

GROUP FIVE

STOCK PLAN ADMINISTRATION

BENCHMARKING STUDY

2017

The 2017 Group Five Stock Plan Administration Benchmarking Study includes 1,771 study participants who provided responses from 1,374 U.S. public companies. The Group Five study, which, in its 19th year, continues to have the highest participation of any study in the stock plan industry, measures plan sponsors' satisfaction with and loyalty to stock plan industry service providers.

Every stock plan administration service model had a statistically significant increase in loyalty over last year. This improvement can only be attributed to the research-based focus on service by the providers, which is the primary objective of Group Five's research.

2017 Study Finds New Industry Highs in Client Loyalty

Plan sponsor loyalty to **full administration** service providers improved to a Net Promoter Score* of 47. The nine point increase in the full administration NPS is driven by statistically significant increases in satisfaction with service elements related to the administration platform and account support, which the study identifies as key drivers of loyalty.

The plan sponsor loyalty rating for **brokerage services** saw its highest year-to-year increase of five points to an NPS of 48 in this year's study. Increases in satisfaction with *participant website functionality* and *ability of account support to add value* contributed the most to the increase in brokerage client loyalty.

NPS®, Net Promoter® & Net Promoter® Score are registered trademarks of Fred Reichheld, Satmetrix, and Bain & Company. Net Promoter Scores range from -100 to +100 based upon the difference between the percent of promoter and detractor scores.

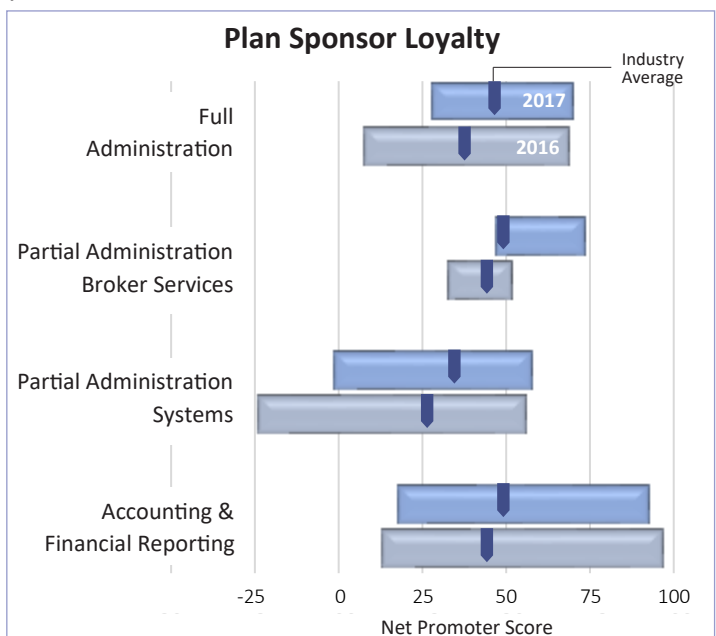
** A favorable rating is a rating of 7 to 10 on an eleven point scale with 10 being *completely satisfied* and 0 being *not at all satisfied*.

Plan sponsor loyalty to **commercial systems** providers increased eight points from 2016 to an industry NPS of 35, the lowest of all plan administration services. The improvement is driven mostly by increased satisfaction with product support and functionality of plan reporting.

Technology-Driven Improvements Most Impactful to Client Loyalty

Loyalty of plan sponsors to **accounting and financial reporting** service providers improved five points to an NPS of 48. This year's study shows increases in satisfaction primarily with platform functionality. Specifically, *ability to test and validate data* and *future period forecasting and modeling* contributed to the loyalty increase.

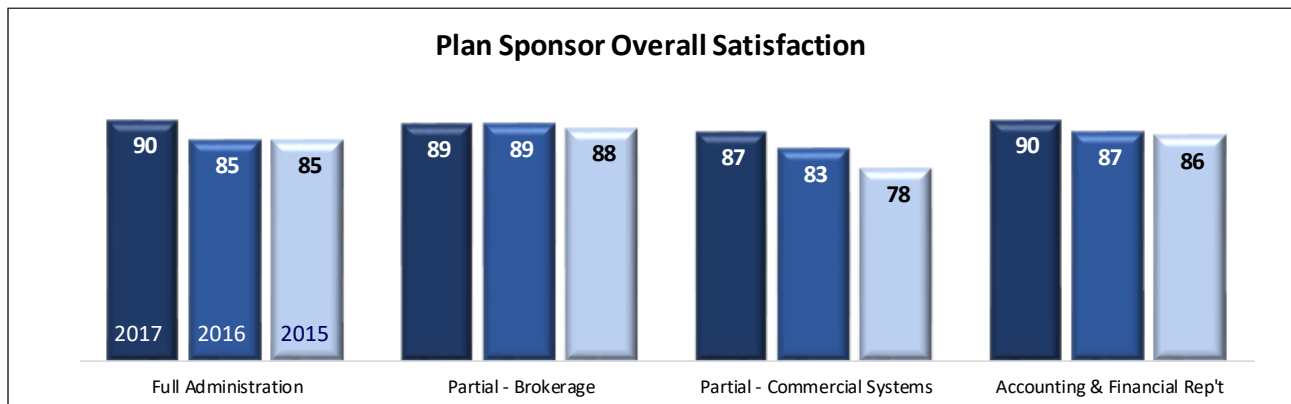
The chart below shows the industry average and range of Net Promoter Scores for each service for the last two years.



INDUSTRY OVERVIEW

Plan sponsor loyalty increased across all stock plan administration service models and for accounting and financial reporting in this year's study. Overall satisfaction increased in most areas as well, but only the increases in full administration loyalty and overall satisfaction, and the increase in commercial systems loyalty are statistically significant. The chart below shows the industry overall satisfaction ratings for the last three years for all stock plan administration systems and services.

The biggest factors contributing to this improvement are a focus on account support and administration platforms by service providers. Group Five's research has consistently shown that these two areas have the biggest impact on plan sponsor loyalty and overall satisfaction.



FULL ADMINISTRATION SERVICES

Fidelity Stock Plan Services received the highest loyalty rating for full administration services with an NPS of 70. Fidelity also received the highest overall satisfaction rating for the seventh consecutive year at 95% favorable. Bank of America Merrill Lynch Equity Compensation Plan Services has the second-highest loyalty rating with an NPS of 59 and the second-highest overall satisfaction at 94% favorable.

PARTIAL ADMINISTRATION SERVICES

BROKER SERVICES

Bank of America Merrill Lynch received the highest loyalty rating for broker services with an NPS of 74 and the second-highest overall satisfaction rating at 91% favorable. UBS received the second-highest NPS at 62 and the third-highest overall satisfaction rating at 90% favorable. E*TRADE has the third-highest NPS at 49 and the highest overall satisfaction rating at 92% favorable.

SYSTEMS

E*TRADE's Equity Edge Online, for the sixth year in a row, received the highest loyalty rating for commercial administration systems with an NPS of 58 and the highest overall satisfaction rating of 92% favorable. Solium's Shareworks has the second-highest loyalty rating with an NPS of 28 and an overall satisfaction rating of 83% favorable. Solium Transcitive has the third-highest loyalty rating with an NPS of 16 and the second-highest overall satisfaction rating of 90% favorable.

ACCOUNTING & FINANCIAL REPORTING

Equity Methods, for the fourth consecutive year, received the highest financial reporting ratings with an NPS of 93 and an overall satisfaction rating of 100% favorable. UBS has the second-highest loyalty rating with an NPS of 74 and an overall satisfaction rating of 97% favorable. Morgan Stanley Global Stock Plan Services has the third highest loyalty rating with an NPS of 69 and tied with UBS for second-highest overall satisfaction rating of 97%.

2017 Stock Plan Administration Services Ratings*

Service Offering		Service Provider	Loyalty	Overall Satisfaction	Account Support	Participant Experience	Study Responses	
Full Administration <i>Administration and Execution Outsourced</i>		Bank of America Merrill Lynch	59	94	94	90	189	
		Charles Schwab	28	92	86	83	64	
		Computershare	30	88	86	83	73	
		E*TRADE	45	87	88	94	67	
		Fidelity	70	95	95	96	215	
		Morgan Stanley	38	86	86	88	112	
		Solium	46	92	90	78	50	
		UBS	58	91	94	95	65	
		Industry Average	47	90	90	89	910	
Partial Admin <i>Internal Admin with Execution Outsourced</i>	Broker Services <i>Transaction Execution</i>	Service Provider	Loyalty	Overall Satisfaction	Account Support	Participant Experience	Study Responses	
			Bank of America Merrill Lynch	74	91	97	91	34
			E*TRADE	49	92	91	91	215
			Morgan Stanley	47	84	81	84	58
			UBS	62	90	93	90	29
			Industry Average	48	89	89	90	376
	Systems <i>Admin Internally</i>	Service Provider	Loyalty	Overall Satisfaction	Product Support	Technology	Study Responses	
			Certent	-1	77	69	72	95
			E*TRADE Equity Edge Online	58	92	90	92	239
			Solium Shareworks	28	83	74	81	69
			Solium Transcitive	16	90	72	84	62
		Industry Average	35	87	81	85	479	
Accounting and Financial Reporting	Service Provider	Loyalty	Overall Satisfaction	Account Support	Reporting	Study Responses		
		Bank of America Merrill Lynch	40	90	91	91	80	
		Certent	18	80	76	85	49	
		Equity Methods	93	100	100	100	54	
		E*TRADE	48	92	83	88	162	
		Fidelity	62	92	94	92	53	
		Morgan Stanley	69	97	97	94	36	
		Solium Shareworks	40	91	81	83	53	
		UBS	74	97	100	85	34	
		Industry Average	48	90	88	88	597	

* Loyalty is shown as Net Promoter Score which ranges from -100 to 100. Plan sponsor satisfaction is shown as the percent of favorable ratings and ranges from 0 to 100. Some results for various service providers are not shown due to small sample size but are included in industry figures.

2017 STOCK PLAN ADMINISTRATION STUDY

The chart below shows the characteristics of the plan sponsors who participated in the study.

2017 RESPONDENTS BY SERVICE PROVIDER

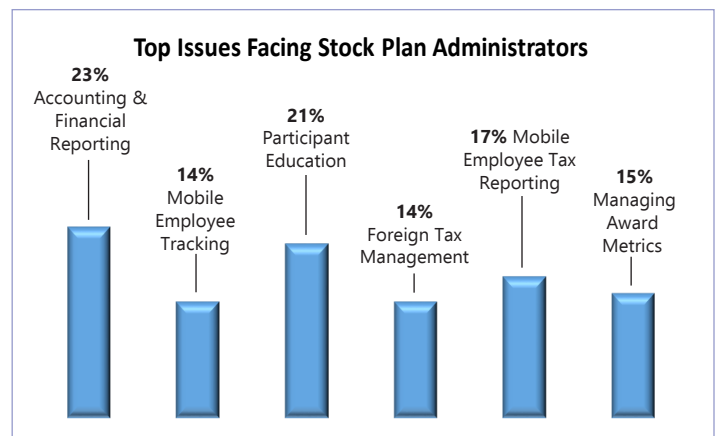
SERVICE PROVIDER	PERCENT OF RESPONDENTS BY AWARD TYPE		PERCENT OF RESPONDENTS BY NUMBER OF PARTICIPANTS			
	Equity	ESPP	1-100	101-1,000	1,001-5,000	> 5,000
BofAML	99	13	9	62	23	7
Certent	99	15	28	64	5	2
Charles Schwab	100	42	5	55	31	9
Computershare	27	84	13	43	24	21
E*TRADE	99	33	13	57	20	10
Fidelity	97	43	5	52	27	16
Morgan Stanley	88	24	10	56	22	11
Solium	99	16	28	60	10	2
UBS	98	20	3	61	25	11
Average	90	32	13	57	21	10

Note that plan sponsors may use more than one service model for plan administration and that plan sponsors who partially outsource may or may not use a broker who also provides the administration system.

The study asked plan sponsors to identify the issues with which they are most concerned in administering their equity plans.

Plan sponsors' concerns reflect the challenges in administering ever-changing award structures

Although the top six issues facing plan sponsors are essentially unchanged over the last few years, the percent of plan sponsors citing these issues has declined. This suggests that the Group Five study has allowed service providers to adopt a research-based focus on improving service to their clients in areas which they consider to be most challenging in managing their equity awards. For example in 2014, 41% of plan sponsors identified tax compliance for foreign participants as a top challenge. This year 14% of plan sponsors identified it as an issue.



About the study . . .

The Group Five Stock Plan Administration Benchmarking Study of client satisfaction with stock plan administration services and systems is based on responses from U.S. public companies from May through June 2017.

The sample of companies was taken from Group Five's databases and public sources. Clients of the largest service providers to public companies were targeted for the survey. At each company, the survey was to be completed by the person most familiar with the performance of the service provider. For example, job titles of participants included VP Human Resources, Employee Benefits Manager, Senior Benefits Administrator, and Stock Plan Administration Manager. The study included 1,771 responses from 1,374 public companies. Each company response received equal weighting regardless of the number of plan participants. Multiple responses from the same company were combined.

In theory, in 95 cases out of 100, overall industry results based on such samples will differ by no more than two percentage points in either direction from what would have been obtained by receiving responses from all companies. The potential sampling error for smaller sub-groups is larger. In addition to sampling error, the practical differences of conducting any survey can introduce other sources of error. Differences in wording and ordering of questions, for instance, can lead to somewhat varying results.

The information in this report is not intended as an endorsement of any company by Group Five. Service models and capabilities vary widely among service providers. Any evaluation of service alternatives requires information beyond the scope of this report. For more information contact Group Five.

For comments, questions, or additional information contact the study director, Kathy Huston, at 415.785.7983 or kathy@groupfiveinc.com or visit the website at www.groupfiveinc.com.