

**Share Plans and the Prospectus Directive:
Tips, Tricks and Traps from the Non-EU Issuer's
Perspective**

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15:00 – 16:00

Brian J. O'Neil – Counsel
Global Equity Lead – Legal
Accenture
brian.j.oneil@accenture.com

Stephen R. Penrod – Principal
Global Retirement Income Benefits
The Timken Company
stephen.penrod@timken.com

Nick Hipwell – Senior Associate
Clifford Chance LLP
Nick.Hipwell@CliffordChance.com

Heinz G_ nter Laun – Counsel
Jones Day - Frankfurt
hqlaun@jonesday.com

Louis Rorimer – Partner
Jones Day – Cleveland
lrorimer@jonesday.com



INTRODUCTION

Accenture and Its Business

- A global management consultancy, technology services and outsourcing company
- Annual net revenues of more than \$16.5 billion for fiscal year ended August 31, 2006
- More than 152,000 employees in over 150 cities in 49 countries



The Accenture Plans and Their Participants

- Employee Share Purchase Plan (“ESPP”)
 - Periodic option plan offered to all non-executive employees
 - Discounted exercise price
 - Covering approximately 49,000 employees in the EU
- Share Incentive Plan
 - Provides broad discretion to issue various types of awards
 - Voluntary Equity Investment Program (“VEIP”) is offered under the SIP
 - Share purchase with a matching RSU grant
 - Covering approximately 1,800 employees in the EU



The Timken Company and Its Business

- Leading global manufacturer of highly engineered bearings, alloy and specialty steel and related components
- Annual revenue of almost \$5 billion
- 25,000 associates in 26 countries on 6 continents



The Timken Company International Stock Ownership Plan (TISOP) and Its Participants

- Matched savings program allows each participant to contribute a portion of salary each payment period
- TISOP participants located in 15 countries (6 countries in the EU)
- Local business unit matches the participant contributions 100% up to specified limits
- Funds are used to purchase Company stock on NYSE
- All contributions are deposited in a Jersey trust
- Matching contributions generally vest 5 years after contribution





THE DIRECTIVE AND THE SEARCH FOR EXEMPTIONS



What is the Directive?

- Basic Terms and Operation
- Definition of “Offer of securities to the public”
- Commission regulation
- CESR guidance



Alternative Structures Considered

- Option structure
 - Grant option to purchase shares exercisable each month instead of monthly purchase
- Phantom Stock / SARs



Exemptions Considered

- €2.5m 'exemption'
- Employee offer exemption
- 100 person exemption
- Unique features of local law



Why did we file a Prospectus?

- Accenture
- The Timken Company



**SELECTION OF A
HOME MEMBER STATE**



Alternative Jurisdictions Considered (Accenture)

- UK
- Ireland
- Luxembourg
- Earnings guidance
 - Issued quarterly by Accenture
 - Profit forecast under EU regs
 - Included in Prospectus and audited
 - Difficult to obtain auditor's sign-off



Reasons for Final Choice - France (Accenture)

- Large number of Accenture employees
- Familiarity with US filings
- Recent Prospectus approvals in connection with employee share plans
- Approach to earnings guidance
 - Issue considered previously by regulator
 - Published statements helpful
- Other factors



Alternative Jurisdictions Considered (The Timken Company)

- France and UK
 - TISOP not offered in France or UK due to pre-existing tax-qualified plans
 - No nexus for EU Prospectus filing
- Italy and Spain
 - Later than others in process of implementing the Directive



Reasons for Final Choice - Germany (The Timken Company)

- Possibly the jurisdiction where first EU offer was made after July 1, 2005
- Large number of Timken associates and TISOP participants
- Clear logical choice after considering alternatives





THE REGULATORY PROCESS



Initial Drafting and Filing

- Three parts
 - Summary
 - Main body
 - Exhibits (cross-referenced)
- Key items

Use of U.S. SEC Filings

- Cross-reference table to Form 10-K and Proxy Statement
 - Contains most of the disclosure required
- Start with the cross-reference table and tick off the information required before drafting the main body
- Use an up-to-date Form 10-K



Review and Comment Process

- Regulator has 20 working days to comment
- Open dialogue pre-filing and keep in touch
- Comments from Regulator
- Are the financials more than 90 days old?



Approval and Publication of the Prospectus

- Home Member State checks compliance with the Directive
- Regulator issues approval
- Publication of Prospectus



Passporting Process

- Submit request to passport in advance
- Regulator distributes documents to host Regulators with request to passport
- Issuer prepares translations
- Host Regulators have very limited role
- Local variations
- Timing



Other Process Issues

- Auditors review process
- Accounting issues
- Signature requirements
- Disclosure issues



WISH LIST FOR THE FUTURE

- Extension of the employee offer exemption to include non-EU issuers
- Recognition of U.S. Form S-8 prospectus



Questions?

Thank you for your participation

