

SHARING EQUITY



**This Entrepreneur
Just Gave Away
Part of His Company...
So Why Is He Smiling?**

**What Equity Compensation
Can Do For You**


Stellcom
Technologies

"Those who help build the company should own it and in proportion to their contribution to the company's growth and success. To me, it's simply the fair way to operate."

VITALS

Industry: Science & Technology

Revenues: \$2.2 billion

Employees: 22,000

Stock Methods: stock options, stock bonus, stock purchase, ESOP, 401(k) plan, fully registered internal market

Ownership: 2% founder; 89% employees; 9% outsiders

5-Year Revenue Growth: 83%



Maintaining majority ownership of SAIC was never a concern of Bob Beyster, who diluted his ownership position from 100% to 10% in the company's first year of operations in 1969. Today, he owns less than 2% of the \$2.2 billion high tech firm.

"I just wanted a good place to work, and to encourage other scientists and engineers to join me and help me build the company. Dilution wasn't an issue for me then, but it is today now that we have 18,000 shareholders."

SAIC manages dilution by balancing the need to offer new shares to motivate employees and fuel future success, while maintaining a healthy return for current shareholders.

"When we tell our customers we're employee-owned, they almost invariably react positively to it. They feel if the employees own the company, they're more interested in doing a better job for the customer - they'll work harder and be more attentive to the customer's needs."

SAIC's ownership philosophy enables the company to recruit and retain people with national reputations for being the best in their industry.

"Gaining an equity position is often the deciding factor in recruiting a senior person. In many cases, people have turned down much higher salaries and near-term remuneration to come to SAIC, gain an ownership stake and build a business area."

One constant challenge for the company is involving its 22,000 employees in a meaningful way.

"Participation is extremely important. If you don't allow the employees to participate, then the equity ownership is not going to be as effective as it could be. In fact, it's somewhat of a sham to give people ownership and no say in how the company is run."