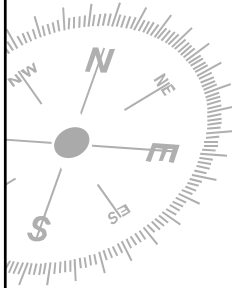


10 Challenges When Implementing an International Stock Plan



September 13, 2005

▶ **Ed Burmeister, Baker and McKenzie**

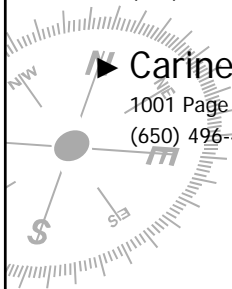
Two Embarcadero, Suite 2400, San Francisco, California
(415) 576-3029

▶ **Carol Rutlen, Expat Edge**

P.O. Box 61167, Palo Alto, California
(650) 321-3999

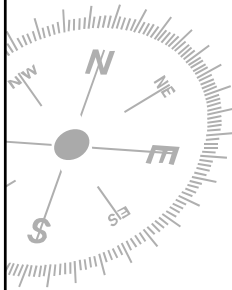
▶ **Carine Schneider, Citigroup/Smith Barney**

1001 Page Mill Road, Building 4, Palo Alto California
(650) 496-4253



Case study

Stockopia



3

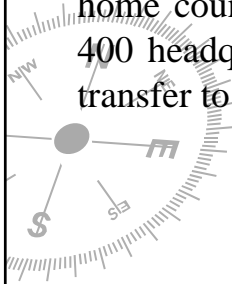
Stockopia Case Study

Stockopia is the leading provider of parts for the stock car racing industry. Stockopia trades on both the New York and London exchanges and has employees in 45 countries. CEO Steve Ocko is a strong believer in employee ownership - every new hire to his company receives a stock option grant upon their hire and Stockopia provides a typical global 423 ESPP. The CEO has recently met with the consultants from *NoIt All and Associates* - who have suggested a new plan design - a maximum value stock settled performance stock appreciation right. Mr. Ocko asks you to get back to him at 9:00 am tomorrow with any issues, otherwise, he plans to recommend this to the Board at the meeting starting at 3:00 pm.

4

Stockopia Case Study

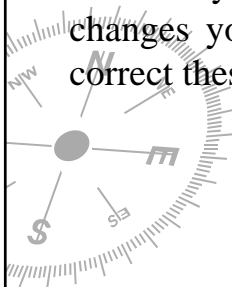
During the Board meeting, you have heard that the CEO will recommend that Stockopia move its corporate headquarters from San Jose, California, to Dublin, Ireland. Mr. Ocko, who has his primary residence in Sweden, wants to live closer to his home country. The great news is that you and all 400 headquarter staff members will be offered the transfer to Dublin as well!



5

Stockopia Case Study

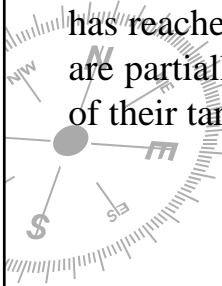
You are currently using a commercially available software package - but the Treasurer is pressuring you to outsource to a large brokerage firm. You've also just finished your 404 review, and the auditors found some issues in your review. Your CFO wants to know what changes you will be making in the next 2 months to correct these concerns.



6

Stockopia Case Study

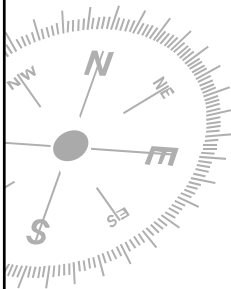
Your company has both in the money and underwater stock options, granted to everyone in the company at hire date and once a year during annual evaluation time. The recommendation for the SAR is to grant it with vesting over three years – evaluating whether the firm has reached its performance targets each year. If targets are partially met, each participant will receive a portion of their target award as capped SAR's.



7

Legal issues

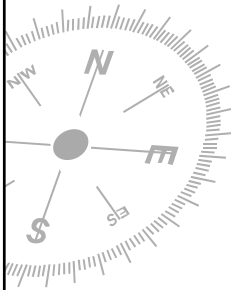
1. Securities law
2. Employment law
3. Operational requirements



8

Tax issues

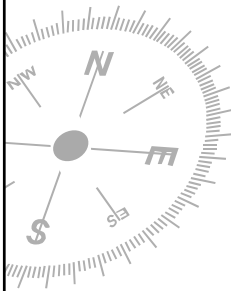
4. Corporate tax and accounting
5. Individual tax



9

Mobile employees

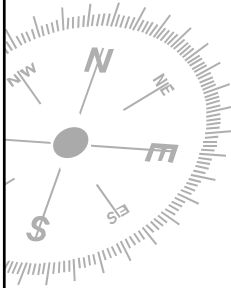
6. Mobile employees



10

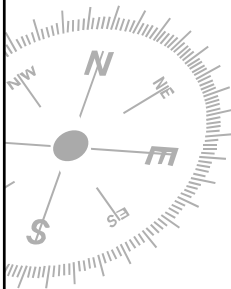
Administration challenges

- 7. Reporting
- 8. Employee communications
- 9. Process control and risk



11

- 10. *Figure out when you'll get some sleep!*



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