

Long-term Incentive Grant Communication in the Technology Sector

By Radford EMEA

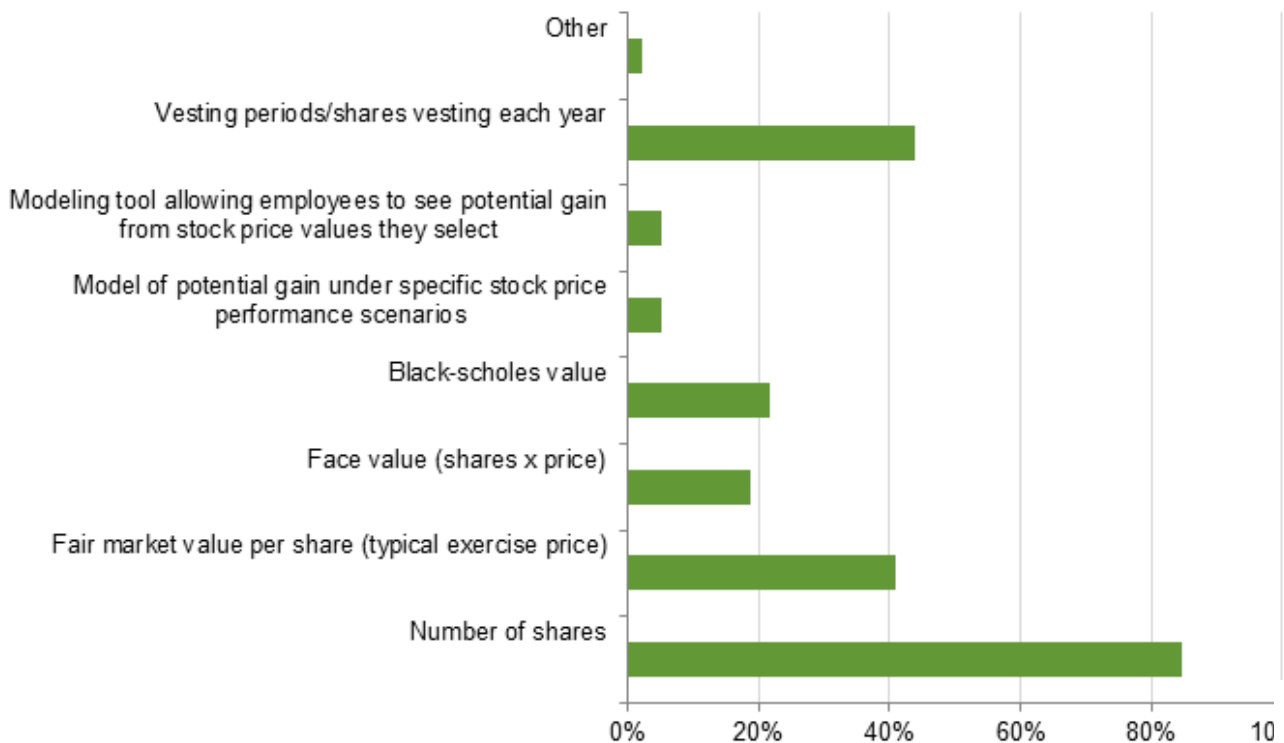
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Communication and transparency are vital to the effectiveness of long-term incentive plans and inspired the Q1 2014 Radford Trends Report "hot topic."

Historically, stock option plans have been communicated in terms of the number of shares awarded and the period of time over which they vest. With the increasing prevalence of restricted stock and performance shares, however, communication strategies may be changing to reflect a typically lower number of shares and the ability to calculate face value at the time of grant.

Method used to communicate size and/or value of stock option award



While companies typically communicate the number of shares and vesting period, respondents are expanding their communication to cover additional plan components, with more than 40% of companies communicating the fair market value per share, and over 20% communicating the Black-Scholes value.

Of the 277 Radford Trends Report respondents, 16% reported that they have changed their communication strategy in the last two years with 12% of these noting a shift from communicating number of shares to communicating starting value, driven largely by those companies operating restricted stock and performance share programmes.

To many firms, maintaining a consistent global message is important as companies continue their expansion overseas. This is reflected in the fact that 91% of respondents use the same communications strategy in all equity-eligible countries.

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