Persimmon LTIP

UKSA notes the proposal for a new Long Term Investment Plan for the executives of Persimmon.

This plan is dependent on the company making large dividend payments over a number of years. The executives will be entitled to up to 10% of the company's ordinary shares at a varying option price which at present is already around 18% below the market price. The notes issued with the notice of meeting do not make it clear why the remuneration committee regard this innovative proposal as being appropriate.

UKSA is concerned that the beneficiaries of this LTIP will be rewarded- in several cases very handsomely- for, in effect just doing their job, that of efficiently managing the company for the shareholders. Also the linkage with dividends does nothing to ensure that the assets are efficiently used. It may transpire that the criteria for being rewarded can be most easily met by simply running down the company's extensive land bank, rather than by extraordinary performance in a company which has, in any case, been very successful without such a LTIP.

UKSA asks the company to think again. It needs to at least fully explain its reasoning for the proposed LTIP and also consider whether such a generous- and complicated- arrangement is really appropriate.

UKSA

16 Oct 2012