

ESPP 2016

Welcome to the 2016 Employee Stock Purchase Plan (ESPP) survey, a joint project of the National Center for Employee Ownership, the Certified Equity Professional Institute, and the NASPP. Your answers to this survey will be completely confidential. This survey is intended for issuing companies that offer ESPPs (Section 423 and non-Section 423 plans). All questions are referring to the ESPP plan covering your US employees. Service providers – please do NOT complete this survey. If you would like to enter your contact information to receive the full survey results and enter the raffle, you can click on the link provided after completing the survey. This questionnaire contain a maximum of 64 questions (the exact number depends on your answers). Do not hesitate to contact Nancy Wiefek, the NCEO's Research Director, (510-208-1312; Nwiefek@nceo.org) with questions or concerns. Thank you in advance for your participation.

Q1 Which of the following best describes your company's employee stock purchase plan (ESPP)? (The plan covering your US employees)

- We currently have an ESPP that is qualified under section 423 (1)
- We currently have an ESPP that is not qualified under section 423 (2)
- We had a plan but terminated it within the past twelve months (3)
- We have not had an ESPP for 12 months or more (4)
- We are in the process of implementing or considering an ESPP (5)

Q2 What percent of employees are presently eligible to participate in your company's ESPP? (The plan covering your US employees)

- 40% or fewer (1)
- 41% to 60% (2)
- 61% to 99% (3)
- 100% (4)

Q3 When did your company put your current ESPP into place? (Please answer with a 4-digit year)

Q4 When did the company last make changes to the current plan (not counting additional allocations of shares)?

- Within in the last year (1)
- Within the last five years (2)
- More than five years ago (3)
- No changes have ever been made (4)
- Not sure (5)

Plan particulars

Q5 Does your company automatically enroll new employees?

- Yes (1)
- No (2)
- Other (please specify) (3) _____

Q6 What, if any, is your company's current matching contribution? Please type in the percent as a number. If no matching offered, type in the number zero.

Q7 What, if any, is your current discount? Please type in the percent as a number. If no discount offered, type in the number zero.

Q8 What are the minimum initial service requirements before employees can enroll? If none required, type in the number zero.

	# (1)
Number of months (1)	
Number of hours per week (2)	

Q9 How long is your current offering period (The "offering period" is the period during which the right to purchase stock under an ESPP is outstanding. The period begins for all participants on an offering date and ends on a predetermined exercise date.)

- One month (1)
- 3 months (2)
- 6 months (3)
- 12 months (4)
- 24 months (5)
- Continuous or no offering period (6)
- Other (please specify) (7) _____

Q10 Do you allow employees to increase the percentage they contribute to the ESPP during the offering period?

- Yes (1)
- No (2)

Q11 When is the purchase price of your shares determined?

- At the beginning of the offering period (1)
- At the end of the offering period (2)
- It is based on the lower of the share price at the beginning or end of the offering period (3)
- Other (please specify) (4) _____

Q12 Does your company use a liberal or conservative application of the \$25,000 limit? (For an offering period that spans more than one calendar year and for which there is not a purchase in the first calendar year of the offering, the "liberal" approach involves "carrying over" from one calendar year to the next any unused portion of the \$25,000 limit; the "conservative" approach does NOT carry over any amount from one calendar year to the next.)

- Liberal approach (1)
- Conservative approach (2)
- Not sure (3)

Q13 Does your plan include a specific limit on the number of shares individual employees can buy in an offering period (other than the \$25,000 limit for qualified plans)?

- Yes (1)
- No (2)

Q14 If yes, what is the limit?

- Flat number of shares: (please enter the number) (1) _____
- Calculated via a formula (2)
- Not sure (3)

Q15 If your plan allows interim purchases during your offering, do you have a plan provision for automatic withdrawal and re-enrollment when the stock price drops?

- Yes (1)
- No (2)
- Not applicable (3)

Q16 How often has the automatic withdrawal and re-enrollment provision been used in the past 24 months?

- Not used in 24 months (1)
- Used one time (2)
- Used 2 – 5 times (3)
- Used more than 5 times (4)

Q17 Does your plan have a required holding period after the exercise of an award?

- Yes, six months (1)
- Yes, one year (2)
- Yes, two years (3)
- Yes, other period (4)
- No required holding period (5)

Changes to the plan

Q18 Please review this list of plan components. For each, indicate if you have made that change in the last year or are considering doing so?

	Made this change (1)	Considering making this change (2)
Increased the length of the offering period (1)	<input type="radio"/>	<input type="radio"/>
Reduced the look-back feature (7)	<input type="radio"/>	<input type="radio"/>
Added a look-back feature (a feature in which the purchase price is based on the lower of the share price on the first or last day of the offering period) (8)	<input type="radio"/>	<input type="radio"/>
Added a matching contribution (15)	<input type="radio"/>	<input type="radio"/>
Eliminated a matching contribution (16)	<input type="radio"/>	<input type="radio"/>
Increased existing matching contribution (17)	<input type="radio"/>	<input type="radio"/>
Increased the maximum annual deferral (19)	<input type="radio"/>	<input type="radio"/>
Reduced the length of the offering period (2)	<input type="radio"/>	<input type="radio"/>
Increased the discount (3)	<input type="radio"/>	<input type="radio"/>
Reduced the discount (4)	<input type="radio"/>	<input type="radio"/>
Eliminated the discount (5)	<input type="radio"/>	<input type="radio"/>
Extended the look-back feature (6)	<input type="radio"/>	<input type="radio"/>
Eliminated the look-back feature (9)	<input type="radio"/>	<input type="radio"/>
Added an automatic re-enrollment / auto-reset provision (10)	<input type="radio"/>	<input type="radio"/>
Eliminated an automatic re-enrollment / auto-reset	<input type="radio"/>	<input type="radio"/>

provision (11)		
Extended the holding period (12)	<input type="radio"/>	<input type="radio"/>
Reduced the holding period (13)	<input type="radio"/>	<input type="radio"/>
Decreased the maximum annual deferral (14)	<input type="radio"/>	<input type="radio"/>
Decreased existing matching contribution (18)	<input type="radio"/>	<input type="radio"/>

Q19 Overall, what is the status of your plan?

- No changes made or being considered (1)
- Plan is or will be eliminated (2)
- Other change made not on the list above (please specify) (3) _____

Q20 To your knowledge, have shareholder groups advocated for any changes in ESPP benefits in the several years? (Check all that apply.)

- Yes, for reductions in the maximum number of shares available (1)
- Yes, for changes to reduce look-back and/or discount terms (2)
- Yes, for increases in the maximum number of shares available (3)
- Yes, for increases in the look-back and/or discount terms (4)
- Not at all (5)
- Not sure (6)

Cost and Funding

Q21 Thinking about shares available for the ESPP in 2016, please check which of the following apply:

- We expect to run out of shares in 2016 (1)
- We have enough shares available to meet our needs (2)

Q22 If you expect to request an additional allocation of shares, in what year do you expect to make the request?

- 2016 (1)
- After 2016 (2)

Q23 Please provide the following so we can calculate your company's run rate:

	Number of shares (1)
...of common stock outstanding (1)	
...that have been issued under your ESPP during the prior 12 months (2)	

Q24 How many shares are currently available for purchase under your ESPP?

Q25 Please estimate the percentage of your total compensation cost for 2015 that was attributable to ESPPs (as stated on your income statement).

- Less than 0.5% (1)
- 0.5% to 0.9% (2)
- 1% to 1.9% (3)
- 2% to 3% (4)
- Over 3% (5)

Q26 What percentage of the total shares available for your equity compensation programs (i.e., stock options, restricted stock, stock appreciation rights, etc.) are reserved for the ESPP?

- 0 to 4.9% (1)
- 5 to 9.9% (2)
- 10 to 14.9% (3)
- 15 to 19.9% (4)
- 20% or more (5)

Participation

Q27 Approximately what percentage of eligible employees participate in the ESPP? Please answer these questions as best you can without omitting employee groups. If, for example, participation rates in your ESPP are different for different groups of hourly employees, please make your best estimate for hourly employees overall.

	Percent of eligible employees (1)
All employees (1)	
Hourly workers (2)	
Salaried non-managerial workers (3)	
Managers other than senior executives (4)	
Senior executives (5)	

Q28 What do you think is the biggest reason employees do NOT participate in the plan.

- Feel they can't afford it (1)
- Misunderstandings about the plan (2)
- Feel they don't have enough information (3)
- Think it is too risky (4)
- The plan is not attractive enough (5)
- Any other reasons (please specify) (6) _____

Q29 What percentage of pay would you estimate the average employee in each of the following groups puts into the ESPP?

	Percentage of pay (1)
All employees (1)	
Hourly workers (2)	
Salaried non-managerial workers (3)	
Managers other than senior executives (4)	
Senior executives (5)	

Q30 Please note any changes in participation for each of these groups in the last several years?

	Increased substantially (by over 50%) (1)	Increased somewhat (2)	Stayed about the same (3)	Decreased somewhat (4)	Decreased substantially (by over 50%) (5)
All employees (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hourly workers (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Salaried non-managerial workers (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers other than senior executives (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Senior executives (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q31 Approximately what percentage of plan participants in each of these groups hold onto shares after purchase for more than one year?

	Percentage (1)
All employees (1)	
Hourly workers (2)	
Salaried non-managerial workers (3)	
Managers other than senior executives (4)	
Senior executives (5)	

Communicating about the plan

Q32 Which, if any, of the following methods does your company use to communicate about the ESPP? (Check all that apply.)

- Email (1)
- Written letters (2)
- Intranet or company webpage (3)
- Third-party website (4)
- Social media (5)
- Company meetings (6)
- Online webinars (7)
- Posters, banners (8)
- Social events (9)

Q33 If you use your Intranet, company webpage, or a third party webpage to communicate about the ESPP, what information/tools are provided via this online portal? (Check all that apply.)

- FAQs (1)
- Video (2)
- Recorded presentation (3)
- Slideshow (4)
- Online calculator (5)
- Interview/profiles of plan participants (6)

Q34 If you use a video to educate employees on your ESPP, how was it developed?

- Developed in-house (1)
- Licensed a standardized video with no customizations (2)
- Licensed a standardized video that includes minor customizations for our company (3)
- Hired consultants to develop a fully customized video (4)
- Not applicable (5)

Q35 Any other ways your company communicates about the ESPP?

Q36 What information do you provide to your participants? (Check all that apply.)

- Open enrollment (1)
- Change in plan provisions (2)
- Purchase information (3)
- Auto withdrawal/reset (4)
- Tax information (5)
- Other (please specify) (6) _____

Q37 How often do you communicate information about your plan to your participants?

- Mostly at specific events such as open enrollment or purchase (1)
- Quarterly (2)
- Monthly (3)
- Weekly (4)
- As needed (5)
- Ongoing (6)

Q38 Do you include information about ESPP participation in your total rewards statement?

- Yes (1)
- No (2)
- Do not provide a total rewards statement (3)

Q39 How is the ESPP used in your recruitment strategy?

- We emphasize the ESPP and many job candidates ask about it (1)
- We emphasize the ESPP but few, if any, job candidates ask about it (2)
- We mention the ESPP but don't particularly emphasize it (3)
- We don't mention the ESPP unless job candidates ask about it (4)
- Varies by recruiter, we don't have a specific strategy (5)
- Not sure how our recruiters use the ESPP (6)

Q40 Generally, have your employees had exposure to an ESPP outside of your program?

- Yes, many of our employees have had an opportunity to participate in an ESPP at a prior employer (1)
- Yes, many of our employees have heard about ESPPs from various sources (friends, family, the media, other job interviews, etc.) (2)
- No, our program is usually the first exposure our employees have had to an ESPP (3)
- Not sure (4)

Q41 Please estimate how much your company spends per year on employee education for the ESPP?

- Less than \$1,000 (1)
- \$1,000 to \$5,000 (2)
- \$5,001 to \$10,000 (3)
- \$10,001 to \$20,000 (4)
- Greater than \$20,000 (5)
- Not sure because our company does not track or budget this spending. (6)

Q42 How well do you think your employees understand your ESPP?

- Very well (1)
- Somewhat (2)
- Not very well (3)
- Not at all (4)
- Not sure (5)

Q43 Given the expense associated with a plan, how satisfied are you with your company's return on its investment in the ESPP?

- Very Satisfied (1)
- Somewhat Satisfied (2)
- Neutral (3)
- Somewhat Dissatisfied (4)
- Very Dissatisfied (5)

Q44 What do you think is the most important benefit to the company from the ESPP plan?

DEMOGRAPHICS

Q45 Is your company publicly traded?

- Yes (1)
- No (2)

Q46 Have you had an IPO in the last five years?

- Yes (1)
- No (2)

Q47 Was your ESPP part of that IPO?

- Yes (1)
- No (2)

Q48 Were all eligible employees enrolled in the ESPP at the time of that IPO?

- Yes (1)
- No (2)

Q49 What was the dollar value of your company's revenues in the most recently completed fiscal year? Please enter as a number.

Q50 If you don't feel comfortable answering the exact amount, please choose a category below for the dollar value of your company's revenues in the most recently completed fiscal year?

- Under \$10 million (1)
- \$10 million to \$100 million (2)
- \$100 million to \$500 million (3)
- \$500 million to \$1 billion (4)
- Over \$1 billion (5)

Q51 Over that last two years, has your stock price...

- Gone up by more than 10% per year (1)
- Gone up by 5 to 10% per year (2)
- Gone up by 0 to 5% per year (3)
- Stayed flat (4)
- Dropped by 0 to 5% per year (5)
- Dropped by 5 to 10% per year (6)
- Dropped by more than 10% per year (7)

Q52 Which of the following categories best describes your company's primary business?

- Manufacturing (1)
- Retail (2)
- Wholesale (3)
- Financial, insurance, or real estate (4)
- Engineering, architecture, and related fields (5)
- Construction (6)
- Technology (computers, biotechnology, software) (7)
- Energy (8)
- Mining (9)
- Transportation (10)
- Other (please specify) (11) _____

Q53 Where are your company's headquarters?

State (1)

Postal Code (2)

Q54 Are your company headquartered in Silicon Valley?

- Yes (1)
- No (2)

Q55 What is your approximate number of U.S. employees?

Q56 What percentage of your total worldwide workforce is not in the U.S.?

- None (1)
- 1% to 10% (2)
- 11% to 25% (3)
- 26% to 50% (4)
- 51% to 75% (5)
- Over 75% (6)

Q57 In how many other countries do you have operations?

- 1-5 (1)
- 6-10 (2)
- 11-20 (3)
- 21 or more (4)

Q58 Do you offer participation in a stock purchase plan to employees outside the U.S.?

- We do not extend the ESPP to non-U.S. employees. (1)
- We extend it to some countries. (2)
- We extend it to most countries. (3)
- We extend it to all countries. (4)

Q59 Do your non-U.S. employees participate in the company's main plan?

- Yes, the main plan (1)
- No, they are offered a mirror plan (2)
- No, they are offered a separate plan (3)

Q60 Do you report the ordinary income in box 14 of each participant's W-2 in the year of a qualifying disposition?

- Yes (1)
- No (2)
- Other (please specify) (3) _____

Q61 To receive the full survey results and to enter the raffle, please enter your contact information below.

Your Name (1)

Your Company (2)

Your Email address (3)