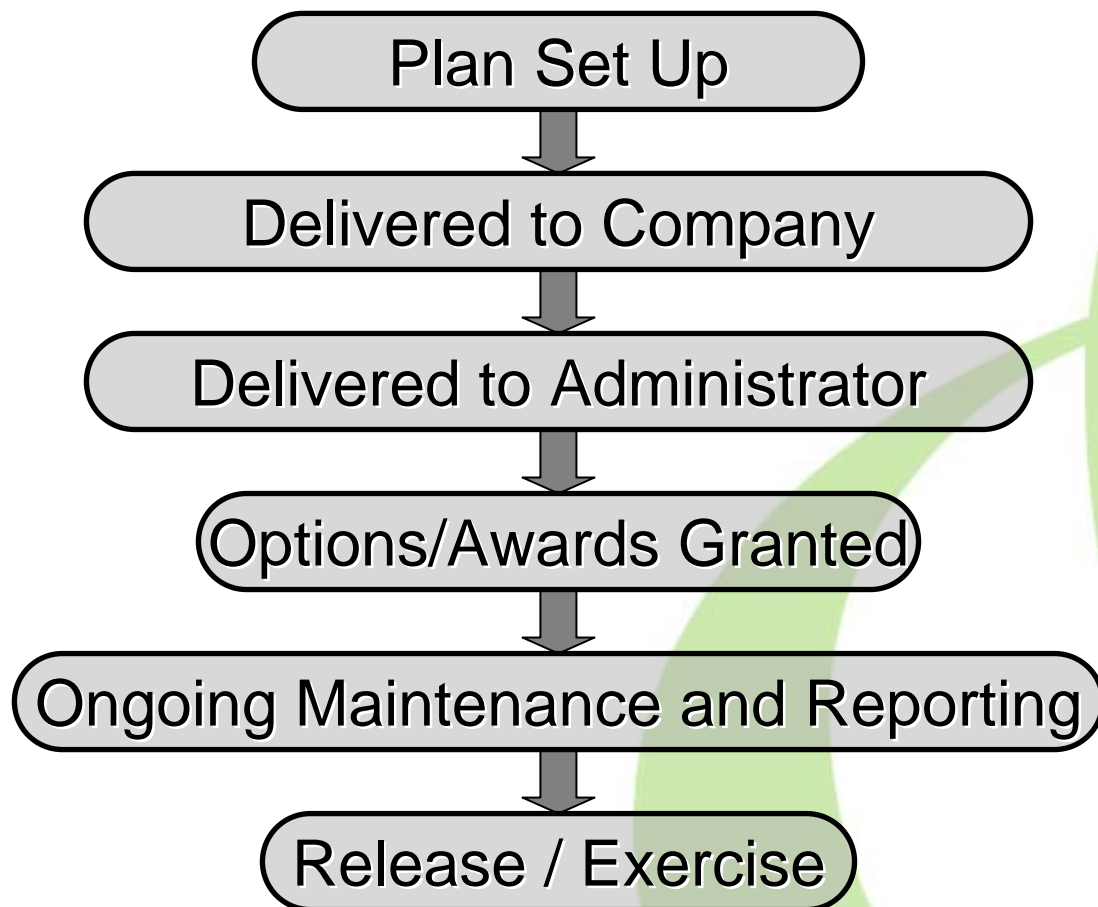


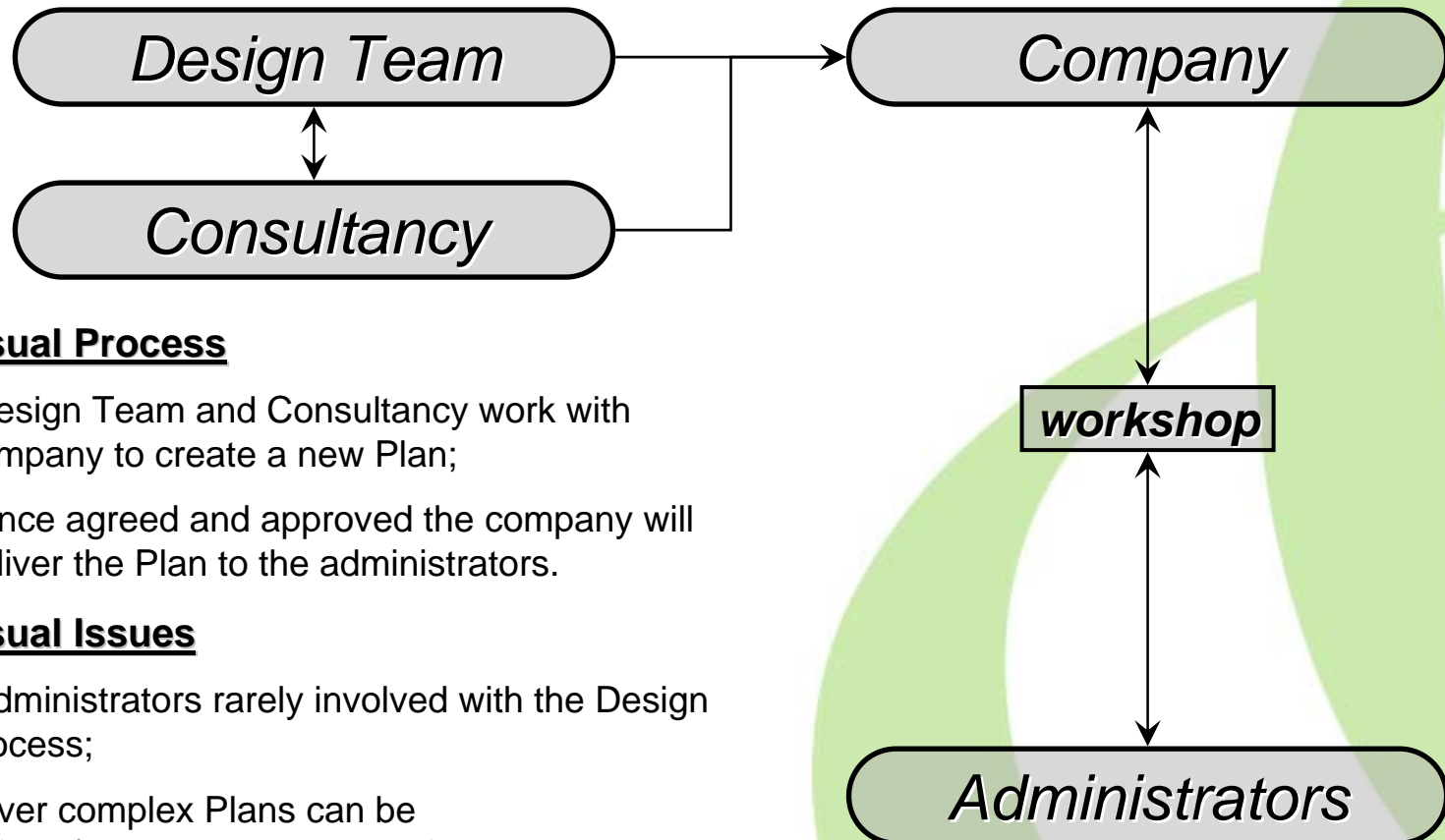
**ICSA**  
**Employee Share Plans Seminar**  
**Managing Employee Share Schemes**  
**London, 29 November 2006**

**Edwin Alexanian**  
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**(a trading division of MM & K Ltd)**  
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**Web : [www.theshareoptioncentre.com](http://www.theshareoptioncentre.com)**

## Share Plan Administration



## Plan Set-Up / Delivered to Company



### Usual Process

- Design Team and Consultancy work with company to create a new Plan;
- Once agreed and approved the company will deliver the Plan to the administrators.

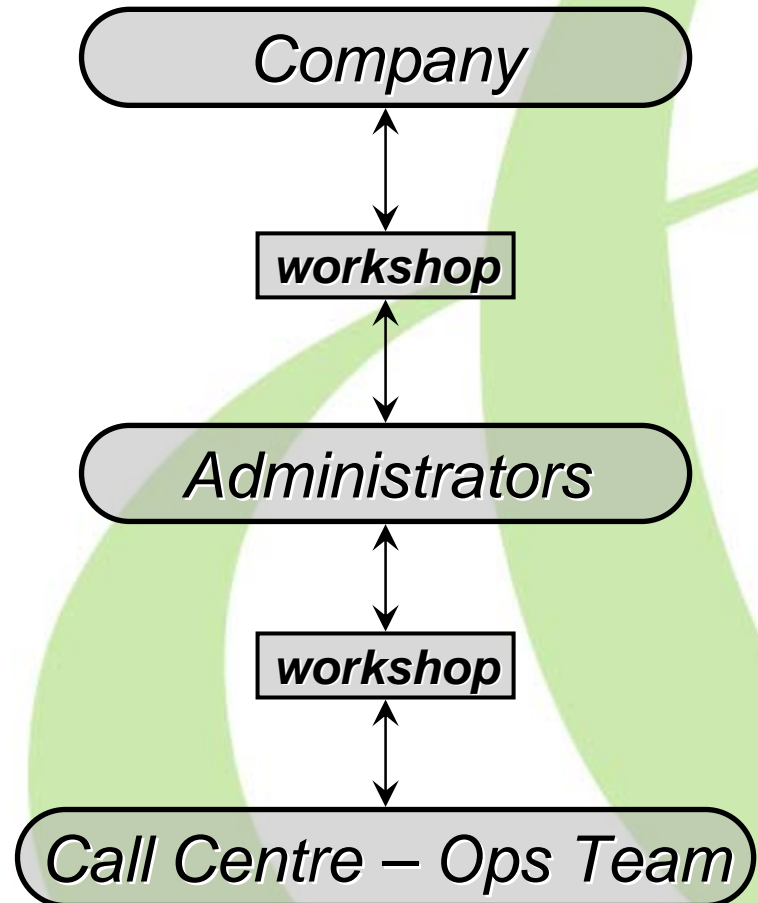
### Usual Issues

- Administrators rarely involved with the Design process;
- Over complex Plans can be difficult/impossible in terms of the administrations process.

## Plan Delivered to Administrators

### Plan Delivered to Administrator

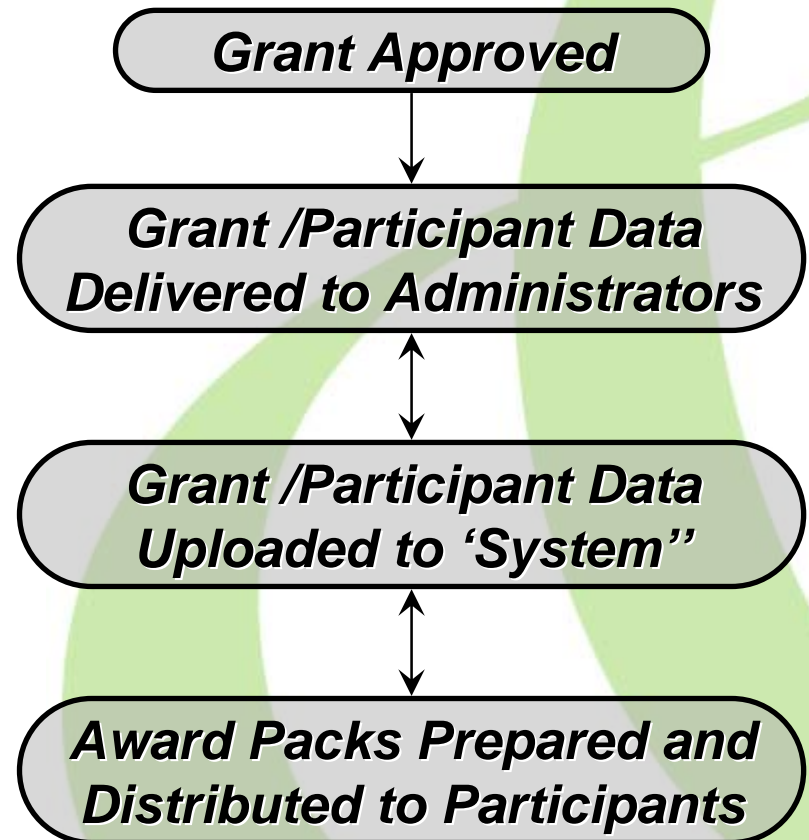
- Company supply Plan Rules;
- Administrator prepares 'Plan Analysis' based on Plan Rules (Plan Operational Manual);
- Plan Workshops arranged between Company and Administrator;
- Manual updated and signed off by company;
- Plan Rules set up on designated system;
- Administrators arrange internal Workshops with Operational Team, Call Centre etc;
- Operations Procedures created;
- Call Centre scripts created.



## Options / Awards Granted

### Options / Awards Granted

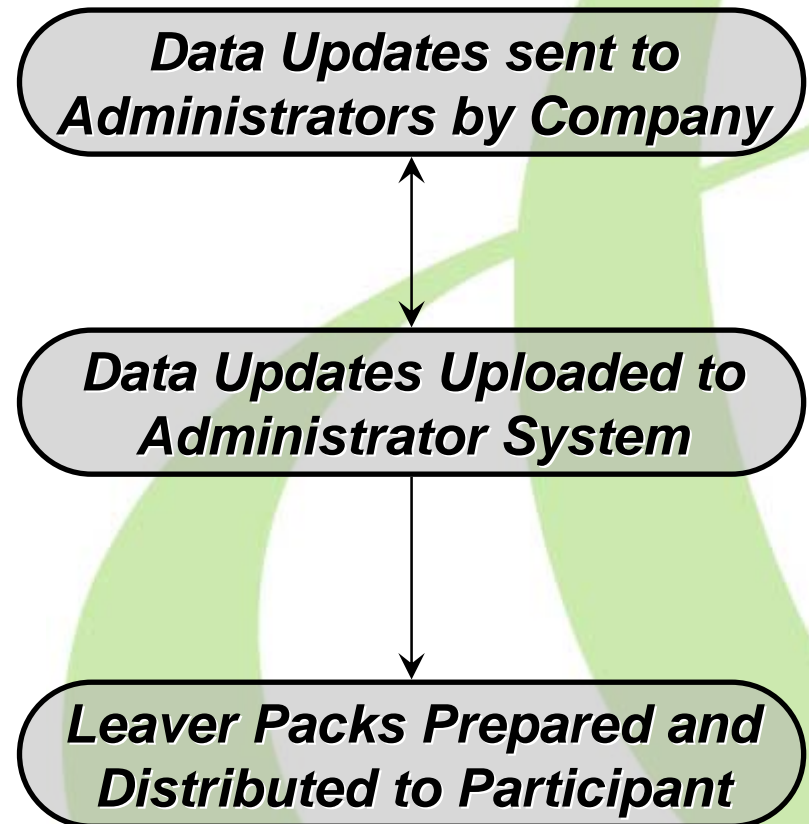
- Company prepares grant documents;
- Documents and grant approved by Board;
- Approved/Unapproved splits calculated if applicable;
- Participant and grant data delivered to administrators in agreed format from company;
- Grant data loaded to administrator system;
- Grant data reconciled;
- Award packs created and delivered to participants.



## Ongoing Maintenance

### Ongoing Maintenance

- Company delivers updates of Participant data (timings agreed during Plan Set-Up);
  - Name Changes;
  - Address Changes;
  - Leaver Details.
- Administrators update 'System' with changes and send back 'System' extract for company audit purposes;
- Administrators to prepare 'Leaver Packs' for Leavers who retain Awards post termination;
  - Statement of Holding;
  - Key Dates;
  - Action Points;
  - Election Forms.
- Leaver Packs distributed to Participant.



# Reporting

## Reporting

- Ensure all data, transactions and updates are completed and correctly reflected on 'System' prior to running any reporting;
- Ensure Transactions have been placed in the correct reporting periods;
  - Audit Date vs. Transaction Date;
- Ensure reporting requirements are clearly defined;
- Ensure report format is correct as per agreed template;
- Be proactive;
- Understand your reports i.e. what will this report be used for;
- Reconcile;
- For opening and closing balance discrepancies, ensure data and explanations are provided;
- Agree delivery method to keep in line with company policy.

## Reporting continued

### Common Company Reporting Requirements

- Tax Returns;
- Block Listings;
- Scheme movements;
- Leaver Analysis;
- Payroll Exercise Reports;
- Stamp Duty Schedules;
- Trust Shares vs. Newly Issued Shares;
- Head Room Reporting;
- Approved Option Limits (including EMI's);
- SOX Control reporting;
- IFRS2

## Exercise and Release

***Exercise Notices Received***

***Exercises Validated  
Costs Received***

***Sourcing of Shares?***

***Paper Work Prepared and Approved***

***Relevant Parties Communicated to***

***Options/Awards Exercised***

***Participant receives Shares/Funds  
And Contract Notes etc...***

### Exercise and Release

- Participant completes Exercise/Election form and send to Administrators along with any Exercise costs;
- Administrators Validate Exercise and begin to process;
- Company and Third Parties contacted and relevant documents prepared and authorised;
- Income Tax and NIC may be due, calculated and withheld;
- Shares Transferred/Sold;
- Participant receives:
  - Contract Note;
  - Share Certificate;
  - Funds;
- Transaction reflected on 'System'.

## Questions and Answers