides integrated solutions for clients worldwide. It offers a multi-disciplinary team with the legal, strategic business and political experience required to solve the increasingly complex needs of global companies. Speaker **Joe Saburn** is a Shareholder of the New York and New Jersey offices of GT Law. He has 25 years experience in employee benefits and executive compensation. He advises clients on a broad range of issues, including senior management employment and retention and severance contracts, agreements; senior management and executive short and long-term compensation and performance-based plans; Qualified and Non-Qualified benefit programmes and SERPs; ERISA compliance matters, mergers and acquisitions matters and director representation. In addition, he has represented several large municipalities in connection with compliance matters under GASB 43 and 45. Mr. Saburn was formerly the lead benefits counsel at Viacom and a Lead ERISA Counsel at AT&T. Fellow GT Law speaker **Eugene Weultjes** is head of pensions and share option schemes in Greenberg Traurig Law's Amsterdam office.

**Hays plc** is the largest publicly-listed recruitment group in the United Kingdom and a world-leading specialist recruitment and HR services company. The Group employs 8,673 staff operating from 391 offices in 26 countries across 17 specialisms. Speaker **Sheila Raybone** is a chartered secretary working for Hays plc as shares scheme manager.

**Leslie Moss** is a Principal Consultant with **Hewitt Associates** in London and former UK practice leader for Executive Remuneration and Share Plans. He now has a broad business-building role encompassing executive

and broad-based reward, performance management and M&A. Hewitt is one of the world's largest HR consulting firms, with offices in all major locations. Its executive remuneration practice is the largest in the US and the European team works with diverse multinational companies at both Board and senior executive level. Leslie joined Hewitt in 1999 after a consulting career encompassing leading firms. In 1997 he co-authored The Employees' Share Scheme Handbook with fellow ESOP Centre member **David Pett**.

**Kepler Associates** is a London-based reward consultancy which specialises in helping companies more closely align the interests of shareholders and employees. Kepler helps clients improve their organisational effectiveness by identifying the drivers of value and aligning performance measures and reward programmes with the business strategy. Clients value its ability to bring new thinking to old problems and the responsiveness of its service. Kepler's services include: executive remuneration design; remuneration committee support; performance measurement and target setting. Clients range from FTSE100 companies to small privately-owned companies and partnerships.

**Jon Stanfield** is a partner at Kepler Associates with 10 years' experience advising on executive remuneration and reward. Prior to joining Kepler, Jon worked in the Senior Executive Reward practice at PricewaterhouseCoopers. His specialisms include incentive design, target setting and financial modelling. **Lewis Silkin** is a full service commercial law firm with 45 partners and 70 associates. **Sara Cohen** is a tax partner and head of the incentives practice. She has been specialising in the field of equity incentives for 15 years and advises private and listed companies on all aspects of approved and unapproved arrangements including enterprise management incentives, partly-paid share acquisitions, all-employee share incentive and savings-related share option plans, the establishment of employee benefit trusts to operate in conjunction with a wide variety of arrangements and phantom arrangements. She is a member of the share schemes committee of the Quoted Companies Alliance, a member of Share Plan Lawyers and the Share Schemes Advanced Studies group.

**MM & K Ltd** is a leading independent consultancy specialising in the planning, design and implementation of pay and reward strategies. We identify and put into place strategies that ensure client compensation programmes are properly integrated with business goals. Experience shows us that when a company achieves this level of integration, the overall competitiveness and value of the business increases substantially. We offer a multi-disciplinary approach to compensation that is always tailored to individual client requirements. Our services cover all aspects of the process - from research, through to consultancy, plan design, application, implementation and ongoing support. We are set up in a way that allows clients to select the right level of support in one or more of these services, at any given moment. Speaker **Rashree Chatrisha** is a senior consultant at MM&K. A solicitor by training, member of the Law Society Council and Institute of Management, Rashree has experience of UK and global employee and executive share plan design, implementation and management. She also has extensive experience in communication issues relating to employee benefits and share plans.

Speaker **Julie Azharian** is head of business development and a director of the private banking division in the

**Emirates National Bank of Dubai**. Her co-speaker is **Nazneen Noor**, who is ENBD's manager of Kanzi—corporate executive & employee services. She holds an MBA qualification & Banking Law. ENDB has won *Global Finance* award for the *Best UAE Bank* for the fourth successive year.

**William Franklin** is a Senior Associate in **Pinsent Masons Tax Group** and a chartered accountant who specialised in corporate finance and tax before concentrating on employee incentive and reward arrangements. He deals with all aspects of employee share schemes including executive share option schemes, LTIPs, Enterprise Management Incentives and all-employee schemes. He also advises on performance targets, share scheme aspect of transfer pricing, valuations (including HMRC valuations and Black Scholes), financial modelling and accounting issues. He is a member of the Institute of Chartered Accountants and a member of the Chartered Institute of Taxation.

The **Sanne Group** is an independent group, owned by its management, which provides trustee and corporate services. It has been established for over 20 years and has extensive experience administering a wide variety of structures for a diverse client base. Its Human Capital Solutions division provides administrative services and operational support for both equity and non-equity plans. The Equity Team deals with all forms of share plans ranging from bespoke unapproved plans to large-scale, all-employee approved schemes. Speaker **Victoria Goode** joined the human capital solutions division of Sanne Group in 2007. Victoria qualified as a tax lawyer and prior to joining Sanne Group, worked in both "Big 4" accounting firms and city law firms, where she specialised in designing, implementing and advising on all forms of employee incentive plans.

**Strategic Remuneration** is an independent consultancy based in London giving advice on all aspects of pay but with particular emphasis on corporate governance, incentive arrangements, and equity-based pay including broad based employee stock plans. Strategic Remuneration is the appointed adviser to the remuneration committees of a number of FTSE 350 companies, but also advises larger unlisted entities.

**Alan Judes** is the founder of Strategic Remuneration. He is a chartered accountant, chartered tax adviser, and a certified management consultant. He has been an executive compensation consultant for many years and was a partner in Bacon & Woodrow before it was acquired by Hewitt Associates. He is a regular speaker at conferences in the UK and abroad and the taxation chapter author of a number of manuals on compensation practice and the author of Transactions: Share Incentives for Employees published by Longman in 1993. Alan has consulted with a number of international companies such as Roche and P&O that have extended their share incentive arrangements on a worldwide basis. His work includes the establishment of offshore trust arrangements for the funding and financing of these plans. Contact: [www.StrategicRemuneration.com](http://www.StrategicRemuneration.com) and [alan.judes@gmail.com](mailto:alan.judes@gmail.com)

**Malcolm Hurstons** is chairman of the European Centre and of the Eso Centre, which he founded in 1988. He knows many government ministers personally and has a formidable record in lobbying on behalf of Eso. He is visiting professor at the University of Westminster, with reference to employee ownership. He chairs Hurstons, the political, media and research consultancy. website is at: [www.hurstons.com/esop](http://www.hurstons.com/esop).

# European Centre for Employee Ownership

The European Centre for Employee stock Ownership is the sister organisation of the UK-based Employee Share Ownership Centre, whose membership consists of stock plan advisers, trustees and plan user (issuer) companies.

The aim of the Centre is to study and to promote employee stock ownership in the EU and internationally, with a particular interest in multinational companies who wish to offer stock ownership to employees in many countries. The Centre works with the European Commission, the European Foundation, trades unions and employers' organisations to

communicate, educate and inform on all key aspects of employee stock ownership.

For 20 years the European Centre has held summer conferences about employee stock ownership plans and Cannes has become our host town for these events. Our conferences have become a leading forum for the exchange of ideas and information among experts in this sector. There are always new legislative, regulatory, tax or cultural issues to examine every year. By tradition, practitioners bring client companies with them to discuss plan issues or they speak on technical matters.

As interest in employee ownership grew, it was suggested that the Centre move onto the global stage - to help meet the new and complex equity pay plan needs of multinational companies.

The first World equity pay forum was held at Davos in 2000 and was an immediate success. This is now an annual event, complementing the European Forums held each summer. These events have maintained their high reputation among both practitioners and plan users (issuers) by addressing the most topical issues in the equity pay plan world, without shirking the technical detail.

## ACCOMMODATION, TRAVEL & CONFERENCE TIMINGS

**Accommodation:** The delegate package price quoted overleaf includes two nights accommodation in a single room, breakfasts and lunches at the Majestic Hotel, or the Gray D'Albion (see below).

The conference will take place at the Five Star Majestic Hotel, situated on the famous Croisette promenade. The Centre has reserved a number of rooms at the Majestic which are available on a first-come, first-served basis. After these rooms have been filled, late registrants may be placed in the Majestic's sister hotel, the Gray d'Albion, situated close by.

Reservation forms for booking extra nights before or after the conference, or for upgrading your room to a double, will be sent to you upon registration. Supplements will be charged to you directly by the hotel for a double room and/or extra nights.



*Hotel Majestic, La Croisette, Cannes*

**Travel:** Delegates are responsible for their own travel arrangements. The nearest airport is Nice which is well-served by many airlines and benefits from highly-competitive prices. Centre member BA's website is at: [www.ba.com](http://www.ba.com) for the latest offers.

**Timings:** The conference will begin at 0830 on Thursday June 5 and will continue until after lunch. An extended break will give delegates time to network or to soak up the Riviera lifestyle. The conference will reconvene at 1730 for the afternoon session lasting until 1930. This will be followed by the conference cocktail party, held on the hotel's beach pontoon, weather permitting. Partners accompanying delegates are welcome to join us. Excursions will be organised for partners during the conference on demand.

On Friday, the conference will begin at approximately 0830 and finish at 1300. The delegates' lunch will be served in the Majestic Hotel's beach restaurant.

Once registered, delegates will receive short information packs on travel to and from Nice, together with information on Cannes and its facilities, including restaurants.

## CONFERENCE PAYMENT

### Included in the conference fee:

- ♦ Two nights single room accommodation at Hotel Majestic (Wednesday June 4/ Thursday June 5)\*
- ♦ Buffet breakfast (Thursday & Friday)
- ♦ Lunch (Thursday & Friday) in Majestic beach resto
- ♦ Cocktail party on Majestic beach pontoon
- ♦ Delegate pack
- ♦ Refreshments during conference breaks

\* *Late registrants may be accommodated in the sister hotel, the Gray D'Albion, also on the Cannes seafront.*

### FEES

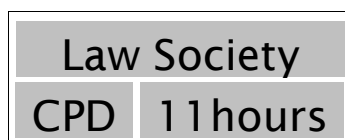
Member plan user/issuer company	£435
Non-member plan user/issuer company	£549
Member practitioner	£985
Non-member practitioner	£1,350

No sales tax is payable on the fees for this event.

**Please ensure that payment is made within thirty days of invoice. All payments must be received by mid-May, 2008, otherwise reservations are not guaranteed. Late registrations are payable only by credit card or BACS.**

Bookings will be confirmed in writing after receipt of the completed registration form or equivalent by fax or mail. All registrations will be acknowledged. Cheques should be made payable to the **Esop Centre** and mailed to the European Centre for Employee (Stock) Ownership, 2 Ridgmount Street, London WC1E 7AA, UK. If you wish to pay by BACS or credit card please contact the Centre for details.

### Professional Development:



## REGISTRATION FORM

Please complete and return by fax or mail to:

European Centre for Employee Ownership  
2 Ridgmount Street  
London WC1E 7AA, UK  
Tel: ++44 (0) 20 7436 9936 Fax: ++44 (0) 20 7580 0016  
Or E-mail: [esop@hurlstons.com](mailto:esop@hurlstons.com)

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Country: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

### Additional delegates

Name: \_\_\_\_\_

Potion: \_\_\_\_\_

Name: \_\_\_\_\_

Position \_\_\_\_\_

Address (if different from above): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

If you require additional places, please photocopy this form or contact us for further information.

**Cancellations are not refundable.** However, substitutes may take the place of delegates unable to attend. Please inform us in writing if this is the case. The organisers are confident that the agenda will be adhered to but reserve the right to make changes if necessary.