Vol 21 No 5 February 2010

it's our business

newspad of the Employee Share Ownership Centre

Executive reward: the turn of the screw

Shareholder activism, increased regulation and the recession in the West combined to rein in UK executive reward levels last year for the first time in a decade and the squeeze is set to continue this year, warned Centre member PricewaterhouseCoopers.

The percentage rate of remuneration rises for FTSE executives fell behind the UK average last year, according to PWC's annual executive remuneration report.

A significant pressure to scale back executive reward has come from shareholders, unhappy with previously ever rising top executive reward, even during the worst economic recession since the 1930s.

Shareholders in one in five FTSE of companies withheld support on a significant scale for annual remuneration reports, up from a mere three percent dissent in 2008, while companies hit by a fall in share price in some cases lowered executive reward by between 20 and 40 percent in response to shareholder' demands.

During 2009 national average earnings increased by 2.5 percent compared with just a one percent rise for top management at FTSE 100 companies, said PwC. Median increases in base salary for FTSE 250 executives did not rise at all. This compares to a six percent rise for executives in 2008, nearly twice the 3.7 percent national average.

Bonuses fell by 20 percent in top companies, with one in six executive directors getting no bonus at all. The average they collected from their bonus schemes fell by 20 percent, as they struggled to meet performance targets.

The report's findings will put more political pressure on the banks, which increasingly look isolated as many continue to award stratospheric executive reward packages.

Shareholders, stung by criticism that they allowed pay to get out of control at banks, put extra pressure on a wide range of companies. The report showed that one in five FTSE 100 companies had more than 20 percent of their shareholders withhold support for the remuneration report they presented in 2009, compared with a previous average of around 5 percent. Shell and Bellway lost votes on pay at their AGMs, while a third of BP shareholders voted against the level of proposed director bonuses. M & S and Cable & Wireless faced trouble too over their executive remuneration plans.

Tom Gosling, reward partner at PwC, said: "Shareholder activism on pay increased significantly last year and with the next AGM season taking place during or in the run up to an election, against a backdrop of continued economic uncertainty, scrutiny on executive pay packages will not diminish this year. The appropriateness of performance measures and payments in respect of annual bonus and long-term incentive plans will be subject to great debate."

PwC also expects to see the effect of financial sector reforms, as well as political anger over banker's pay and the 50 percent windfall tax on bonuses, filter through to the attitudes of other businesses.

"The perceived issues with pay are not as great in other sectors as in the banking sector, but there are lessons to be learned. With the combined code and ABI guidelines now making clear the responsibility of remuneration committees to factor risk into performance assessments, we see this as a significant area of focus for the coming year,' said Gosling.

Mirroring FSA policy for financial services firms, deferred bonuses are already common across the FTSE 100. Deferred bonus plans are operated by 72 percent of FTSE 100 companies, up from 46 percent in the previous year.

From the Chairman

Corey Rosen's decision to retire as director of the National Center for Employee Ownership will have worldwide resonance. Corey started the Center with his then wife Karen in Washington DC then transported it to the more alternative Oakland California. Corey mixes mission with humour and intellectual rigour, made NCEO a world-leading organisation and the inspiration for our Centre. The news is far from all bad - Corey intends to stay on as a volunteer where I expect him to be as active as ever. Whether he can truly be succeeded as director remains to be seen.

Malcolm Hurlston

The ESOP Centre Ltd, 65 Kings Cross Road, London WC1X 9LW
tel: 020 7239 4971 fax: 080 8280 1938 e-mail: esop@hurlstons.com
www.hurlstons.com/esop

He added: "Organisations have realised that for reasons of cost control they need to freeze pay across the workforce so they have to set the right tone at the top of the organisation. Many companies were reworking their pay plans to link remuneration more closely to long-term performance. If companies aren't seen to act responsibly, there is the risk of legislation, which would almost certainly not be effective."

Many smaller companies have told the British Chambers of commerce that they intend to freeze employee pay generally this year.

DAVOS: Eleventh annual global employee equity forum

There's still time to register for the Centre's Davos conference on Thursday and Friday, **February 4 & 5** in the Steigenberger Belvedere Hotel, Davos Platz. Access the Centre website at www.hurlstons.com/esop and click onto the 'events' tab in order to download the brochure, study the programme, to which three more speaker presentations recently have been added. Register online or email your delegate name(s) to fhackworth@hurlstons.com

Cadbury sale

Before US confectioner Kraft emerged as the winnner in the Cadbury takeover battle, some commentators evoked the spirit of Quaker George Cadbury's model Bournville village, which he built using his own money, to improve the living conditions of employees who worked in his chocolate factories. But the Cadbury family had long since sold most of its shareholding and 90 percent of the Cadbury workforce is now based overseas, only 6,000 remaining in the UK. The sugar covering the bitter pill of takeover was the potential 'profit' for employee shareholders. Whereas in March last year Cadbury shares were stumbling along at around 500p each, Kraft's offer valued them at 825p (provided employee shareholders accept some Kraft paper, along with the cash). However, the number who will keep their jobs long-term is not known. As a letter writer to the *Guardian* put it, the wider vision of the founders had been abandoned. "There are examples of structures where decisions can be taken with a long-term view and the stakeholders can be rewarded for their input - time, intellectual or capital - eg co-ops and employee trusts exemplified by John Lewis."

Personal shareholding declines

An Office of National Statistics survey on shareholders found that in 2008 seven percent of UK households owned shares through employee share schemes. The survey showed however that the proportion of individual shareholdings fell to just ten percent in that year. Investors from outside the UK owned 41.5 percent of UK shares listed on the UK Stock Exchange, up from 40 percent at end-2006. The proportion of shares held by individuals has been on a downward trend since 1963 when they owned 54 percent of quoted shares. The definition 'individuals' includes holdings owned by UK residents (whether registered in their own name, through a PEP/ISA, or as clients of a stockbroker or fund management group); shares held for employee share-ownership schemes; shares owned by directors and those still owned by individuals in privatised and de-mutualised companies/building societies and shares held in trusts with individual beneficiaries.

ABI warns against executive reward excesses

The Association of British Insurers (ABI), one of the UK's biggest shareholder bodies, has written to FTSE-350 remuneration committees, warning them to consider their shareholders when setting pay this year amid growing scrutiny of executive remuneration. In the letter the ABI said remcos should be aware of the potential damage to the company's and shareholders' reputation from handing excessive payouts to executives. Peter Montagnon, ABI's director of investment affairs, said: "The economic downturn has presented some real challenges with regard to executive remuneration. Remuneration committees are at the centre of this, so we felt it would be sensible to address them directly and lay down some markers about where shareholders are coming from." The ABI is concerned that the recession and increased pressure to avoid the new 50 percent tax band, which comes in on April 6, may lead to some executives receiving excessive or unmerited pay rises as non-executives exercise discretion to top-up pay packages that would otherwise be sagging. The ABI called on remuneration committee chairmen to take responsibility and not to place undue reliance on remuneration consultants, nor to delegate responsibility to them for talking to shareholders.

Mr Montagnon, the letter's author, said: "They can't simply hire consultants to tell them how to get round the ABI guidelines. Unfortunately there are cases where this is how the process works." Many consultants did good work and played a valuable role, he said, but in some cases, they were exercising too much influence: "The question is, who is in charge? The remcos have got to stay in charge."

On tax, many companies are working on pay schemes to avoid the new 50 percent tax band, which applies to income above £150,000. Many exploit the yawning gap between the income tax rate and the CGT rate of 18 per cent. Rewards are structured as capital gains rather than income. While companies should aim to be tax-efficient, they should not devise schemes that risked damaging their reputation, the ABI said. Nor should they compensate executives for the higher tax rate they will have to pay from April. Mr Montagnon said that there was no problem if the schemes were legitimate and did not lead to extra costs for shareholders: "We do mind if it is naked evasion, or if there are extra costs." In a wide-ranging position paper that suggests shareholders are braced for a difficult pay season ahead, the ABI said that it was issuing the guidance to minimise the risk of misunderstanding and confrontation. Shareholders are also concerned that companies may not fully engage with them before new pay plans. *"Consultation does not mean calling the shareholder late in the evening ahead of a fait accompli the following morning,"* Mr Montagnon said. It meant timely communication before minds had been made up and when there was still time to change pay schemes. The ABI said rem comms, which have considerable discretion on cash bonuses and on the conditions attached to future share schemes, should not be tempted to soften their stance because executives were facing a leaner year this year.

Companies with a December year-end are busy deciding cash bonuses for the year just gone and setting the terms of future bonus schemes. Details will be published in the new round of annual reports, beginning late this month. "It is now that they will be making some of those discretionary decisions," Mr Montagnon said. The ABI gave a warning against the danger of windfall gains created by large falls in company share prices. Where option grants are based on a multiple of salary this could lead to the grant of a greater number of shares. It questioned the efficacy of retention bonuses.

Obama's US banks tax

President Obama launched an unprecedented attempt to cut the US banking community down to size in an effort to stave off a future financial collapse on the scale of Lehman Brothers.

His proposals included limits on the amount of risk banks can take, and banning retail banks from using their own money in risky financial transactions. That would prevent commercial banks from investing in hedge funds, private equity funds or engaging in so-called proprietary trading. This may mean that some of the US' biggest banks, such as Goldman Sachs, may have to be broken up. Mr Obama's proposals appear to herald a return to the principles underlying the Glass-Steagall Act. That law - from the 1930s in the aftermath of the Great Depression - separated commercial and investment banking, but was abolished in 1999 under President Clinton.

Lord Myners, the City minister, played down the idea that Britain might follow Obama's lead in introducing radical banking reforms. Myners told Reuters that the UK had already taken measures to address the problems in its banking industry. "President Obama came out with a solution to the idiosyncratic problems that he sees in the American banking system, which is around investment banking in particular," Myners said. "It's worth remembering that proprietary trading, hedge funds, private equity, these were not at the heart of the difficulties that Northern Rock, or Royal Bank of Scotland or HBOS experienced." He added: "He's developing a solution to what he sees as the American issues; we've already taken the necessary action in the UK." Chancellor Alistair Darling too is against copying Obama's moves to split commercial and investment banks..

The International Monetary Fund has been asked by the G20 to examine how banks can best contribute to the costs of insuring them against failure. The IMF will have more confidence to make bolder recommendations in the wake of President Obama's surprise new tax on the banks.

Three British banks may have to pay more than $10bn (£6bn) to the US Government as part of its crackdown on financial institutions bailed out by taxpayers. Royal Bank of Scotland, which is 84 percent owned by the government, may be on the hook for almost $1bn to the US over the next decade under the stringent new levy announced by the Obama Administration. **Barclays** could face a total bill of about $5.6bn over ten years, while **HSBC** may have to hand over $3.8bn, calculated Joseph Dickerson, an analyst at Execution, as details of the US levy emerged. The 50 biggest US banks and financial institutions, including as many as 15 foreign-owned companies, will face the new $90bn+ levy on their assets (in total) for at least ten years to help to recover taxpayers' money used to bail out banks and other corporations at the height of the financial crisis. The White House suggested that banks should dip into the money set aside for their "excessive and often outlandish" executive bonuses to cover the cost of the levy. "It is the least they could do," an official said, adding that bailout money had been given to the banks not to help them individually, but to help society as a whole. An official said that the levy, which will become payable on June 30, would apply only to firms with more than $50bn in assets. The President said that he was determined to recover "every dime" the American people were owed. *"We want our money back and we are going to get it. My determination to achieve this goal is only heightened when I see reports of massive profits and obscene bonuses at the very firms who owe their continued existence to the American people,"* said the US President.

Most of the biggest banks refused to comment. Institutions vulnerable to the new tax would include bank holding companies, thrift holding companies, insured depositories and broker dealers as well as certain insurance companies. The *Financial Crisis Responsibility Fee* is to be 0.15 percent (15 basis points) on their wholesale (ie investment) business, subject to Congress approval.

A day later, Wall Street bank **JP Morgan Chase** reported profits of $3.3bn for the last three months of 2009. That compared to profits of $702m reported at the end of 2008 at the height of the financial crisis. Total profits for the year were $11.7bn, with investment banking providing the bulk of the earnings. Staff compensation - made up of salaries and bonuses - totalled $27bn for the year. Investment bankers earned $9.3bn in pay and bonuses - an average of $378,000 in total pay for the year. Jamie Dimon, chairman and ceo, said that the bank would be paying more of its staff bonuses in shares. The stock component of the 2009 payouts would be a bit higher, he told analysts. *The reserve for reward was 33 percent of the investment bank's revenue for the year, well down on the 62 percent reward reserve in 2008.* In a response to political and public concern, JP Morgan is shifting some of its payouts from cash into shares. In the final quarter of the year, the proportion of revenue allocated to remuneration fell from a typical figure of 40 percent to just 11 percent. JP Morgan's finance director said the compensation total was reduced by a need to "offset British tax on bonuses" - the first admission that banks are responding to Alistair Darling' s bonus tax.

Goldman Sachs capped the salary and bonus packages of its London partners at £1m each but the bank's biggest earners, an elite group dubbed the Masters of the Universe, including commodity traders, who have in good years been awarded bonuses topping £10m each, will get much much more. Goldman reported a five-fold jump in profits to $13.4 bn (£8.3 bn) last year. However, it is keen to help defuse public anger about bankers profiting from the financial crash. Members of the bank's global management committee will take all their pay in deferred shares. Even when the bankers receive the stock, they will not be able to sell any of it until 2015. Its compensation as a percentage of net revenues was 36 percent, the lowest since it went public in 1999. Goldman Sachs' top executives in the US agreed to forgo cash bonuses for 2009 in a reaction to intense pressure over its pay policy in the months after it received a $10bn taxpayer bailout. Lloyd Blankfein, ceo, and the 29 other members of its management committee, said that they would receive their share of the estimated $22bn bonus pool in Goldman shares, which cannot be sold for five years.

Another US bank**, Citigroup**, reportedly intends to cap *cash* bonuses at $100,000, with any additional rewards being given in the form of deferred shares, maturing over a period of up to five years. Citi, the last of the big banks to pay back the cash it received from the US government's *Troubled Asset Relief Program*, is expected to clock up losses of about $8.5 bn. Yet still it is expected to pay out about $5bn in bonuses to its investment bankers alone, as part of its total staff payroll bill of more than $30 bn in salaries, benefits and bonuses.

Credit Suisse employees might wish it otherwise, but the Swiss bank is emerging as a true global leader when it comes to addressing the industry's problems, particularly over pay. Its announcement that it will cut UK managing director bonuses by 30 percent and the global bonus pool by five percent to fund the UK bonus windfall tax was the latest in a string of initiatives designed to draw the sting from the global backlash against banks. It follows last year's decision to pay a large slice of bonuses in the form of shares in a $5bn fund containing some of the bank's most toxic exposures. Credit Suisse was also the first major bank to sign up to the G20 principles on bank pay by agreeing to pay over 50 percent of bonuses in shares.

Barclays decided that its top executives would receive 75 percent of their expected bonuses - and 100 percent for the most senior people - in staggered payments over three years.

These initiatives are the latest in a string of cuts introduced by banks in response to the government's 50 percent tax on bonuses and new pay guidelines from the City regulator, the FSA. Under the FSA's rules, anyone earning more than £1m is required to take 60 percent of their bonus in deferred shares.. UK based bankers on more than £500,000 with bonuses that are double their salary have to defer payment of at least 40 percent of the bonus – meaning payment in deferred shares or options, rather than cash. A new stipulation from the G20, included in its principles on pay introduced in the wake of the banking crisis, states that banks ought to defer bonuses over at least three years and pay a greater proportion of them in shares.

Threat to civil service bonuses

Chancellor of the Exchequer Alistair Darling warned senior civil servants that their performance-related bonuses could be scrapped and, in some cases, their basic salaries reduced. He said that the levels of overall reward being dished out to senior employees in various government bodies had gone beyond the point where they could satisfy the 'next-door neighbour test.' The Chancellor told journalists: "What is being paid (in the public sector) has sometimes lost the relationship it ought to have with what somebody actually does. In some quangos, local authorities and other organisation, the level of pay, especially at the top end, and bonuses have reached the stage where they don't pass what I call the next door neighbour test. If you can't justify them to your neighbour, you've probably got it wrong."

Last year, HMG paid out £108m in bonuses to full-time civil servants, including a £30,000 bonus paid to an unnamed Foreign Office official. Some consultants hired by government departments on short-term contracts received bonuses of up to £80,000, it was reported.

Royal Bank of Scotland, 84 percent owned by British taxpayers, hinted it may want to pay its investment bankers about £1.5 bn in bonuses, even though it will make a loss this year of at least £5bn at group level.

Using P46(Expat) to identify to HMRC new employees seconded from abroad

When a non-domiciled foreign employee comes to work in the UK on secondment from an overseas employer, HMRC will deal with their tax affairs in a new Expatriate Team based in Manchester, reported Centre member Deloitte. Employers are required to complete a special PAYE take-on form – P46 (Expat) - and submit it to the Manchester Expatriate Team within 30 days of the expatriate's arrival in the UK. Where the employer has 50 or more employees in total (not just expatriates), the form must be filed electronically.

On the move

Corey Rosen, executive director and cofounder of the California based National Center for Employee Ownership, is retiring. Corey (CRosen@nceo.org) received a Ph.D. in politics from Cornell University in 1973, taught politics and worked as a professional staff member in the U.S. Senate, where he helped draft some of the legislation governing employee ownership. Mr. Rosen co-founded the NCEO in 1981. He co-authored five books on employee ownership and has written more than 100 articles on the subject for business, professional, and trade publications.

Sir Fred Goodwin, ex ceo of RBS, the failed bank that was rescued by taxpayers, accepted a new post, as senior adviser to architectural firm RMJM, which designed the Scottish Parliament building. Though his salary is not known, it is sure to be well under the £4.2m he earned in 2007, shortly before the roof fell in at RBS. His pension, £703,000 a year when he left, was later reduced to £342,500, partly at his own instigation. Fred *The Shred* was undone by an ill-fated £50bn takeover of ABN Amro in 2007, despite warnings that RBS was already over-indebted

Taking flight?

The UK Treasury could lose substantial revenue as the result of a Swiss campaign to lure hedge fund executives away from London with a promise to halve their tax bills. Multimillionaire managers are being wooed with offers that would enable them to keep their funds in offshore havens and reduce their taxable incomes with official backing. The campaign is being waged by local authorities which are responsible for two thirds of all Swiss taxation. The Greater Zurich Area AG, which represents eight cantons and the cities of Zurich and Winterthur, has already marketed itself in London, and individual cantons have similar plans. Marc Rudolf, a business development manager for the Greater Zurich Area, spoke at an event for hedge fund managers in London last September and said many more events were scheduled for the next few months. One hedge fund owner said that he had set up in Geneva — where he manages assets worth billions of pounds — to escape high taxes and bureaucratic meddling in Britain. "Switzerland's like Britain was 20 years ago," he said. "The officials know everything you're up to, but they're not in here every day telling you what you should be doing." Others could follow, including Brevan Howard Asset Management, Europe's biggest hedge fund, which has invited London staff to consider whether they want to move to Geneva. Staff at Goldman Sachs and several other large City investment banks, including Société Générale, BNP Paribas, HSBC and JP Morgan, have reportedly requested a move out of the UK because of the new personal tax regime. Tullett Prebon, an interdealer broker, said that it was offering its staff a chance to relocate to avoid the so-called bonus supertax, which kicks in above £25,000 at a 50 percent rate.

Those earning around the £100,000 mark will lose their personal tax allowance from April. At the moment employees are entitled to an allowance of £6,475 pa before tax is deducted from their salary. But, from this April, anyone on a salary of more than £100,000 will lose £1 of their personal allowance for every £2 higher than £100,000. This means those earning £113,000 will no longer enjoy any personal allowance - and will effectively be paying 60 percent tax on £13,000 of their earnings. Mick Calvert, practice leader in the financial planning group at Watson Wyatt, said: 'These people will not be caught by the 50p tax rate but in reality they will be worse off.' £150,000+ is earned only by 350,000 - the top one percent of UK employees - but the Centre for Economics and Business Research estimates 25,000 more who are just under the threshold will move into this group by April.

Some earnings above £150,000 could be converted into capital and invested in a share arrangement. The tax on capital gains currently stands at 18 percent so employees will see considerably less deducted from their shares in tax than would have been taken from their income.

CONFERENCES

DAVOS Feb 4 & 5: The Drucker principle – which seeks to limit top banking and corporate pay to no more than 20 times that of the lowest paid employee in any organisation - will raise its head at the Centre's Top Pay Unit forum. The principle is named after management consultant, Peter Drucker, who thought this a fair way of determining executive remuneration. Many top ceos earn up to 400 times the pay of the lowest paid employee, though the widening gulf in pay over the past 40 years has in part been caused by the distorting effect of globalisation and the employment of poorly paid workers in emerging markets. The average FTSE 100 ceo earns 128 times as much as his/ her average employee; the ratio a decade ago was 47 times. Register yourself and/or a colleague as a delegate for this event. Publicly listed companies such as BT, Cyril Sweett, Diageo, Invista Real Estate and luxury goods multinational Richemont are among Centre member plan issuers who have already done so. The Centre offers all delegates a two nights (on half-board basis) hotel accommodation + conference package deal, including cocktail party, at very cost-effective rates. The conference brochure is co-sponsored by: Appleby Global**;** HBOS Employee Equity Solutions (now part of Computershare Plan Managers) and by RBC Corporate Employee & Executive Services (see website at: www. rbccees.com).

JERSEY: The Centre’s next *Share Schemes for Trustees* conference, held in association with STEP Jersey, will take place on **Friday May 14** at the Royal Yacht (Hotel), St Helier, Jersey. Former Tory Front-bencher and new banker Howard Flight, a member of the Guernsey Financial Services Commission and Rosemary Marr, vice-president of STEP International and who is the Esop Institute’s International Research Fellow, are the lead speakers at this event. This extended half-day conference will allow delegates to learn and share knowledge about issues relating to the use of trusts in employee share ownership. The event is followed by a high quality lunch in the Royal Yacht. Members can attend for only £295; the non-members’ delegate fee is £425. To register please contact Anna Burgess at: (0) 20 7239 4971 and/or: aburgess@hurlstons.com.

CANNES July 8 & 9: Centre members who wish to deliver speaker presentations in Cannes at the Centre’s 22nd annual conference in Cannes on Thursday and Friday July 8/9 should mail Fred Hackworth asap (fhackworth@hurlstons.com) We seek share plan case study presentations from plan issuers, perhaps supported by their service providers and/or technical presentations from service providers (practitioners). We have early speaker commitments from Joe Saburn, an executive compensation and employee benefits specialist – and partner – at top US law firm Squire, Sanders & Dempsey; Patrick Neave from the Association of British Insurers and Sarah Pickering, MD at Alverez Marsal Taxand UK.

COMPANIES

Centre member **Cyril Sweett plc** said that following the quarterly accumulation period, which ended on December 31 2009, Capita IRG Trustees, trustee of the HMRC approved Cyril Sweet Share Incentive Plan awarded 360,663 ords of 10p each in the company to participants who were members of the plan on January 18 2010. The SIP is a discretionary trust, which holds ords acquired and/or awarded under the partnership, matching free and dividend shares sections of the plan. During the last quarter, eligible participating employees contributed funds to purchase partnership shares, which are matched on a four-for-five basis. Dividends in respect of shares held by the SIP are re-invested to purchase dividend shares. Following the appropriation Capita IRG Trustees holds 10,355,476 ords.

Eircom employees now work for yet another new owner, as Singapore Technologies Telemedia (STT) completed its acquisition of the telco, heralding its fifth change in ownership within a decade. The €140m deal to buy Eircom from its Australian owner, Eircom Holdings, had been approved by shareholders before Christmas. Almost no shareholders in Eircom Holdings opted for a scrip consideration that would have enabled them to receive both a cash amount and shares in Emerald Communications, the new holding company for Eircom established by STT. Instead, shareholders will receive a cash payment. STT is buying the 57 percent of Eircom that was owned by the Australian investment firm, formerly known as Babcock & Brown Capital. 35 percent of Eircom is controlled by the employee share ownership trust (ESOT). STT previously warned that debt-laden Eircom, which is headed by ceo Paul Donovan and employs nearly 7,000 people, faced numerous challenges. €1.2bn of Eircom’s almost €4bn in net debt is repayable in 2014, and another €1.2bn in 2015. There is a significant pension fund deficit too. The company is aiming to eliminate 1,200 jobs, while 700 employees have already left under a voluntary programme.

Finnish industrial filters maker **Larox Corporation** terminated its key personnel incentive plan a year early after the ownership of Larox was transferred to Outotec Oyj. In addition, the directors of Larox Corporation decided that the restriction period and transfer restrictions of the shares paid as reward should end, but the company will not pay any performance reward for the period 2007-2009. Larox operates in more than 40 countries and has 600 employees. Net sales in 2008 totalled 208m euros, of which more than 93 percent were generated by exports and the company's foreign operations.

Half a million workers will benefit from a **Pakistan** move to transfer 12 percent of the government’s shares in a chain of about 80 public and private companies to their employees. President Asif Ali Zardari handed share certificates to a group of workers under 'Benazir Employees Stock Option Scheme', named after the late Prime Minister Benazir Bhutto, who was assassinated.

The Employee Share Ownership Centre Ltd is a members’ organisation which lobbies, informs and researches on behalf of employee share ownership.