



Case study: Technology plc

Technology plc

“Technology plc” (Tplc) is a leading international business continuity provider offering a range of services from traditional disaster recovery through to consulting, anti-hacking and network security. The group has over 40 locations throughout Europe and in the US, Japan and South Africa.

In 2001, there are around 400 staff throughout the Group, which is likely to grow substantially, both through acquisitions and an aggressive recruitment campaign.

Objectives

- Incentivise and retain current staff.
- Recruit new staff in a fiercely competitive market place.
- Link separate subsidiaries and build a group identity.
- Align reward with the achievement of sustained growth in shareholder value.
- Take into account ABI Guidelines and market practice.

Issues

In addition to the UK, Tplc has subsidiaries in 10 other European countries, as well as in the US, South Africa and Japan. This meant that additional research was needed to ensure that any share plan would be viable in overseas tax regimes.

Proposal

Establishment of Share Incentive Plan (“SIP”) allowed Tplc to deliver shares in three different ways to their employees:

- Free Shares: shares worth up to £3,000 per annum can be gifted to each employee, income

tax free

- Partnership Shares: employees can purchase up to £1,500 worth of shares out of pre-tax salary
- Matching Shares: Tplc chose to award 2 free Matching Shares for every Partnership share bought, up to a value of £50 per month. Matching Shares are also free of income tax.

Advantages of SIP:

- requires a financial commitment from employees;
- is tax – advantageous;
- employees will forfeit Free and Matching Shares if they leave the company within 3 years, and will only get the full tax relief after 5 years, emphasising the long-term incentive aspect of the Plan.

Who are we?

Equity Incentives has substantial experience in all aspects of employee benefits, including equity incentives. The Managing Director, Graeme Nuttall, is a member of the HM Treasury advisory group which helps the Inland Revenue introduce new share schemes including EMI and SIP. Through membership of the **Global reward plan group** we implement international share schemes.

For further information, please contact:

Graeme Nuttall:

E-mail: graeme.nuttall@equityincentives.co.uk

Sarah Anderson:

E-mail: sarah.anderson@equityincentives.co.uk

This document is intended as a general guide on complex subjects. It is not intended as a comprehensive review. It should not be relied upon as a substitute for advice in a particular circumstance.

© Copyright Equity Incentives 2001.

Incorporates the equity incentives businesses of **FIELD FISHER WATERHOUSE** and **CAPITAL<STRATEGIES**.

Equity Incentives Limited 35 Vine Street London EC3N 2AA

Tel: +44 (0)20 7861 4717 Fax: +44 (0)20 7488 0084

E-mail: info@equityincentives.co.uk Website: www.equityincentives.co.uk CDE: 823