

ISSUE HIGHLIGHTS

- Employee-owned Mission Bell's innovative practices include a chief learning officer, stretch-and-flex exercises, and its own internal Academy Awards. [See page 3.](#)
- Most ESOP companies worry about the "have/have-not" problem, where stock is concentrated among the accounts of relatively few employees. [See page 4](#) for some creative ways to prevent or reduce the problem.
- Want to see the "big picture" on employee-ownership? Take a look at [page 11.](#)
- Legislation gave the SBA authority to make ESOP loans in 1979. [See page 7](#) to learn why they are only starting to make such loans.
- The *Hill* case described on this page is not the only court ruling that applies the Supreme Court's *Dudenhoeffer* decision. [See pages 10 and 11](#) for more on recent cases.
- Legislation passed by the US House of Representatives would make it easier for companies to provide stock as compensation. [See page 12.](#)
- New research examines the risk of sharp drops in stock value. [See page 12.](#)
- How can horse racing and watching basketball strengthen your company's ownership culture? Find out on [pages 9 and 15.](#)

EMPLOYEE OWNERSHIP REPORT

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Employee Ownership Again Common in Best 100 Companies to Work For

Thirty-seven of the 73 companies with stock on the *Fortune* 2016 Best Companies to Work For list have some kind of broad-based ownership plan (27 employers on the list are partnerships, nonprofits, or subsidiaries of foreign corporations). The percentage is consistent with prior years.

Of the 37, six are majority employee-owned (R.W. Baird, PCL, Publix, W.L. Gore and Associates, Burns & McDonnell, and TD Industries). All but Baird and PCL are ESOPs. Seven companies make employees at least broadly eligible for equity grants, and each of these companies also has an ESPP. Two companies have minority ESOPs. Twenty-eight companies have ESPPs.

—See the list on page 13

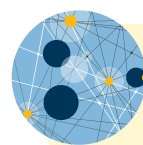
CASES & RULINGS

New Post-*Dudenhoeffer* Ruling on Private Company ESOPs

On March 28, the federal district court for the northern district of Mississippi applied the Supreme Court's ruling in *Fifth Third Bancorp v. Dudenhoeffer* to an ESOP in a closely held company. In the case, *Hill v. Hill Brothers Construction Co.*, the court dismissed the plaintiff's claims of a breach of fiduciary duty by the plan's trustees, holding that plaintiffs had not shown that there was an alternative action that "a prudent fiduciary in the same circumstances would not have viewed as more likely to harm the [plan] than to help it."

This "alternative action" standard is based on the Supreme Court's 2014 ruling in the *Dudenhoeffer* case, which involved a public company. Sharion Aycock, the district court judge in the Hill Brothers case, however, noted that

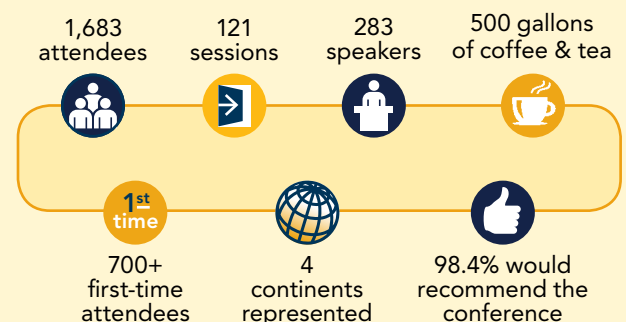
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**EMPLOYEE
OWNERSHIP
CONFERENCE 2016**

Thank you to everyone who made the 2016 Employee Ownership Conference a success! We look forward to seeing you next year, when the conference will be in Denver, April 3–6, 2017.

2016 conference by the numbers...



THE NCEO is a self-sustaining nonprofit membership organization that provides practical resources and objective, reliable information on employee stock ownership plans (ESOPs), equity compensation plans, and ownership culture. Our publications, meetings, webinars, and research are designed with you in mind.

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