Vol 19 No 2 **June 2008**

it's our business

newspad of the Employee Share Ownership Centre

Tight finish in Centre's 2008 share plan award competition

The destiny of this year's Centre's award for the Best International Employee Share Scheme was decided by a single half-point in the judges' marking – the closest ever margin of victory in the competition's history.

RSA, formerly Royal & SunAlliance, came out on top for its international Sharesave plan, which was submitted by Equiniti, its plan adviser. Equiniti's senior manager John Daughtrey received RSA's award certificate from Centre chairman Malcolm Hurlston during an informal ceremony at the European Centre's 20th anniversary conference in Cannes. The Centre is seeking a date for a formal ceremony in London later in the year.

A fingertip behind RSA came Diageo and Pearson, whose entries were both commended by the judges. Diageo was advised by Linklaters and its certificate was received by Lucy Blackie, Diageo's Head of Shares. Pearson's certificate was received by Gabbi Stopp, the media company's share plans manager. Its plan advisers were Equiniti, Ernst & Young and Freshfields.

Mr Hurlston told Cannes delegates: "All three of the top entries showed a real commitment to all the principles which the Esop Centre exists to encourage. In the end, a decision was only reached by taking a mark out of ten from each judge for each of the top three entries – but even then, second place was tied and only half a point behind. In view of the extraordinary quality of the top three entries and the closeness of the judging we are pleased to issue certificates of commendation to the two runners-up."

The judges said of RSA's entry: "We were extremely impressed by the professional look of the plan materials: engaging and superbly designed. The company also used its Eso scheme launch to communicate wider corporate objectives – in particular the corporate social responsibility programme and the theme of energy efficiency – another area in which significant change can be effected by engaged and motivated employees.

"An excellent variety of communications vehicles were used, showing real thought had gone into how best to target a wide range of staff. A four-fold increase in the take-up among non-UK staff shows clearly the results that can be achieved through a well-designed launch.

"The judges commended the use of a remuneration committee resolution to allow staff to buy in at the time of their choosing, without fear of scale-back.."

The judges said of Diageo's entry: "The overall participation rate of 46 percent across the plan cycle was a highly laudable achievement. Its communication materials were engaging and well designed and there was good use of the share plan price chart and other pictorial representations to demonstrate how employees could benefit from participating.

"The judges commended the commitment to translations. Providing plan materials in multiple local languages demonstrates an understanding of the vital role of effective communication. A good variety of communication channels were used, including electronic, paper-based, presentations and local champions. The company gave employees the opportunity to save in their own local currencies and swallowed the foreign exchange costs."

The judges said of Pearson's entry: "We liked the re-branding and were impressed by the novelty of the communication tools – chocolate coins were given to employees and coin graphics were used to spell out the plan title.

"The reach of the plan was extended and the geographical spread was astonishing, with 22 European countries and 40 other countries included. The fact that some of these countries had only a few employees – or even just one –

From the Chairman

Esops were conjured into being by Louis Kelso in California in order to bring to employees the wages of capital as well as the wages of their labour. In this way the widening gap between top earnings and average earnings could be addressed Judged by this criterion, the Esop movement to date in the US and UK has been a flop. US top execs now trouser over 400 times the average wage, we learned in Cannes. According to 'Labour Research' , Home Retail, has been particularly generous with an md on £1.8m before options and an fd receiving a 14 percent pay rise; this in a company engineered by City avarice to "create shareholder value" as the phrase goes. For once, continental Europe is coming to the rescue of anglo-american capitalism. Several governments are saying enough is enough. We never thought the Commission would take on Microsoft...it will not be many years before top pay is clearly in the sights.

Malcolm Hurlston

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demonstrated how important the Esop plan was as part of the company culture. We also commended the fact that some SAR countries had been converted, showing Pearson had kept its eye on the ball and had taken the opportunity to provide real shares in jurisdictions where this had not been previously possible.

"Effective use of a feedback form for both participating and, crucially, non-participating employees was also commended as a practice which many companies could do well to emulate."

This year's winner of the Centre award for best international scheme in the smaller companies section was Telecity Group, whose scheme administrators are Capita Share Plan Services. Capita SPS MD Justin Cooper collected the certificate on behalf of his client.

The judges said of Telecity Group's 2008 SME section winning entry: "This submission demonstrated a good use of technology and an extremely impressive achievement in accomplishing a fully realised employee share scheme in only six weeks from conception to launch.

"This scheme exemplifies just what can be achieved when full commitment is given to an Eso plan launch by both plan issuer and its administrators. We were also highly impressed by the take-up rate of 40 percent among employees."

Previous winners: UBS, the Swiss based worldwide banking group, won the Centre's major companies award for the 'Best International Eso Plan' last year. The two runners-up, both commended, were plans submitted by BT and HSBC. The SME section award was won by Cyril Sweett, which listed on AIM later that year. The major award winner in 2006 was Watson Wyatt Worldwide consultancy. The 2005 major award winner was Imperial Tobacco, submitted by advisers Lloyds TSB Registrars (now Equiniti). A submission by law firm Shearman & Sterling on behalf of Veolia Environment was commended by the judges, as was an entry from P & O Nedlloyd, submitted by its advisers, Halifax.

CANNES 2008 - ALL THE SPEECHES

The European Centre had come a long way since its first conference in Paris, said chairman Malcolm Hurlston in his opening address to delegates at the Majestic Hotel in Cannes. "We were 11 brave souls who talked about what a European Esop might look like – if there ever was one," he recalled. Lord Digby Jones, the former CBI leader, had sent the European Centre his personal best wishes on the occasion of its 20th anniversary, echoing the attendance in Paris of his predecessor, Lord Cope.

It was particularly pleasing to see that among the delegates from eight countries gathered in Cannes were not only representatives from European multinationals like Diageo, Pearson and Unilever, but also a delegate from W L Gore & Associates Inc, one of the strongest advocates of Eso in the US, added Mr Hurlston. Despite the uncertainties created by the credit crunch and by over-regulation, companies were still keen to launch new employee share ownership plans. Different countries had applied Eso in different ways: for example the South African government had used it as a tool of black empowerment. Performance pay was rightly on the agenda as politicians and others fretted about the risk to social cohesion posed by senior executive reward packages now routinely more than 100 times the average national wage. The political drive in the European Union was now unstoppable and UK and US companies were in for a medium term surprise. Moreover, as share prices tumbled, shareholders were increasingly demanding that directors take bonus cuts, in order to share the pain. The good news was that the European Commission had bowed to pressure exerted by the Centre and others to amend the Prospectus Directive in order to reduce the burden on companies issuing employee stock in Europe (see separate story).

Amanda Flint and Derrick Neuhauser of BDO Stoy Hayward explained how managing a multinational workforce was not so easy when, for example, US employee benefit packages might not mean much to European executives used to longer annual holidays and good health care privileges. Plain vanilla stock option awards were almost dead in the US since the revamping of disclosure and proxy rules. Employee awards were increasingly performance based. Companies had to do their homework properly on the foreign tax front, as 60 percent of share option awards by US companies to employees in French subsidiaries were not in compliance with social tax rules.

Rashree Chhatrisha of MM & K and Sheila Raybone of Hays reported how the plc had implemented an international SAYE in 12 countries. By putting the plan online, 8000 sets of hard copy documents had been saved in the first year. Niggles had to be sorted: a savings provider had to be found for employee participants in Dubai, Hong Kong and Singapore and the docs had to be rewritten for Spanish participants because employees' dates of birth were not available. Nevertheless, the overall plan take-up rate was good – 1,800 out of 7,800 eligible employees in those countries = 23 percent. But Euroland had let the side down – only 24 employees there had applied to join the new plan, the reasons for which were being investigated.

Sara Cohen of Lewis Silkin & Victoria Goode of Sanne Group explored the use of employee benefit trusts (EBTs) in employee equity plans. They introduced four case studies to show how the trustee had to be careful about the ways in which it behaved towards the company and its employees. During a takeover, the trustee had to consider not only whether the employee beneficiaries would gain financially, but also any threat to some of their jobs. In large privately owned companies, the EBT was not just a share warehouse, but active in that it could set up annual share dealing days, to match internal buyers and sellers, giving liquidity to family owners and employees.

William Franklin of Pinsent Masons & Jon Stanfield of Kepler Associates inter-acted to produce an entertaining and demanding debate about the merits of the main valuation models used to establish fair value in the accounting of share based payments. On the surface it was Monte Carlo v Black Scholes, (not forgetting Binomial Lattice) but the best that could be hoped for was an estimate, however complex the math used to calculate the cost. One reason was that options exercise behaviour could never be precisely forecast – people left employment for reasons other than the level of share prices. If big companies had to write down an Eso accounting charge of £450m, directors were bound to ask: What value are we getting from this scheme? The Centre aims to arrange a rematch in London with the ASB to umpire.

Julie Azharian of the Emirates National Bank of Dubai discussed the presence of Esop in the United Arab Emirates and the Middle East region generally. Emirates NBD, the largest bank in the region, was launching a 'Provident (pension) Esop' which was an historic first step. There were many obstacles to overcome, not least difficulties faced by ex-pat employees, who would never be recognized as UAE nationals. Furthermore, employees were not allowed to own stock in UAE national owned companies and the necessary regulatory framework was largely missing. Sharia compliance was another major issue. However, the need for Esop was evident; there was stiff competition for talented employees bought in from the West, but it had taken the Bank 11 months to convince the government to permit it to put the Esop in place. Emirates NBD had had to create a Special Purpose Vehicle company in order to activate the plan, she said. Standard Bank was helping Emirates NBD set up the Esop and the trust was being managed by RBC. Ms Azharian said how much she was looking forward to seeing Centre members at the joint Esop conference in Dubai scheduled for November 17 & 18.

Leslie Moss of Hewitt New Bridge Street asked whether executive performance criteria had toughened up sufficiently to prevent abuse. There was now greater global consistency about the way reward packages were put together and a trend towards restricting incentive plans to the senior executive ranks alone. There was cause for concern: in the US, the average ceo of a Fortune 500 company gets paid (total reward package) 364 times the average wage, he said. Such awards were coming under increasing scrutiny – shareholder dilution, accounting changes and the fall in the US$ were having an effect.

Grant Barbour of Bedell Group described tools, in the trust repair workshop, which could be used when things went wrong, such as incorrectly drawn trust deeds, intentional or unintentional breaches of trust, defective tax advice or attacks by beneficiaries. There were self-help remedies, like the powers of amendment, though older trust deeds did not allow for amendment. Court sanctioned remedies were costly, but the Hastings-Bass case was useful because the principle had been accepted in Jersey that courts can set aside a trustee decision if it is clear that the trustee would have acted differently had he been given the full information in the first place. HMRC would probably take a robust stance on the issue because it could see tax revenue flying out of the window.

Joe Saburn of Greenberg Traurig updated delegates on US compensation issues. Everything happening in the US on the reward scene could be traced back to the Enron debacle, he said. He gave an overview of the dreaded 409A (pronounced "409 cap A") regulations produced by the Internal Revenue Code to stop executives from taking out deferred pay from the company before bankruptcy, which had had a "dramatic impact" on the taxation of reward. The penalties for non-compliance were very heavy but certain 'foreign' employee equity plans used in the US were exempt from 409A provided they were retirement geared. Most US corporations were now in favour of majority voting on director elections. The 'Say on Pay' movement too had gained ground, allowing more stockholders to vote on whether to ratify individual senior executive remuneration packages. The outcome of the 'Stock Drop' litigation crisis – in the wake of US share price collapses - was that most corporations had bottled out and had paid off the litigants, rather than risk full trials, added Mr Saburn.

Alan Judes of Strategic Remuneration explained the main rules and guidance to follow in the import and export of broad-based Eso plans. There were securities laws issues, because to get it wrong nowadays could mean a criminal offence. Introducing new plans into the UK was not so easy as formerly and in the US withdrawals from a 401K plan before the age of 59.5 incurred an additional ten percent penalty tax charge. Local tax and regulatory approvals could take a long time in some jurisdictions and what was tax efficient at home did not always work well abroad. Alan said that the accountancy standards board deserved a "big cheer" in the US because the gift of stock to employees did not need to be recorded under FAS123. So by granting a Share Appreciation Right (SAR), gains could be delivered as bonus shares. Meanwhile the change to the CGT regime in the UK had rendered HMRC Approved share plans "even more attractive."

Justin Cooper of Capita Share Plan Services talked about keeping Eso participation levels up during stock market turbulence. According to RBS, the global upturn would come in 2010 and in any event share prices were still higher now than they had been ten and even five years ago. Since the year 2000, Capita's share price had risen by 370 percent. Eso was so embedded in corporate thought processes that directors said they'd better keep on allocating employee shares despite the economic climate. Justin's instant vox pop among delegates revealed that almost all present believed that now was a good time to launch new plans. Lower share prices had not affected take up in most plans, though there had been some employee bail-outs from underwater SAYEs and transfers into new plans involving a lower option price, said Justin. Some companies had tried to reduce bail-outs by reducing the discount offered in the new SAYE plan. Capita had witnessed 80 new SAYE launches in the past year and no scheme terminations. SIP participants had not cut back the level of their contributions to their plans, he added.

John Daughtrey of Equiniti asked a key question – Why bother with international share plans? A major US study involving 105 listed companies had shown that peer group companies who had awarded stock options to employees achieved on average a 2.3 percent higher net return on assets than similar companies which had not introduced Eso in their workplaces. But introducing a plan was sometimes not enough by itself – employees had to feel a sense of ownership and management had to make consistent efforts to encourage participation and to disseminate useful info about the plan and its context, said John. His case study was of a European retail company with 18,000 employees, which had launched a Sharesave plan partly for reasons of corporate glue and partly to enable employees to share in the company's future. Issues included: restrictions on employees holding shares, avoiding tax on grant, appointment of financial intermediary in Italy and FSA 'passports' in the Czech Republic and Hungary. The company was delighted with an overall ten percent take-up rate and an average £72 was being saved by participants per month.

Mike Kemsley of Cyril Sweett plc talked delegates through how the previously privately owned construction consultancy had listed itself on AIM and what the impact was on Eso. Mike said that Cyril Sweet's Eso was motivated by "capitalism" and that 71 percent of its employees were shareholders. It had no plans to introduce SAYE-Sharesave, as every employee either bought shares or received them as part of bonus. The company had listed partly to use its shares as investment currency and other forms of finance had been looked at but discarded, mostly because the proposed debt levels were judged too onerous. The experience of listing had been bitter-sweet because though Cyril Sweet had exceeded performance expectations, its share price had been dragged down in the general market slump. One third of employees were truly entrepreneurial and bought as many shares as they could; another one third were building their professional careers and bought company shares in a tax efficient manner, while the final third were there simply to have a job and were not interested in holding employee shares.

Eugene Weultjes of Greenberg Traurig (Amsterdam) pitched the EBT up against the Dutch Stichting, which is used for Eso purposes by many Dutch companies. The Stichting issued depositary receipts and not shares to employees and its directors were appointed by the Board and were not independent. Through the Stichting participating employees were entitled to a share of the company's profits, but without possessing any voting rights. The EBT on the other hand, created an internal market and was good for succession planning. From the company's perspective, an EBT trustee might act against the board's interest, if such an action helped the trust's employee beneficiaries. Thus the Stichting was a good control mechanism for the company, which might head off a shareholder revolt by using the voting rights attached to employee 'shares' its way.

Nicholas Greenacre of White & Case discussed share plans in emerging markets – specifically the so-called BRIC nations – Brazil, Russia, India and China. Together these accounted for almost half the money raised globally by public listings last year. They had a generally benign view of employee incentives, but their governments usually had other priorities and not a lot was being done to improve the share plan environment, said Nicholas. China and Russia presented difficult challenges – no share plan transactions could be carried out in Russia itself, while in China the share plan approval process was very time-consuming. Exporting plans from any BRIC nation to Europe and the US was difficult for them as many of their executives needed an education programme to understand corporate governance and tax and securities regimes in Europe and the US, he added. In one ex CIS nation, pension plan rights were partly distributed in the form of coal. In companies such as Kazmina Gas, there were high allocations of employee shares to senior executives, but not much yet for rank and file employees, added Nicholas.

Quentin Digby of Freehills talked about share plan roll-out issues Down Under. Although official Oz share plan issues looked horrific, Oz regulators were not as tough as the securities and tax laws looked. "We do like to break rules, especially UK rules," quipped Quentin. "But our legislation is fairly actively in favour of Eso, " he added. European and US companies were advised to restrict their Oz employee incentive plans to senior managers and to keep them simple. The cost of roll-out in Oz could sometimes exceed the value of what was being offered to local employees in the plan, he warned. There were signs that the new Socialist government in Oz would make Eso a major component of its social inclusion programme, said Quentin.

David Dezicot of Global Shares presented the latest stock plan admin survey carried out jointly by Global Shares and by Buck Consultants. Responses had been obtained from 325 companies in 11 countries. The results confirmed that human resources provided the most common career path for share scheme professionals, with finance the second favourite. Almost half the respondents have certification or other professional qualification. Stock options are still the most common plan type administered but more than 50 percent of respondents administer restricted stock plans. Only eight percent of companies with international employee equity plans use different administrators outside the home country, the survey revealed. On average, across all the companies involved, respondents – both large and small – spent US $213,500 in the past year to support their employee equity plans and more than half of this sum went to the administrators. The average cost per plan participant across the board was US$28, but that figure rose to almost $200 for companies with less than 1,000 employees, the survey said. Unfortunately twice as much of administrators' time was taken up on reporting duties than on training and communication. Almost one in five of respondents do not yet provide a website for participants in support of admin services. Of companies who do not yet out-source stock plan admin, the survey revealed that one third are now considering doing so.

Cannes 2009 is scheduled to take place on Thursday July 2 and Friday July 3.

SIMPLIFIED PROSPECTUS

The European Commission announced its intention of amending the EU Prospectus Directive to reduce the burden of disclosure on sponsors of employee stock plans. The proposed amendment is expected to be implemented later this year, said William Cohen of Deloitte. The Commission had acknowledged that the PD can cause difficulties for companies which operate Eso plans. Even though the proposed amendments have not yet been implemented, the Commission has recommended that national regulators be lenient in relation to any prospectuses already filed. Last December the Committee of European Securities Regulators (CESR) outlined the European Commission's request and announced its intention to undertake work to alleviate the burden that the PD imposes on companies that offer employee stock plans to EU employees. The proposed amendments would enable both EU and non EU companies to operate employee stock plans in the EU more easily.

EMPLOYEE OWNERSHIP REPORT

The launch of the Parliamentary All Party Group on Employee Ownership's report 'ShareValue: How employee ownership is changing the face of business' was very well attended and Treasury Chief Secretary Yvette Cooper, made a personal appearance. The launch was sponsored by Centre member Field Fisher Waterhouse, whose equity incentives partner Graeme Nuttall is legal adviser to the Employee Ownership Association. The report confirmed "the vibrancy of the co-owned sector, which is now estimated to have overtaken the agricultural sector in terms of its relative share of GDP." The MPs said that the co-owned model offers enormous potential for the UK economy. A wide array of co-owned companies, operating in competitive markets in the public and private sectors, were delivering exemplary performance through the use of the co-owned model. If business succession in the UK was characterised a little less by trade sales, and a little more by employee buy-outs, the overall performance and durability of the UK economic base would improve, the report added.

SAYE ON THE UP

The SAYE-Sharesave approved Eso scheme made a spectacular comeback last year, increasing its participants to 2.3 million, compared to 1.7 million in the previous year, according to latest statistics. The average amount of money being saved by employees in an SAYE scheme in 2007 rose to £89 a month, up from £71 in 2006 and about 50 new UK based SAYE plans were introduced during the year. Around 80 percent of companies with SAYE have no other approved Eso scheme in place. The number of companies offering full 20 percent discounted options dropped to 72 percent (from 82 percent in 2006) Only two companies made changes in the wake of the expensing directive IFRS2 - out of a sample of 898 companies. Meanwhile, the Share Incentive Plan, (SIP) is holding its own, though the rate of increase in its use has tailed off, in light of steep falls in many share prices so far this year, leaving companies increasingly reluctant to expose employees to paper losses if they buy Partnership shares in their companies. The percentage of SIP companies offering Partnership shares fell to 70 percent last year, down from 80 percent in 2006. Nevertheless, the average amount of money saved in a SIP rose to £83 a month, up from £72 in 2006. Free shares are being offered by 27 percent of companies operating a SIP (up from 23 percent in 2006) The trend of increasing online account facilities continued, with 62 percent of companies offering their employees online access to info about the number and value of their SIP shares. Around 70 percent of companies who operate a SIP have no other approved share scheme.

HEROES OR VILLAINS?

A group of EU finance ministers attacked the rewards earned by bankers and top executives in a move that posed a potential threat to the City of London. A document prepared for a Brussels meeting found that the short-term pay structure of modern capitalism had become "deformed," causing firms to take on excessive risk without regard to the interests of stakeholders or society. While there is no legislation yet on the table, ministers are eyeing curbs on stock options, bonuses and golden parachutes. The meeting was held under the auspices of the Eurogroup, a quasi-official club of euro-zone finance ministers. The forum excludes the UK and free market allies from Eastern Europe. The text indicts the Anglo-Saxon market model as a 'danger to global financial stability' and castigates firms for chasing "immediate profits at the cost of massive sackings". A slew of proposals has been floated in recent months aimed at disciplining the market. Ideas include a pan-European regulator, curbs on private equity and restraints on sovereign wealth funds. None has yet crystallised into a draft EU directive. EU governments are paying close attention to a law going through the Dutch parliament. It seeks to impose a 30 percent super-tax on pay packages above €500,000 and limits bonuses and stock options to 100 percent of pay - far below the windfalls made by UK-based traders and bankers at the height of the credit bubble. Ruth Lea, director of Global Vision, said critics of the City had seized on the credit crisis to ram through changes that extend EU power over economic policy. "Brussels has been waiting for this moment. It is the classic thin-end-of-the-wedge method. These new proposals will simply drive business to Hong Kong, Singapore and the US," she said. Germany's Chancellor, Angela Merkel, has called for a crackdown on the 'fat cat' abuses after Porsche ceo pocketed €60m last year. Three reports are going through the European Parliament exploring curbs on hedge funds, private equity and the bonus system.

Tax Returns: Centre member Gannons reminds us that employers must file their tax returns for share awards, option grants and exercises and other events taking place in the tax year to 5 April 2008 with HMRC by 6th July this year. A new development is the facility to file returns relating to most types of share plans online. In order to file on-line the company must be registered with the PAYE Online - Internet Service. EMI returns still have to be submitted in old-fashioned paper form. The form 42 required for unapproved options and other events relating to shares held by employees remains very complicated, which can lead to mistakes being made. Even an eventless year does not release companies and their advisors from the obligation to file the relevant form, added employment lawyer Catherine Gannon.

INTERNATIONAL

Banque Accord launched its own Valaccord Eso scheme in France at the end of last year. In accordance with current legal provisions, this scheme will be progressively extended to all the countries the Bank operates in. Banque Accord is the banking subsidiary of Auchan, the French supermarket chain, and a big player in cards & consumer finance in France/Europe. It is committed to allowing every employee to share in the fruits of its growth.

President Sarkozy announced that the French government would unveil a Bill to boost Eso. Earlier, a regulation was issued, providing further clarification regarding the employee and employer social tax payable on qualified share options and qualified free share awards, said Bill Cohen of Deloitte. For qualified stock options or qualified free share awards granted from 16 October 2007 to 31 March 2008, employer social tax, at ten percent, was payable by 31 May this year. For qualified options and free shares granted after 31 March, the deadline for the payment of employer social tax is the end of the month following the month of grant. Employee social taxes are not payable until the year of sale.

The German government has agreed an Eso scheme that attempts to respond to workers' demands for a greater say in the running of firms. Germany has been lagging behind some other major European Union member states as regards broad-based Eso; only nine percent of German companies are said to have such schemes, compared to an average of 16 percent among the main member states. Larger companies are more inclined to introduce such schemes than smaller ones; foreign companies with branches in Germany are more likely to have Eso in place than domestic firms. The new scheme was criticised by the German Employers' Federation, which said it was too costly for SMEs—as they would only receive back 75 percent of their investment in funds. Trade unions, however, have cautiously welcomed the scheme as a step in the right direction.

A Resolution was launched in the US Congress expressing continued support for Eso plans. It notes that "there have been ample data collected by objective research indicating that the vast majority of corporations sponsoring employee stock ownership through ESOPs are high performing companies which have better sales, are more sustainable, pay better, and provide more retirement savings compared to similar companies that are not employee-owned"

Indiana State Treasurer Richard Mourdock has introduced a programme to encourage banks to loan to ESOPs, said US based National Center for Employee Ownership. The state will buy certificates of deposit from those institutions at reduced rates, increasing their funds available to loan. Banks then would loan these funds to new or existing Indiana ESOP companies for the current rate of 4.25 percent.

About a third of Royal Dutch Shell's shareholders have rejected a restricted share plan designed at helping to retain its top executives. The results, published on Shell's website late last month, show strong opposition to the plan with 32 percent voting against the measure and 776,213 further votes were withheld. The resolution is to provide a bonus worth €1m each to retain three top Shell executives.

ESOPS SET SAIL FOR DUBAI

The Esop Centre and Emirates National Bank of Dubai's joint conference on 'The prospects for employee equity plans in the United Arab Emirates and in the Middle East region' on Monday November 17 and Tuesday November 18, 2008 at the Palace Hotel, Old Town Island, Burj Dubai is attracting enormous interest among members. This event will enable Western employee equity plan practitioners to meet locally based businesses who are interested in the concept of employee share ownership and discuss how best the concept can be adapted and used in the UAE. Speeches and key topic presentations from the Esop Centre, Emirates NBD, Dubai FSA, STEP International and leading employee equity practitioners from Europe, the US and Australia will cover:

benefits of Esops, the role of trustees, use of EBTs in offshore markets, Esop education and profile of Gulf States workforce, attracting and retaining staff, including incentives for executives, case history of equity plan being launched in the UAE, how broad-based employee equity plans can be made to work in the UAE, complex tax issues for international staff, international reward patterns and accounting issues, Sharia law and Eso. It is imperative that member practitioners who wish to speak in Dubai and/or co-sponsor aspects of the conference contact event organiser Fred Hackworth immediately by email:

fhackworth@hurlstons.com Those planning to send delegates to Dubai should contact Fred to obtain logistical details and prices.

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