

AVOIDING THE ESCHEATMENT TRAP

> MOLEX, INC.

CASE STUDY

With a growing employee base worldwide, Molex Incorporated wanted to ensure that its overseas employee plan participants were not losing their dividend checks and shares of stock to escheatment. Computershare helped implement an effective solution that enables Molex's employees to safeguard their common and Class A common stock. Molex also increased share ownership among employees and reduced escheatment-related costs.

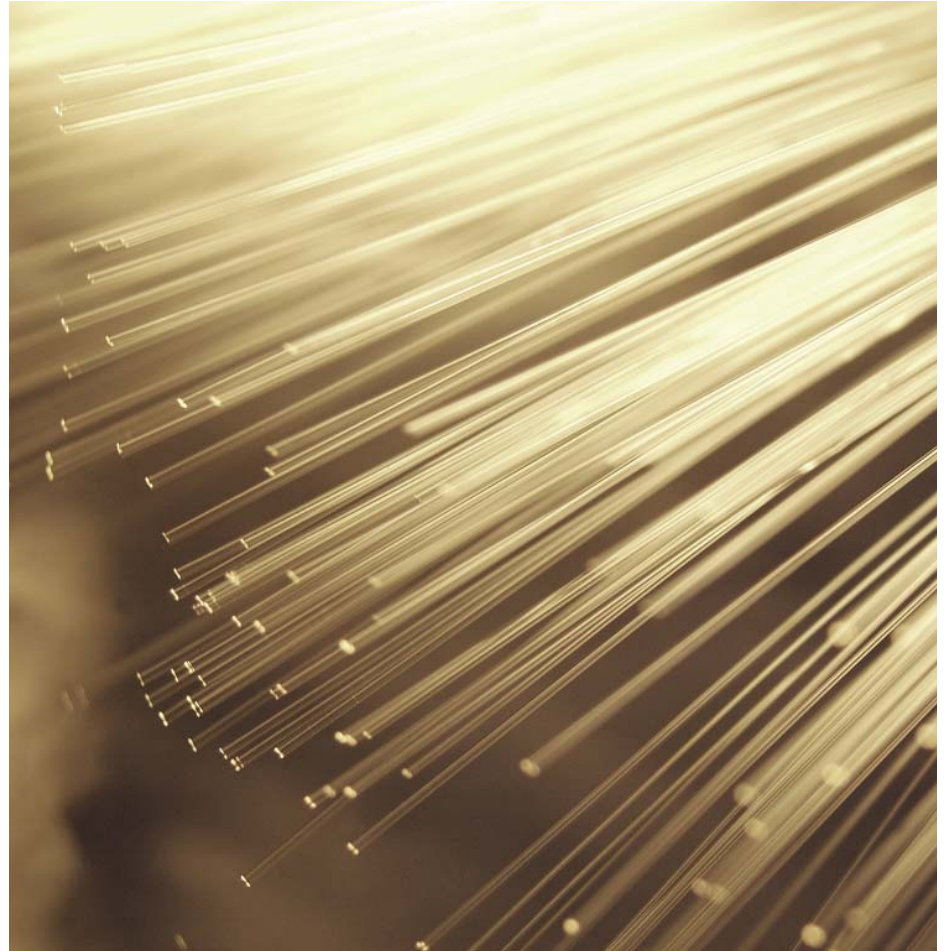
Molex is a global manufacturer of electronic, electrical and fiber optic interconnection products and systems. Headquartered in Lisle, Illinois, it is the world's second largest connector maker, operating 58 plants in 19 countries and employing over 21,000 people.

THE CHALLENGE

Subject to certain conditions, Molex has several employee stock plans or benefits in which the vast majority of Molex's employees are eligible to participate worldwide. An Employee Stock Purchase Plan and anniversary awards are two of these kinds of plans or benefits.

Through the years, however, a number of overseas employees have run into escheatment problems with the state of Delaware, Molex's state of incorporation.* In fact from 2000 to 2003, Computershare reported a yearly average of 2,700 Molex foreign shareholders with escheatable property to the state.

*Per US laws, a foreign shareholder's abandoned property is escheated to the company's state of incorporation.



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CASE STUDY

By communicating with its HR offices worldwide, Molex discovered the reasons why overseas employees – ranging from managers in Malaysia to line workers in Ireland – unaware of US state laws on escheatment, were unknowingly abandoning their property and risking escheatment:

- > Uncashed dividend checks due to costly bank fees. Cashing dollar-denominated dividend checks is a financial burden, especially for small shareowners. Because of high bank charges – oftentimes, over and above the actual value of the check – shareholders leave their dividend checks uncashed or unattended.
- > No US dollar bank accounts. Most workers do not have a US dollar bank account in their home country because banks usually require a high minimum deposit and maintaining balance. Employees are unable to deposit their checks which become stale dated after six months.
- > Undocumented address changes. Some employees move and do not notify the Molex or Computershare of their new address of record. Company communications are returned undelivered and unanswered. After three consecutive returned mailings, Computershare marks the shareholder's record as "lost" and the property is reported abandoned.

THE SOLUTION

To address the incidence of escheat-related problems, Molex turned to Computershare to provide a cost-efficient and practical alternative to help employees protect their hard-earned investments. Computershare collaborated with Molex on a number of activities that provided immediate impact as well as lasting results for the employees:

- > Launch of an aggressive information campaign. Computershare assisted Molex's shareholder relations team to first implement a program that would increase the level of awareness on escheatment. Molex sent out materials and posted flyers in common employee access areas such as cafeterias and staff bulletin boards, educating employees on how to avoid escheatment.
- > Re-introduction of the Computershare-sponsored direct stock purchase plan already in place at Molex since 2001, which has a dividend reinvestment plan (DRIP) feature. This enables employees to regularly invest their dividends without having to go through a broker or worry about cashing their checks.
DRIP enrollment forms, W8-BENs, and other plan materials were sent to overseas employees and were promptly completed and sent back with the help of the human resources department in each office.
- > Efficient and accurate recordkeeping and account consolidation. The DRIP program was well received by Molex employees, with more than 600 overseas staff registering after the first rollout. And despite a hectic tax season, Computershare's relationship management and operations teams worked efficiently and seamlessly to beat the spring filing, saving numerous accounts from being escheated.

THE RESULTS

- > Employee participation in dividend reinvestment increased 55%, only three months after the initial rollout, placing more company shares in employee hands. Participant volume is expected to increase further.
- > Molex substantially reduced escheatment-related costs.
- > Molex has replicated the process to benefit its US employee base, preventing more property from being abandoned, and subsequently, escheated.

ABOUT COMPUTERSHARE

Computershare is a global leader in transfer agency, employee equity plans, proxy solicitation and other specialized financial and communications services – serving more than 100 million shareholder accounts on behalf of 14,000 corporations in 17 countries.

> Benefits of a DRIP

- > Invest even in small amounts because purchases are in dollar amounts rather than in actual number of shares, enabling fractional share ownership
- > Saves money because transaction fees are generally lower than the commission and fees charged by a stockbroker
- > Build investments over time because shares grow incrementally

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