EXCERPTS FROM

The ESOP Repurchase Obligation Handbook

Fourth Edition

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The National Center for Employee Ownership • Oakland, California

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Preface

LOREN RODGERS

When it established a legal framework for employee stock ownership plans (ESOPs), Congress recognized that two of its public policy goals were potentially in tension with each other. The first goal was to provide an ownership stake to the employees in a company, and the second was to increase the financial security of those employees in retirement. In the case of companies whose stock is publicly traded, there is no tension between these goals: retirees can readily sell their shares and receive the cash they need for retirement, but most U.S. companies are not publicly traded. The stock of these companies is illiquid, and Congress recognized that illiquid assets are not appropriate for funding retirement. Rather than compromise on either its goal of promoting employee ownership or its goal of creating retirement wealth, Congress created a legislative fix: it mandated a legal obligation for companies that sponsor ESOPs to create liquidity for the shares held in participant ESOP accounts. A closely held ESOP company must ensure that someone—generally itself or the ESOP—will buy shares from former plan participants in a timely fashion. This requirement is called the repurchase obligation.

Since the repurchase obligation is essential to Congress's goals for ESOPs, companies cannot avoid it. Instead, they must manage their repurchase obligations. This book provides tools, resources, and advice for handling the obligation to repurchase ESOP shares. The expert authors of these chapters have years of experience watching companies succeed and fail at managing repurchase obligations, and the NCEO is delighted to offer you the chance to learn from their wisdom.

Introduction

LOREN RODGERS

Every year, ESOPs distribute assets worth tens of billions of dollars to participants and former participants. Relatively little of this burden falls on companies with recently established ESOPs, but companies whose ESOPs are more than 10 years old will often find that the repurchase obligation is one of the major factors in their financial planning. NCEO research presented in this book indicates that in many of these mature ESOP companies between 2% and 5% of outstanding shares are repurchased every year.

The purpose of this book is to increase the ability of ESOP companies to successfully manage their repurchase obligations with minimal disruption to the company. To that end it explores the source of this obligation, the impact it typically has on ESOP companies, the parameters that determine that impact, and what tools companies have at their disposal to most effectively predict and manage their ESOP repurchase obligations.

This introductory chapter provides a comprehensive overview of the ESOP repurchase obligation by discussing each of these issues. It also orients the reader to later chapters that provide greater depth, specific guidance, and applications to different situations. This chapter closes with some paragraphs on a neglected topic: the place for the repurchase obligation in employee communications. I suggest ways that the repurchase obligation can be an educational tool that increases the understanding and appreciation ESOP participants have of their ESOP, their company, and the connection between their productivity and the value of their ownership stake.

What Is the Repurchase Obligation?

The repurchase obligation is an inalienable feature of ESOPs in closely held companies. Indeed, there would be little point to sponsoring a benefit plan in which the benefits were optional. For the assets in an ESOP account to be useable to support former participants in their retirement, there must be a way in which those benefits can be converted into cash or a cash equivalent.

This conversion is simple in the case of stock that is readily tradable on a public market,[1] but roughly 97% of ESOP companies do not have readily tradable stock. For these companies, the Internal Revenue Code (the "Code") requires that they ensure that participants receive a "put option." Generally speaking, a put option is a right (not an obligation) to force another entity to purchase a security at an agreed price for a specific time period. In the case of an ESOP, the Code gives the person who received a distribution from the ESOP the right to force the company to purchase the shares in his or her distribution at the most recently determined fair market value for those shares.[2]

The Code further requires that the put option must be available in two periods, the first occurring in the 60 days immediately following the distribution of the stock to the former participant and the second occurring in the following plan year.[3]

At many companies, the ESOP honors the put option instead of the company. The law permits the ESOP to repurchase the shares, although the company may not require the ESOP to do so.

In some cases, companies are not required to distribute actual shares. Companies for which this is permitted include S corporations, banks, and com-

1. Stock traded on an over-the-counter (OTC) system is not considered to be readily tradable, so such companies are subject to the repurchase obligation requirement described in this book. See Private Letter Ruling 200052014.
2. The put option is described in Code Section 409(h)(1)(B), which states that a plan will meet its requirements if a participant entitled to receive a distribution of employer securities that "are not readily tradable on an established market . . . has a right to require that the employer repurchase employer securities under a fair valuation formula."
3. Code Section 409(h)(4) specifies when the two 60-day repurchase periods shall occur.

The Repurchase Obligation: Paying Up

CAROLYN F. ZIMMERMAN
THOMAS ROBACK, JR.

What we call the "repurchase obligation" is a fact of life for privately held ESOP companies.[1] Even as the ESOP trust may initially provide a market for shareholders' stock, the company itself must provide a market for stock that has been distributed to participants from the trust. Unless a participant chooses to retain the stock,[2] every distribution must be converted into cash according to distribution rules provided by the Employee Retirement Income Security Act of 1974, as amended (ERISA),[3] special rules set forth for ESOPs by the Internal Revenue Service (IRS),[4] and the distribution provisions of the plan document itself. This chapter sets forth those events that require cashing in company stock, and explores the effect certain distributions and timing can have on a company's total repurchase obligation and cash flow.

Events That Trigger Payments

The repurchase obligation is triggered by any event that requires turning stock into cash, e.g., any event in which a participant receives a distribution from the ESOP, whether in cash or stock (in the latter case, assuming said participant requests to receive cash for stock). Structuring distribution payments to minimize the repurchase obligation is an important task for ESOP companies as they mature. A major component of the repurchase obligation is whether the share value is going up or down, not always a known factor. If the share value is going up, a company may want to turn stock into cash as quickly as possible; if it is going down, it may make sense to string out the payments as long as possible. In either case, it is hard to know which direction and for how long the share value is going to change. In order to maximize planning for the repurchase obligation to fit with a company's cash flow, a reliable repurchase study should be done, which is the subject of another chapter in this publication.

The following is a list of events that trigger the repurchase obligation:

- Termination of service due to:
  - Retirement
  - Death
  - Disability
  - Any cause other than the above three
- In-service distributions due to:
  - Statutory diversification
  - Any in-service distribution provision other than statutory diversification

1. The stock of a publicly held ESOP company is traded on a public exchange and so does not necessarily require any involvement from the company to turn the shares into cash—i.e., no repurchase obligation exists unless the company chooses to redeem shares that have been distributed.
2. Only C corporations must give participants the right to retain company stock distributed from the ESOP. S corporations may distribute in cash without allowing the right of demand. A C corporation may also distribute in cash if its corporate charter or bylaws restrict ownership of "all or substantially all" of its stock to employees and the ESOP trust. The term "all or substantially all" has never been specifically defined.
3. Both ERISA § 206(a) and Code § 401(a)14 provide that a distribution must commence within 60 days after the close of the plan year in which occurs *the later of* termination from service, attainment of age 65, or 10 years of plan participation.
4. Code § 409(o), referred to in this article as the "special ESOP rules," states that, in general, distributions must commence not later than one year after the close of the plan year in which the participant separates from service by reason of attainment of retirement age under the plan, disability, or death, *or* one year after the close of the plan year that is the fifth plan year following the plan year in which the participant separates from service.

The ESOP Repurchase Obligation Study

ANTHONY I. MATHEWS

In every closely held company, a major concern of shareholders, quite naturally, is the eventual need for liquidity. When the time comes, where is their value coming from? As most of these shareholders approach retirement, then, they look to a slim menu of possible resources:

- Sell all or part of the company to another private entity,
- Liquidate the company and sell all its assets,
- Go public with all or part of the company,
- Find some other internal mechanism to withdraw their equity, or
- Some combination of the above.

These shareholders have a range of objectives as they approach the end of their careers, such as to create an income stream for retirement, take care of their spouse and children, achieve philanthropic goals, and assure continuity of the business for employees, customers and others. Given those objectives, the quest for liquidity often takes them through this menu with frustrating results, but liquidity is a key to realizing any of those objectives. Often the search ends up with the shareholder scratching his or her financial head wondering, "How can I get at my equity while remaining true to my real objectives?"

Well, if that shareholder is fortunate, he or she might find that an ESOP is an excellent "internal mechanism" that has many significant advantages for everyone. The ESOP meets an immediate liquidity objective for the individual shareholders to be sure. In many cases it is a nearly perfect solution.

But, we have to understand, the ESOP does nothing to change the fundamental issue. The closely held company's shareholders, including the ESOP, will continue to require liquidity assistance in the future. And, in fact, the menu of possible solutions has not changed very much either.

It's about the same list. Except where an ESOP exists, there are two important differences in the quality of this repurchase issue: first, whereas liquidity requirements in non-ESOP, closely held companies tend to come in large blocks of shares at long intervals, ESOP repurchase obligations tend to come up in smaller blocks of shares coming at more regular intervals; and second, whereas the liquidity requirement in most non-ESOP closely held companies is a negotiated contract between buyer and sellers, in an ESOP company, the requirement to repurchase shares is a matter of federal law with significant guidance on the timing and manner in which it must be accomplished.

As you will see, these are both handicaps and advantages in an ESOP company's attempt to meet its legal and moral obligation to ultimately provide value to the ESOP shareholders.

So, repurchase obligation is neither unique to ESOP companies nor is it an irritating negative side effect of an ESOP. Rather, repurchase obligation is a natural outflow of any closely held company. In fact, the primary purpose of any closely held company's ESOP is to create repurchase obligation because that is simply a reflection of the value that has been built.

The fact that ESOP repurchase obligation comes in small blocks rather than all at once is an advantage of an ESOP company. Smaller blocks allow companies to plan for repurchase obligation much the same way that companies plan for other cash needs.

We ought to be able to approach it from a perspective similar to that applied to other cash management issues in our companies—even ones that are related to intangible behavior on the part of our employees. We are all pretty comfortable incorporating training costs into our annual budgets, for example, even though we

The Repurchase Obligation in S Corporations

PETE SHULER

In mature ESOPs, acquisition loans are often fully repaid, account balances may have grown substantially due to allocations and stock value growth throughout the years, and many employees have become fully vested due to service or the attainment of retirement age. This is a combination of factors that could lead to significant distributions from the plan. Consequently, a great deal of attention has recently been focused on calculating and planning for those payouts, known as repurchase obligations. For a different reason, S corporation ESOPs have also garnered significant attention in the past several years. Enabled by legislative action in 1998, the combination of S corporations and ESOPs offers significant tax advantages that are impossible to duplicate in C corporation ESOPs. These two pertinent ESOP topics—the repurchase obligation and S corporation ESOPs—intersect because the tax advantages and the cash flow and valuation dynamics of S corporation ESOPs bring special considerations to repurchase obligation forecasting and funding.

For privately held companies, the ability to sell shares at a fair market value is limited by the fact that few, if any, buyers want the small minority interest that the shares of departing ESOP participants represent at any one time. Consequently, both the Internal Revenue Code and ERISA mandate that ESOP companies must serve as the market for the stock in the accounts of ESOP participants who are eligible for a distribution. An ESOP sponsor can accomplish this either by contributing money to the ESOP to fund cash distributions or by redeeming stock from former participants who have received in-kind (stock) distributions. In either case, the company is ultimately responsible for raising cash equal to the fair market value of the vested stock in accounts of participants who elect to receive distributions. This liability is known as the repurchase obligation.

Unlike that of C corporations, the income of S corporations is not taxed at the corporate level. Rather, all S corporation income is taxed only at the shareholder level. Since ESOPs, like all qualified retirement plans, are tax-free entities, income attributed to the ESOP as a shareholder of the S corporation is not taxed. A 100% ESOP-owned S corporation pays no corporate income taxes and the shareholder, the ESOP, pays no income taxes, which allows the company to grow on a tax-free basis.

The Impact of S Corporation Distributions on Repurchase Obligations

This tax advantage affects the repurchase obligation of S corporation ESOPs through both participant balances and the funding options available to the company. With regard to participant balances, to the extent that the company retains tax savings as cash or uses them to invest in the growth of the company, the fair market value of the company's stock will increase above the growth it would have otherwise experienced. Since the repurchase obligation for any particular year is based on the value of shares that must be distributed, this increase in value increases the repurchase obligation.

The second way the S corporation election can affect the repurchase obligation differently than a C corporation election is the creation of two categories of participants, the "haves" and the "have nots" (or, at least, the "have much lesses"). Without careful planning, two classes can easily form in mature ESOPs that own less than 100% of the sponsoring S corporation, as well as in some 100% S corporation ESOPs. S corporations typically distribute funds to non-ESOP shareholders so that those shareholders can pay income taxes due on the S corporation income

Funding ESOP Repurchase Obligations

JUDITH L. KORNFELD

A company that sponsors an ESOP has a fiduciary responsibility to plan for its ESOP repurchase obligation. A repurchase obligation study will help the company to estimate its financial obligations associated with distributions from the ESOP, but that is not sufficient. The company also has a responsibility to develop a plan for how it will actually meet those financial obligations. In other words, the company must develop a funding strategy.

After initial repurchase obligation projections have been developed, the next step is to analyze alternatives available to the company for managing and funding the repurchase obligation. Can the company meet the repurchase obligation based on the assumptions used in the initial projections or does the strategy reflected in those projections need to be modified? If it needs to be modified, what changes can best accomplish the company's goals? Typically, companies use a combination of their distribution policy and one or more funding methods to meet the repurchase obligations. The analysis of funding alternatives is complex because of the interaction of variables, particularly the effect that some methods can have on the value of the stock. The challenge is to develop a strategy that will manage the cash demands on the company and allow it to meet its various objectives without impairing growth.

The ESOP distribution policy is an important tool available to the company for managing cash requirements. Delayed distributions and installment payments give the company additional time to develop the cash needed for the repurchases and also reduce year-to-year variations in the cash requirements. Various combinations of delays and installments can be considered. These aspects of distribution policy are examined in more depth in another chapter.

Redeeming v. Recirculating Shares

The selection of funding methods is affected by how the company handles repurchases—through the ESOP or by redeeming shares. This, in turn, has an impact on the number of shares that will have to be repurchased over time, the tax treatment and the cost of repurchases (which in turn affects cash flow and potentially the value of the company), and the value per share of the company's stock.

When repurchases are handled through the ESOP, or "recirculated," the company contributes cash (or pays dividends or S corporation distributions) to the trust that are used to liquidate the shares that are to be distributed. The distributions are made in cash, and the shares remain in the trust and are allocated to the participants whose cash balances were used to fund the distributions. Contributions (but not dividends or S corporation distributions) to the trust are deductible, reducing the cost of repurchases by the tax savings on the contribution. The number of shares in the ESOP remains constant, leaving the ESOP's percentage of ownership in the company unchanged.

When repurchases are handled through redemptions, the trust distributes the shares instead of cash, and the company redeems the shares. The redemption is a non-deductible capital transaction for the company. It reduces the number of shares owned by the ESOP and, except in the case of a 100% ESOP, reduces the ESOP's percentage of ownership relative to the non-ESOP shareholders.

An important consequence of the decision to redeem or recirculate is the effect on the value per share of the company's stock. If redeemed shares are placed in treasury and not reissued, the declining number of shares may have an antidilutive effect on the value per share, i.e., the value per share will rise more rapidly than the equity value of the company, because

Repurchase Obligation Impact on Sponsor Company Share Value

KELLY ("BUCKY") R. WRIGHT

One factor that distinguishes employer corporation shares held in an employee stock ownership plan (ESOP) from non-ESOP-owned employer corporation shares in a closely held corporation is the put option associated with the ESOP-owned employer shares. The put option is a statutory requirement of a non-publicly traded ESOP sponsor company. The sponsor company is required to repurchase the distributed employer corporation shares from departing and diversifying plan participants.

From a plan participant's point of view, the effect of the ESOP put option is to enhance the marketability of the plan participant's ownership interest relative to shares of most closely held corporations. From the sponsor company's point of view, the economic effect of the ESOP put option is a call on the employer corporation cash flow.

If proper planning is not undertaken, as the typical ESOP matures, the contingent liability associated with the employer corporation ESOP repurchase obligation may reach a point where the repurchase obligation may affect the ability of the sponsor company to honor the put option or impair the ability of the sponsor company to achieve its business plan and operational objectives.

The purpose of this chapter is (1) to explain how the sponsor company's decision regarding how to honor the ESOP put option can directly affect the company's stock value and (2) to recommend procedures that will allow the ESOP trustee's financial advisor to include the ESOP repurchase obligation in the annual company stock valuation.

Repurchase Obligation Variables

The employer corporation repurchase obligation is directly affected by the following factors:

1. the percentage of the employer corporation stock that is owned by the ESOP
2. the specific ESOP plan design features (distribution rules, eligibility requirements, vesting, etc.)
3. other (non-ESOP) repurchase obligations related to a shareholder or other contractual agreement
4. the method used to honor the ESOP employer stock repurchase obligation
5. the sponsor company's employee census and actuarial variables
6. sponsor company financial variables, such as the sponsor company anticipated growth rates, repurchase obligation funding vehicles in place, and expected future liquidity needs
7. the amortization period of the internal loan

Several ESOP service providers offer repurchase obligation studies. These repurchase obligation studies attempt to quantify the amount of future share repurchases based on certain assumptions of the variables listed above.

A repurchase obligation study can help sponsor company management, ESOP trustees, and financial advisors to quantify and incorporate the repurchase obligation in the general corporate planning process and in the annual employer corporation stock valuation process.

Repurchase Obligation Alternatives

When shares of employer corporation stock are "put" to the sponsor company by a departing or diversifying participant, the sponsor company can select one of, or a combination of, the following alternatives to satisfy the repurchase obligation:

- The sponsor company can redeem the employer shares—referred to as "redeeming."

The 2010 NCEO Repurchase Obligation Survey

LOREN RODGERS

The NCEO surveyed ESOP companies in 2010 on their repurchase obligations.[1] The 423 respondents described their distribution practices, diversification, their confidence in their ability to meet their obligations, the impact of repurchase on valuation, account management, and other issues regarding the repurchase obligation. This chapter is the full report on the results of that survey.

The main body of the chapter covers the major findings of the survey. An extensive appendix presents separate tables for each survey item. Each table in the appendix includes breakdowns by age of the ESOP, the ESOP ownership percentage, loan status, S versus C corporation status, and revenue volume. The main body of the chapter refers, where possible, to the relevant tables in the appendix and covers the following topics:

- Characteristics of participating companies
- Size of repurchase obligation
- Funding the obligation
- Redeeming or recycling shares
- Distribution practices
- Diversification
- Repurchase planning
- Valuation
- Account management
- Perspectives, fears, and expectations
- Methodology

Characteristics of Participating Companies

The questionnaire had 33 questions, most of which were about the repurchase obligation and relevant practices. It also included eleven questions asking for information about basic characteristics of the company and the ESOP. We use this data partly to gauge how well the study sample represents ESOPs in general, and partly to see what types of company and plan characteristics correlate with current practices and outcomes.

The biggest difference between the companies that responded to the NCEO's survey and the broader world of ESOPs as represented by data released by the U.S. Department of Labor (DOL)[2] is in the type of business. Financial, insurance, and real estate companies are much less represented in the NCEO survey than among ESOP companies in general: they are 14% of companies in this study and 21% of companies in the DOL data. Manufacturing is overrepresented in this survey, with 30% of responses, compared with the 22% of ESOPs in the DOL data that are in manufacturing (see table 8 in the appendix).

In terms of age of the plan, companies that answered this questionnaire are more likely to have a

1. The survey was conducted using an online questionnaire from September through November 2010. The questionnaire was immeasurably improved by the thoughtful feedback of Kathryn Aschwald, Kim Blaugher, David Cimpl, Joel Davis, Ryan Graham, Mike Hartman, Mike Klingenberg, Judy Kornfeld, David Light, Cecilia Loftus, Rick McGee, John Miscione, Cindy Prodoehl, Renee Rettler, Tom Roback, Luis Sanchez-Carmona, Janet Super, Cindy Turcot, and Steve Voigt. The following organizations were essential in distributing the survey to their clients, contacts, and members: Chartwell Capital Solutions, Principal Financial Group, Prairie Capital Advisors, Columbia Financial Advisors, Stout Risius Ross, Employee-Owned S Corporations of America, and Willamette Management Associates.

2. The DOL releases databases of qualified benefit plans based on data collected on Form 5500, "Annual Return/Report of Employee Benefit Plan," which is filed by sponsors of pension and welfare benefit plans.

APPENDIX: DETAILED RESULTS

This appendix presents the full results for the NCEO's survey on the repurchase obligation as a series of tables. It is structured by taking the survey questionnaire and interpolating the survey results and sometimes other data as well. The other sources are the Department of Labor's database on qualified benefit plans collected on Form 5500 and the NCEO's 2005 survey on the repurchase obligation. Data from these other sources is presented separately from our 2010 survey data.

For example, the first question on the survey was "When did you start your ESOP?" The four choices were "In the last two years," "Two to five years ago," "Five to 10 years ago," and "More than 10 years ago." In this appendix, that appears as the first table, with the question at the top, followed by the table with the 2010 survey results and the DOL Form 5500 data.

As in the survey questionnaire, there are four sections:

1. Company Background
2. Distribution Practices
3. Size and Funding of Repurchase Obligation
4. Looking Forward

Most tables show results as a percentage and as absolute numbers. Many of the substantive tables show the results for all respondents in the left-hand column. Other columns show the results for different subsets of the respondents, such as S corporations, companies with under $50 million in revenue, and companies with different types of ESOPs (older versus younger, minority versus majority versus 100% ownership).

Many tables have a notation such as "N = 421" below them. This indicates the number of respondents who gave a valid response to each question.

Most questions are single-response, meaning that respondents had to choose exactly one answer. Each column in these tables will add to 100%. Where noted, questions are multiple-response. For these items, respondents could select all answers that applied to them. In this case, each column will not necessarily add up to 100%.

Part 1: Company Background

1. When did you start your ESOP?

	2010 NCEO survey		DOL Form 5500
	Percentage	N	Percentage
In the last two years	7%	30	27%
Two to five years ago	13%	53	
Five to 10 years ago	20%	83	22%
More than 10 years ago	61%	255	50%

N = 421

2. What percentage of the company's outstanding shares is owned by the ESOP? Consider both allocated and unallocated shares as owned by the ESOP.

	Percentage	N
Minority ESOP	25%	105
Majority ESOP	17%	69
100% ESOP	58%	238

N = 412

Table 18C. Rebalancing participant accounts (the mandatory transfer of employer stock into and out of accounts, usually on an annual basis, resulting in all accounts having the same proportion of stock and cash)

	All companies		Age of ESOP		ESOP ownership percentage			Loan status		Filing status		Annual revenue	
	%	N	10 or fewer	Over 10	Minority	Majority	100%	Leveraged	Non-leveraged	S corp.	C corp.	Up to $50 million	Over $50 million
We use this and plan to continue using it.	13%	51	12%	14%	11%	11%	14%	8%	18%	15%	6%	15%	11%
We use this occasionally.	1%	3		1%	—	—	1%	1%	1%	1%	—	0%	1%
We have used this but do not expect to continue.	1%	3	1%	1%	1%	2%	0%	1%	1%	1%	1%	1%	1%
We do not use this but will in the future.	5%	18	7%	3%	7%	2%	5%	6%	3%	4%	8%	6%	3%
We do not use this, but will consider it.	27%	104	33%	24%	25%	31%	27%	30%	24%	27%	28%	30%	24%
We do not use this and do not expect to.	53%	202	47%	57%	57%	55%	52%	53%	53%	52%	57%	48%	61%

N = 381

Table 18D. Account segregation (i.e., moving accounts of terminated participants out of company stock and into cash or other investments)

	All companies		Age of ESOP		ESOP ownership percentage			Loan status		Filing status		Annual revenue	
	%	N	10 or fewer	Over 10	Minority	Majority	100%	Leveraged	Non-leveraged	S corp.	C corp.	Up to $50 million	Over $50 million
We use this and plan to continue using it.	28%	108	27%	29%	29%	26%	29%	26%	31%	30%	22%	25%	35%
We use this occasionally.	4%	15	2%	5%	—	3%	6%	5%	3%	4%	2%	2%	6%
We have used this but do not expect to continue.	2%	8	1%	3%	—	2%	3%	1%	4%	3%	—	3%	1%
We do not use this but will in the future.	5%	19	9%	3%	5%	5%	5%	7%	3%	4%	7%	6%	4%
We do not use this, but will consider it.	29%	111	40%	23%	33%	25%	30%	35%	24%	28%	33%	31%	27%
We do not use this and do not expect to.	31%	118	21%	37%	33%	40%	27%	26%	36%	30%	35%	34%	27%

N = 379

About the NCEO

The National Center for Employee Ownership (NCEO) is widely considered to be the leading authority in employee ownership in the U.S. and the world. Established in 1981 as a nonprofit information and membership organization, it now has over 2,500 members, including companies, professionals, unions, government officials, academics, and interested individuals. It is funded entirely through the work it does.

The NCEO's mission is to provide the most objective, reliable information possible about employee ownership at the most affordable price possible. As part of the NCEO's commitment to providing objective information, it does not lobby or provide ongoing consulting services. The NCEO publishes a variety of materials on employee ownership and participation; holds dozens of seminars, Webinars, and conferences on employee ownership annually; and offers a variety of online courses. The NCEO's work includes extensive contacts with the media, both through articles written for trade and professional publications and through interviews with reporters. It has written or edited several books for outside publishers. The NCEO's Web site is www.nceo.org.

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- Free access to live Webinars on ESOPs, equity compensation, and related topics.
- The right to contact the NCEO for answers to general or specific questions regarding employee ownership.

An introductory NCEO membership costs $90 for one year ($100 outside the U.S.) and covers an entire company at all locations, a single professional offering services in this field, or a single individual with a business interest in employee ownership. Full-time students and faculty members who are not employed in the business sector may join at the academic rate of $40 for one year ($50 outside the U.S.).

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The NCEO offers dozens of publications on all aspects of employee ownership and participation. Below are a few of our publications. To obtain the most current information on what we have available, visit us on the Web at www.nceo.org or call us at 510-208-1300.

- This book, *The ESOP Repurchase Obligation Handbook,* has essays and recent research.

  $25 for NCEO members, $35 for nonmembers
- *ESOPs and Corporate Governance* covers everything from shareholder rights to Sarbanes-Oxley.

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- *The ESOP Company Board Handbook* is a guide for board members in ESOP companies.

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- *S Corporation ESOPs* covers the various issues associated with S corporation ESOPs.

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