



t h e **GEO**
a w a r d s
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The Award Recipients for
2002

Dear Equity Compensation Professional,

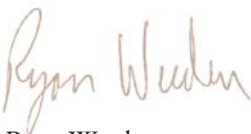
The first annual GEO Awards gala celebration was held on Tuesday, 16 April 2002. Over 200 international practitioners from fourteen countries attended our first awards event. Awards programs both educate and entertain. During our evening event we celebrated the success of exceptional companies using global employee stock plans while acknowledging the growing importance, acceptance, and development of our industry.

Five years ago it would have been hard to imagine an entire awards program exploring the best practices in international employee share plans; the few companies that were using global stock plans were both secretive of their 'market advantage' and, quite frankly, did not have anyone to compare themselves to. Innovation in the early days was simply a matter of launching a global stock plan.

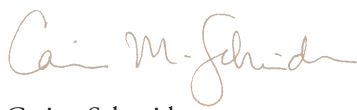
Today we are faced with an entirely different landscape. Companies of all size, industry, and trading status provide these plans. US technology companies may have lead the use of global stock plans, but non-technology companies around the world have quickly matched, and in some instances surpassed, technology companies in their stock plan communications, effectiveness, and design. As our industry grows, more openness and information sharing has followed and leads to greater awareness of plan alternatives, various approaches to share plan design, and a development of benchmarks and best practices.

As this industry develops it is essential that we learn from one another; share stories, experiences, and viewpoints. An awards program like this achieves numerous objectives: providing new ideas, a realization that a standard has been set, and energy to bring fresh ideas and change to existing stock plans. There are no winners or losers in this exchange. No one has created the perfect plan – there is as much to learn from what did not work as what did.

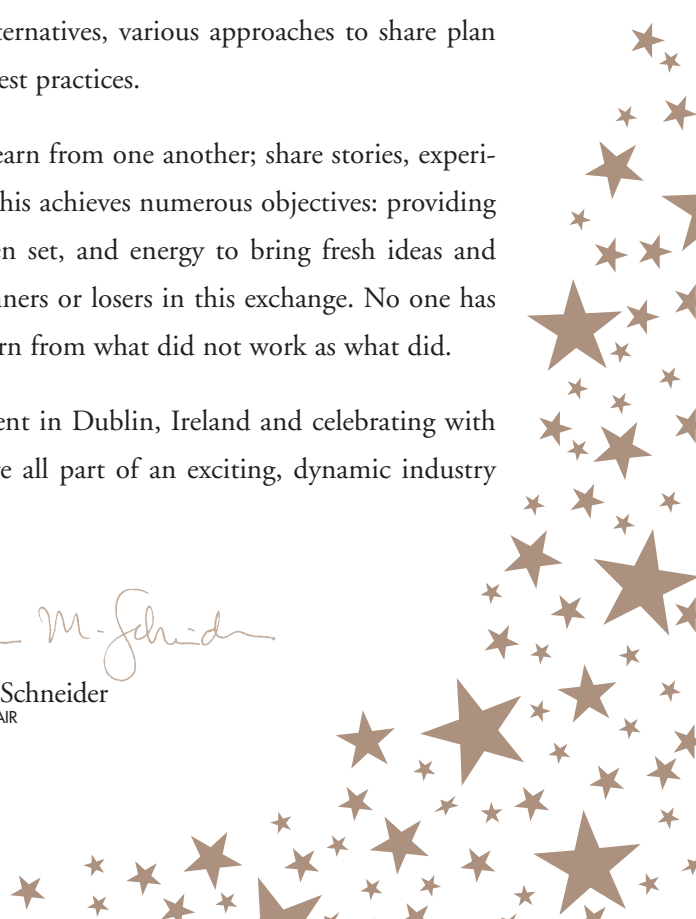
We look forward to seeing you at next year's event in Dublin, Ireland and celebrating with your colleagues, peers, and new friends – we are all part of an exciting, dynamic industry changing the world.



Ryan Weeden
GEO EXECUTIVE DIRECTOR



Carine Schneider
BOARD CHAIR



Welcome

The GEO Awards have been developed to acknowledge outstanding achievements by companies operating international employee stock plans. Due to the many types of companies that use share plans globally, the GEO Awards were designed to distinguish between these types. We have created multiple divisions and categories as follows:

Divisions:

- ★ Listed companies over 15,000 employees
- ★ Listed companies under 15,000 employees
- ★ Unlisted companies

Categories:

- ★ Best Communications
- ★ Most Innovative and Creative Plan Design
- ★ Best Plan Effectiveness

The awards are granted to companies that submit applications to GEO for consideration. An international panel of three impartial leaders are selected as judges for the GEO Awards. Judges are selected on their demonstrated experience in the equity compensation profession. The judges meet for a two-day assessment of the candidates. Award candidates are evaluated based on submitted materials.

The GEO Awards recipients are not announced until the GEO Awards gala dinner event.

The 2002 GEO Awards Judges

The selection of the GEO Awards judges is based on demonstrated experiences in the equity compensation profession, balanced with their independence from possible awards applicants. For obvious reasons we prefer our judges to be impartial and to have minimal connection to any of the candidate companies. However, we realize that there are few, if any, individuals within the stock plan community who do not have connections or personal relationships within or among the companies. We try and minimize these conflicts and where they do arise that judge is excused from the evaluation of that submission. Judges receive no compensation for their time – only travel expenses are reimbursed.

THE 2002 GEO AWARDS JUDGES

George Greenham (UK)

Corey Rosen (US)

Mark Van Beusekom (NL)

These judges not only represent the most experienced views in the industry, they also represent the three main actors within stock plans – Mr. Greenham, a former executive at British Airways representing corporate issuers; Mr. Rosen, the executive director of the National Center for Employee Ownership (NCEO) representing third party independent advice and determination; and Mr. Van Beusekom the principal of PS Participation Solutions representing service providers.

How Are The GEO Awards Judged



The Judges

GEORGE
GREENHAM

George Greenham, BSc (Aero Eng), ACGI, DMS, MBIM, is currently a freelance HR consultant, with a focus on performance management and rewards. His clients come from a wide range of organizations in the private and public sector. Prior to his work as a consultant, he was the Head of Performance Management and Reward at British Airways Plc. During his ten year tenure he was responsible for developing and implementing the company's worldwide "Performance Management" and "Reward" strategies as applicable to all levels of staff, including Board Members.

COREY
ROSEN

Corey Rosen, PhD, is the cofounder and executive director of the National Center for Employee Ownership (NCEO). He has worked in this field for almost 25 years, authored several books on the subject, appeared on CNN, PBS, NPR, and other programs. Additionally, he is regularly quoted in the New York Times and the Wall Street Journal. He has spoken on employee ownership all over the US, as well as in China, Russia, South America, Europe, and Africa. Mr. Rosen is considered one of the leading experts in the field of employee ownership.

MARK
VAN BEUSEKOM

Mark Van Beusekom is the founder of PS Participation Solutions and a former director of the Netherlands Participation Institute (NPI). PS Participation Solutions works closely with clients and specializes in assisting in the design, implementation, and maintenance of employee ownership plans. Mr. Van Beusekrom is author and co-author of many books and articles about employee participation and ownership published in the Netherlands in recent years.

Best Plan Communications
PUBLICLY HELD COMPANY
Under 15,000 Employees



- PERKINELMER STOCK PLAN HIGHLIGHTS**
- ★ Over 12,000 employees in 14 countries
 - ★ Global Stock Purchase Plan (GSPP) introduced in 1998
 - ★ Country managers were essential to the success of the GSPP program

PerkinElmer

PerkinElmer, Inc. is a global technology company that provides products and systems to the telecom, medical, pharmaceutical, chemical, semiconductor, and photographic industry. The company employs over 12,000 skilled and manufacturing employees in over 14 countries.

PerkinElmer launched its Global Stock Purchase Plan (GSPP) in 1998 to increase employee ownership and provide an opportunity for employees to share in the growth of company profits.

The GSPP communication strategy stands out for its holistic approach targeting employees, country managers, and their third-party administrators. By engaging all the key parties involved in the on-going operation of the share plan, PerkinElmer was establishing clear, linked objectives while ensuring 'buy-in' from both recipients and communicators.

Although a majority of PerkinElmer employees are outside of the US, the company adopted a separate qualified stock plan for their US employees. Subsequently, the company launched their communication materials to reflect the differences in plan design among participants. As country specific tax and legal issues arose, PerkinElmer translated and communicated those points to employees.

The communication program involved print brochures and handouts, a share plan designated website, and extensive supporting materials for local country contacts. The materials were developed through a constant dialogue with country managers using such techniques as questionnaires, phone surveys, technical reviews, and regularly scheduled conference calls. Communication between local country contacts and the corporate headquarters team allowed for a smooth plan rollout and operation, legal and tax compliance, and employee understanding and appreciation of the plan.

BEST PLAN COMMUNICATIONS

Communication is key to the successful operation of any employee stock plan, and operating plans international presents special challenges. Judges look for the most effective and appropriate communication methods and materials used in a plan. Judges take into consideration a company's size and the number of employees to whom the company must communicate the plan. For instance, awards were not based on the amount of money spent on a communications program but based on the content, message delivered, coherency, and style.

The judges determined the following specific criteria should be used to evaluate the merit of a communication program:

- ★ Technique/Means of communication
- ★ Single/Two-way communication
- ★ Clear and concise language
- ★ Localization and personalization

Further considerations of the judges in evaluating the quality of a submission was the use of humor, the type, level, and detail of information, and the number of meetings held to evaluate local viewpoints and considerations.

BP, Inc.

BP faced the extraordinary task of communicating a complex share plan to over 100,000 employees with varying levels of education and understanding of share plans located in over 60 countries. BP accomplished this by using a process whereby the central design team received constant feedback from local audiences – the company designed its plan, structured administration, and conducted communications on an 80% central / 20% local distribution. Centralized operations ensured high standards and consistent messaging without various actors having to ‘reinvent the wheel.’ Local involvement in the plan ensured that the delivery takes into account country specific terms and circumstances/cultures.

BP’s communication strategy used concise, colorful, engaging, and easy to use introductory material to get to the core concepts of the plan while providing supporting documents that explore further plan considerations. The company spent considerable time on delivering the right message to the right audience – using real employees as actors in their videos, avoiding technical jargon in introductory materials, and relying on charts and visuals to convey difficult issues. The ShareMatch plan was BP’s first global communication programme following the introduction of the new BP brand.

The company also felt employees should understand the risks and rewards of being a shareholder. The ‘Being a BP Shareholder’ communication brochure was developed to explain what a share is, how value is determined, the risks of shareholding, etc. In Addition, all materials were translated into 17 languages.

Communication materials were delivered in a variety of formats – videos (on-line and real-time), posters, powerpoint presentations (to be delivered by local contacts), employee intranet sites, and durable employee information packets.

Notable communications highlights from other applicants:

Intel – *re-launched its long-standing employee stock plans by rebranding, informing, and educating employees on the benefits of participation in the stock plan. This extensive communications effort was successfully completed after careful design and methodical implementation including over 650 meetings with employees and local employer representatives. In addition, Intel mailed all stock plan material to an employee’s home – ensuring that the financial planner of the house would receive the documents.*

Accenture – *ensuring the right message is delivered to local employee stock plan recipients is perhaps the largest challenge of a global equity compensation plan. Accenture accomplished coherent plan delivery through dozens of train the trainer meetings. They also piloted the program with over 400 employees to gauge effectiveness and appeal.*

**Best Plan
Communications**
PUBLICLY HELD COMPANY
Over 15,000 Employees



BP STOCK PLAN HIGHLIGHTS

- ★ Web-delivered videos explaining technical issues of ShareMatch were developed using simple language and BP employee/actors
- ★ BP considered ‘message consistency’ by maintaining a single approach to linking the ShareMatch materials to the existing corporate brand initiatives

Best Plan Communications

**Most Innovative
and Creative Design**

PUBLICLY HELD COMPANY

Under 15,000 Employees

Swiss Re



**SWISS RE:
STOCK PLAN
HIGHLIGHTS**

- ★ Operates in over 70 offices in more than 30 countries with over 9,400 employees
- ★ Shares traded on Virt-x – annual gross premiums of over CHF 26 billion
- ★ EPP is a two-year share savings plan offered annually. Employees may participate in multiple accumulation periods to a combined limit of 10% of salary or a maximum of CHF 20,000 annually

Swiss Re:

Swiss Re: is among the world's largest reinsurance organizations. The company employees 9,400 employees in more than 30 countries.

The Employee Participation Plan (EPP) was introduced in May 2001. The all-employee global plan is a share savings plan with an option and phantom element and had a 53% take up rate in its first launch.

The EPP was designed to deliver shares in the company, allowing flexibility for local tax and legal requirements. The EPP was not designed locally and then exported to the rest of the global employee population. For example, the plan was designed to provide a discounted share price to employees. But in Switzerland, where employees were taxed at grant, the employees are granted a premium match to their savings. This allows parity in value among the various employee groups.

Swiss Re: also pursued local tax efficient mechanisms. In the UK, for instance, the EPP was sufficiently close to the Inland Revenue approved SAYE program that the

company modified the plan to meet the various requirements – providing UK employees additional tax advantages.

Swiss Re: made the decision to only allow purchases of whole shares of stock valued at enrollment at US\$1,930/share. Employees who did not save enough money to purchase a whole unit receive phantom share equivalents. Employees were still able to gain from share price appreciation, however the company avoided the troublesome handling of partial shares.

The plan contained specific provisions to allow employees moving from one location to another to continue participation in the plan. The flexibility of the EPP, combined with the foresight in seeking tax efficient mechanisms for employees makes Swiss Re: a clear innovator in share plan design.



Most Innovative and Creative Design

PUBLICLY HELD COMPANY

Over 15,000 Employees



BP STOCK PLAN HIGHLIGHTS

- ★ Over 100,000 employees in 80 countries
- ★ ShareMatch plan launched October 2000 – now operating in 47 countries
- ★ During 2002 over 20 additional countries added

CO-WINNERS

This year's award for best plan design for companies over 15,000 employees is granted to both BP and Pearson for very different reasons. BP has developed a single, extremely detailed and well thought out share plan for all its employees. Pearson, on the other hand, used multiple share plans to engage and involve its worldwide workforce. The GEO Award Judges felt one approach was not superior to the other – simply too different to compare. Given the thought, complexity, and careful considerations of each plan the award is granted to both companies.

BP, Inc.

BP is a global oil and energy company headquartered in the UK. BP is receiving a GEO Award for the design of its ShareMatch plan – an all-employee share-matching plan. The ShareMatch plan was created to meet the companies stated commitment 'to encourage employees to become shareholders in BP.' ShareMatch allows employees to buy BP shares and then receive a match by the company.

BP decided upon using shares versus options because it wanted to create employee shareholders quickly, felt shares were a more powerful integrator and more 'branded,' emphasized that shares have value in bull and bear markets, and it also wanted to ease conversion of existing plans.

BP established varying maximum contribution limits based on company/group performance. The company established a peer group of companies and then established single comparative rank based on calculating: Total Shareholder Return (TSR), Return on Average Capital Employed (ROACE), and Earnings Per Share (EPS). If BP was ranked 1st or 2nd among its peers, employees would be allowed to invest at the highest level (a higher level translates into a larger contribution by the company – a 5% contribution leads to a equivalent match, larger than a 4% contribution under a lower performing scenario). If BP was ranked 3rd or 4th, second lower maximum contribution limit was set. If BP was ranked 5th – or lower, a final maximum contribution level was set. Employees are able to participate in the share plans regardless of company performance.

BP also assisted employees in countries where tax and regulatory structures prohibit or discourage employee participation. While the plan is relatively straightforward, BP did an exceptional job of linking share allocations to company performance, rolled out the plan over a period of time (allowing BP to correct mistakes along the way), and obtained local guidance and buy in to ensure adequate and appropriate design.

Most Innovative and Creative Plan Design

Pearson, plc.

Pearson is a market leader in education, consumer publishing, and business information. As a media company, Pearson has educated more than 100 million people worldwide. In 1997, Pearson launched the Change Gear program that started modifying its existing UK stock plans. Today the encompasses over 13 distinct share plans across the world. The plans were designed to meet various needs of employees in multiple and diverse marketplaces.

Their main share plans include:

Share Bonus Plan (free shares) – is designed to give all Pearson employees an immediate shareholding in the company. Allocations are based on six months prior service; and 94% of UK employees are shareholders and 60% overall.

Worldwide Save for Shares Plan – is a voluntary share option plan based on the UK SAYE scheme design. This plan is for all non-US employees. This plan allows employees to save a portion of their monthly salary over a period of 3 to 5 years, at which time the employee is given the right to purchase shares at the price of the stock on the rollout date. Employees also receive a ‘bonus’ match on savings from the company providing they maintain participation in the plan for 3 to 5 years. The match is based on what the company would have received in profit if they had exercised their option. US employees participant under a 423 ESPP program.

Long Term Incentive Plans (LTIP – share options and restricted stock) – Pearson felt top management and key employees would not be sufficiently rewarded under the two other stock plans and introduced this discretionary plan where higher levels of equity were required for key populations. The wide ranging LTIP solutions include restricted share grants to the CEO to option awards to ‘new economy’ employees. Approximately 18% of the company’s employees participate in this plan.

By developing various plans to meet numerous objectives and employee needs, Pearson has at its command a wide range of equity sharing vehicles to meet all corporate objectives.

**Most Innovative
and Creative Design**

PUBLICLY HELD COMPANY

Over 15,000 Employees



PEARSON STOCK PLAN HIGHLIGHTS

- ★ 27,000 employees in 60 countries
- ★ World’s largest education publisher
- ★ 60% of employees are shareholders

MOST INNOVATIVE AND CREATIVE PLAN DESIGN

Share plans can be created to meet a multitude of corporate objectives that must be balanced with the legal, regulatory, and corporate culture obstacles that may be encountered. This category allows applicants to demonstrate how inventive and creative they were in working around potential stumbling blocks in developing and implementing share ownership plans. Measurements in this category include how well the plan was creatively adapted to local tax and regulatory laws, innovative ways to increase employee participation and excitement, and how their plan differs from competitors or industry norms.

The judges also determined that the following criteria was important in evaluating these awards:

- ★ Ground breaking solutions
- ★ Closely tailored to meet local needs whilst maintaining all critical corporate objectives (weighing on the largest employee base more substantially)
- ★ Promotes ownership behavior
- ★ Employee input to plan design
- ★ Multiple goals - multiple plans
- ★ Staged rollout

Most Innovative and Creative Plan Design

Cisco Systems, Inc

Cisco Systems, Inc., the world leader in the creation of networking solutions for the Internet, is the GEO Award recipient for Best Plan Effectiveness due to its ability to use its stock plans to achieve extraordinary operational results. Since 1989 Cisco has granted stock options to employees upon hire, after achieving annual performance targets, at promotions, and for one-time recognition programs. Cisco also allows employees to participate in the company employee stock purchase plan.

Cisco has used its stock plans to achieve tremendous growth by attracting, motivating, and retaining a highly skilled and long-term workforce. The company relies on acquiring companies with the latest technologies to incorporate and expand upon those skills. Through Cisco's effective stock plan (and communication program) average retention rates for employees of acquired companies is over 90% in the first year and 80% after 4 years. This is compared to an industry average of 40%-60%.

Cisco was recently ranked Number 1 in the London Sunday Times '50 Best Companies to Work For.' The paper went on to say: 'The most obvious concrete benefit for employees is the share options. (Employees) are given options on joining, become eligible for more through pay-for-performance schemes, and can allocate up to 10% of pay for share purchases.'

Cisco has effectively used its equity ownership programs to foster a culture that aligns employee and corporate goals on a worldwide basis and is therefore our 2002 Award winner for Best Plan Effectiveness.

Best Plan Effectiveness
PUBLICLY HELD COMPANY
Over 15,000 Employees



CISCO STOCK PLAN HIGHLIGHTS

- ★ 37,500 employees
- ★ 60 countries
- ★ 7 billion shares outstanding
- ★ US\$22 billion sales
- ★ 90,000 new stock option grants processed in FY 2001
- ★ End of FY 2001 85% (32,000) employees participated in the ESPP plan
- ★ 10 person stock administration department

Best Plan Effectiveness

BEST PLAN EFFECTIVENESS

Share plans are key to helping a company achieve its corporate mission and goals. This category of award is to highlight companies that have spent time and energy developing an employee equity compensation plan that works toward those various corporate objectives.

The criteria for this category is based on an assessment of employee participation, significant "take-up" levels among employees (taking into account the type of plan), and other ways of involving employees in the operation of the company. An essential component of assessing effec-

tiveness is a clear statement of the goals of the plan in addition to a demonstrated measurement technique. The judges also determined that the following criteria were important in evaluating these awards:

- ★ Take-up rate
- ★ Voluntary plan
- ★ Employee turnover rate
- ★ Employee attraction rate
- ★ High employee stock retention rate
- ★ Company performance issue
- ★ Achievement of company goals

Gordon Brown

The 2002 Judges' Award is granted to Gordon Brown, Chancellor of the Exchequer – United Kingdom, for his commitment to employee share ownership and particularly his work in introducing the recent Share Incentive Plan (SIP) [formerly known as the AESOP]. He has displayed extraordinary support and encouragement of various equity compensation plans in the UK.

The Chancellor introduced this legislation to achieve a number of public policy objectives that would lead to a healthier UK economy: double the number of employees with access to employee share schemes; increase the level of entrepreneurship, innovativeness, employee remuneration; and improve UK corporate productivity.

The SIP program was introduced in July 2000, and as of mid-January 2002, 520 companies, with approximately 1.2 million employees, had submitted applications for SIP approval. Companies can allocate stock through free-share grants, employee purchases of 'partnership shares,' and employer matches to these purchases.

Most share plan legislation introduced around the world is incomplete, contains gaps and loopholes for abuse, and/or does not fully specify plan parameters (thereby making the plan ineffective). The UK SIP legislation is unique in how thorough and comprehensive it is and how appealing it is across industry and company size.

- Prior to this plan, 58% of the companies with approved plans did not have an existing broad-based employee share plan.
- The three main industries of companies adopting these plans are financial, engineering, and manufacturing. Adopting companies also represent in near equal portions small, medium, and large operations.

The SIP program and the efforts of Gordon Brown will surely be modeled in other countries considering new legislation. All of us at GEO are proud to grant Gordon Brown the 2002 Judges' Award.

The Judges' Award
2002

ABOUT GORDON BROWN

- ★ Chancellor of the Exchequer - appointed 1997
- ★ Former journalist and lecturer
- ★ Received a PhD in History at Edinburgh University
- ★ Has held numerous Parliamentary positions since 1985

The Judges' Award

JUDGES' AWARD

In addition to the three award categories, the GEO Award judges acknowledge a company, organization, or individual that has made an exceptional contribution towards promoting global employee share ownership. Judges may select the company or organization from the applicant pool, however the judges have the discretion to

select any company, organization, or individual they believe merits this award. Nominations are not solicited for the Judges' Award. This award is intended to be granted to a company, organization, or individual that needs no application – a winner that is recognized as a leader in the field.

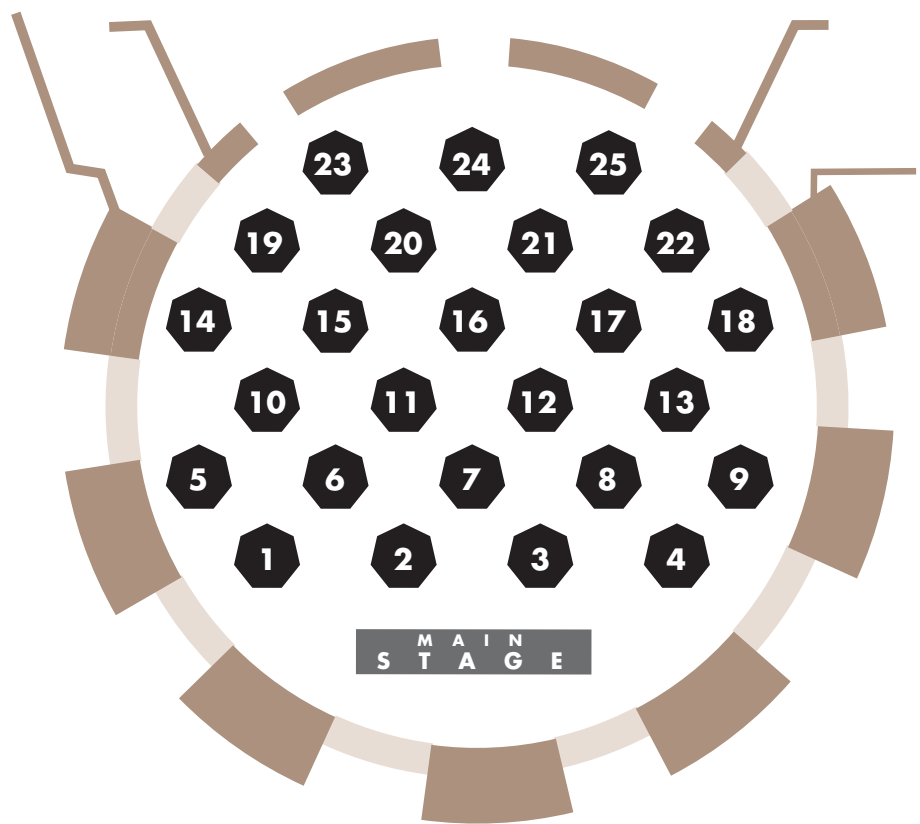
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International Trade Center
 Washington, D.C., USA



**UBS PaineWebber's
Corporate Employee Financial Services (CEFS)
congratulates all
GEO Award winners for their
well deserved recognition.**

For more information
please visit us at booth #307.

You can also contact us at 866-706-2727,
at cefs@ubspainewebber.com
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