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Report of Survey Results

The Perceived Value of Stock Options

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Table of Contents

Section	page
Overview	3
Understanding Data Charts	9
Company Results	11
Service Provider Results	47
Appendix	77

Overview

This report summarizes the results of the Perceived Value of Stock Options Survey. The purpose of the research is to explore the beliefs of companies with stock options about the gap between the perceived value of options (in the eyes of employees) and their actual value, as well as companies' level of interest in closing this gap through education.

The impetus behind this research is an academic report that found that executives dramatically undervalue (by 50% on average) their employee stock options relative to the Black-Scholes value of those options. The report explored the role of education in closing this cost-value gap. (A summary of the research is at: <http://ssrn.com/abstract=906020>.)

This research has been financially supported by generous contributions from Ameriprise Financial. In-kind and logistical support was provided by Net Worth Strategies, which also provided invaluable expertise in the design of the questionnaire.

Method

Two versions of the survey were used: one for companies with stock option plans, and the second for service providers to such companies. The surveys were hosted online and responses were collected in a secure database.

A pilot version of each study was posted and invitations issued by Net Worth Strategies. Data was collected using this pilot survey from August 16 to September 4, 2006. Based in part on responses to the survey, the text of the surveys was edited for use in the main wave of the study.

The main wave of data collection took place from September 6 to September 19, 2006. For the main wave, the NCEO emailed all eligible members of its customer database.

Eligible recipients:

- Have an interest in stock options
- Have a valid email address
- Have not requested to be exempt from non-core business emails

To the extent possible, the data from this pilot wave of data collection were used in this report. The actual surveys, including the changes made between the pilot wave and the main wave, are in the *Appendix*.

As an inducement to complete the survey, potential respondents were offered both a \$10 Starbucks gift card and a copy of the survey results. The giftcards were provided by

Ameriprise (for issuer company respondents) and by Net Worth Strategies (for service provider respondents).

Response Rate

The responses for each wave and each survey is in the table below.

Table 1: Responses by wave.

	Companies with Stock Options	Service Providers	Total
Pilot wave	26	15	41
Main wave	77	55	132
Total	103	70	173

Training and Retention

Respondents strongly believe that their option programs are effective at retaining executives, with only 3% of company respondents describing their option program as “not at all effective.” At the same time, only 20% see their programs as “very effective.” The full results are in the top row of **table 2**, below.

To explore further the role that current training programs play in making options more effective at retention, question 7 asks about the extent to which companies provide training. The majority (53%) provide none, and only 11% provide more than an hour of training per optionee per year. The companies’ current training practices do appear to make a difference in the perceived effectiveness of options as a tool for retention, although the difference is not dramatic, as shown in the bottom half of **table 2**.

Table 2: Question 6 (“How effective would you say your options program is at retaining executives?”) crossed with question 7 (“To what extent does your company currently provide training for option holders in understanding the value of options?”)

	Count	Not at all effective	Rather ineffective	Moderately effective	Very effective
All companies	97	3%	17%	59%	20%
Companies with:					
No training at all	51	6%	18%	55%	22%
One hour or less per employee per year	35	0%	17%	69%	14%
More than one hour of training per year	11	0%	18%	45%	36%

Credibility and Applicability of Prior Research

A brief overview of the research cited on page 3 of this report was included with the invitation to participate in this questionnaire, and respondents were asked about their perceptions of that research along two lines. First, question 8 (question 2 in the survey for service providers) asks how credible they believe the results are. Second, question 9 (company respondents only) asks respondents if they believe the results would apply to their companies.

Seventy percent of both company and service provider respondents feel that “these findings seem credible,” indicating that two-to-one majorities of both groups believe in both the existence of the cost-value gap and in the potential of education to close that gap. Only 6% of company respondents and 1% of service provider respondents believe that the research is “probably exaggerated or biased,” with the balance (25% of companies and 29% of service providers) feeling that the increase in perceived value from education “is probably less than indicated.”

Company respondents also indicate that they believe the research results would be duplicated at their companies. Seventy-seven percent of them believed it is “somewhat” or “highly” likely that “similar results would be experienced at [my] company.” Notably, people working in compensation and benefits are least likely to believe the results would apply at their companies, and HR directors / vice presidents are most likely. (For the full results of this item, see that data chart for item 9 on pages 18 to 19.)

Closing the Gap

The survey asked respondents how likely different groups are to be interested in reducing the cost-value gap through education, rating their interest on a 5-point scale from “no interest” to “high interest.” According to both company respondents and service providers all groups are likely to have relatively high levels of interest, with one exception: both groups perceive institutional investors as least likely to be interested, and both groups rate institutional investors’ interest as below the mid-point score (a 3). Both groups also agreed in ranking HR executives as having the greatest interest.

The rankings of the groups are in **table 3**.

Table 3: Question 10 (for companies) and 3 (for service providers): “Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the ‘cost-value gap’ through effective education?”

	As Ranked by Company Respondents	As Ranked by Service Providers
Greatest interest	HR Executive	HR Executive
Second	Stock Plan Administrator	Chair of Compensation Committee
Third	Corporate Officer	Corporate Officer
Fourth	Chair of Compensation Committee	Stock Plan Administrator
Least Interest	Institutional Investors	Institutional Investors

Drivers of Education Programs

The research project is also designed to explore what factors have the greatest effect on company motivation to undertake education about stock options. Both company respondents and service providers see the top motivator as retention. The two lowest-ranked items are “company responsibility to shareholders” and “consultant recommendation or industry endorsement.”

The rankings of the motivations are in **table 4**.

Table 4: Question 11 (for companies) and 4 (for service providers): “To what extent would the following factors make your company more likely to decide to provide effective stock option education?”

	As Ranked by Company Respondents	As Ranked by Service Providers
Greatest likelihood	Increase employee retention	Increase employee retention
Second	Increase employee motivation	Maintain competitiveness of equity compensation program
Third	Provide better equity compensation information	Increase employee motivation
Fourth	Maintain competitiveness of equity compensation program	Provide better equity compensation information
Fifth	Enhance the company’s ownership culture	Enhance the company’s ownership culture
Sixth	Responsibility to shareholders	Consultant recommendation / industry endorsement
Least likelihood	Consultant recommendation / industry endorsement	Responsibility to shareholders

Effect of Education Programs

If companies and service providers believe that option programs can be made substantially more effective through the use of education, their reaction is difficult to predict. They may believe that they can use fewer options to attain the effects they currently are, or they may take advantage of the increased effectiveness of options and increase their use.

The questionnaire asked both company respondents and service providers how an effective options education program would change their use of options. This item is exceptional in that the service providers and company respondents provide substantially

different answers. The near-unanimous opinion of company respondents is that they would grant the same number of options. A slim majority of providers take the same position, but over a third, including a large number of CPAs, said that their client companies would “increase their use of options relative to stock.” In addition, one in seven feel that their clients would “grant fewer options.”

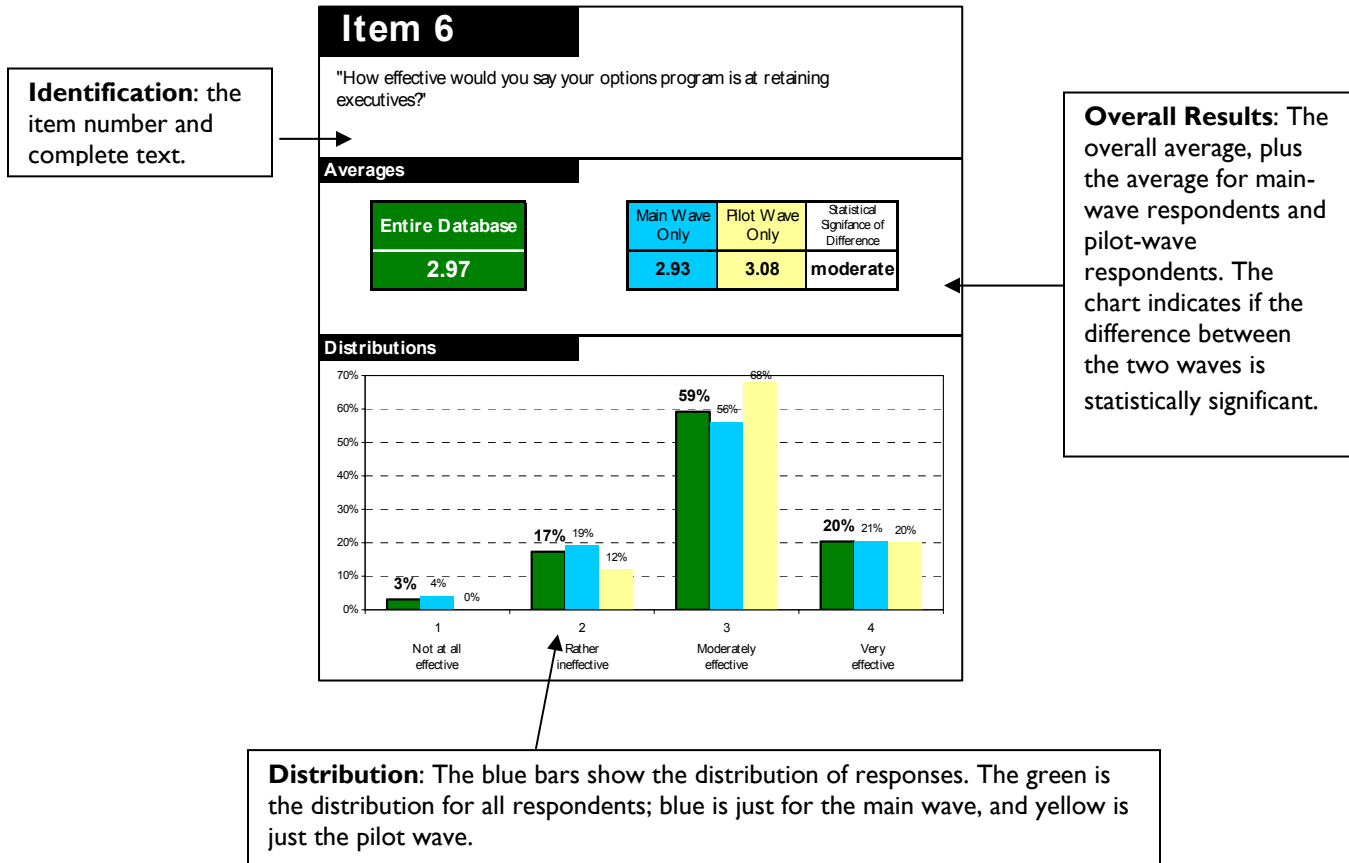
See pages 44 to 45 for more on the results for company respondents, and pages 74 to 75 for service providers.

Understanding the Data Charts

The data charts contain the complete information about each one of the survey items. The charts are designed to include as much information as possible—they may include more information than most readers will need. Our goal is to make the charts easy to use for all readers: those who want full details, and those who are looking only for the more important results for each item.

Separate charts are included for the companies that issue stock options and for service providers.

Basic Information



Comparison Statistics

Comparison Statistics							
	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	20%	80%	3.0	3.0	103	5.1%	0.71
Main Wave Only	23%	77%	3.0	3.0	77	5.5%	0.75
Pilot Wave Only	12%	88%	3.0	3.0	26	4.0%	0.57

Comparison Statistics: statistics about agreement, percentiles, response rate, and the degree of consensus. See below.

The “% low” column shows what percentage of overall responses are on the bottom half of the scale. The “% high” column shows the percentage of responses that are in the upper half.

The “25th percentile” column shows the score below which 25% of the respondents fall. The “75th percentile” column shows the score below which 75% of the respondents fall (or, in other words, only 25% of respondents have a score at or above the 75th percentile).

The “Number of respondents” column shows how many people responded to this item. The “Percent of Non Answers (NA)” shows the percentage of turned-in surveys that did not have a response to this item.

The “Standard Deviation” is a statistical measure of how “spread out” the responses are for this item. High standard deviations mean more spread-out responses—or a lower degree of consensus. Low standard deviations indicate a higher degree of consensus.

Subgroup Charts

These charts show the average score for different respondent subgroups. Subgroups are determined by using five of the survey items (for the company survey) and one survey item (for service providers), plus the wave in which the employee completed the survey:

All of the subgroup charts show a minimum of four results for each employee subgroup.

- **Group Average:** the average score for all employees in that subgroup.
- **Variance from DB:** how low or high that score is relative to the overall average. A negative score indicates that the subgroup has a lower average than the database as a whole. When the variance is positive 0.30 or larger, it is highlighted in blue. When it is negative 0.30 or smaller, it is highlighted in red.
- **Statistical Significance:** whether the difference between any subgroup and the rest of the statistically is statistically significant. “Moderate” means the difference is somewhat statistically significant ($p < 0.1$) and “high” means the difference is extremely statistically significant ($p < 0.001$). See the Appendix for more on statistical significance.
- **Count:** how many respondents are in each subgroup.

Company Results

1. Which of the following best describes your job title/function?
2. Is your company public or private?
3. Which of the following best describe your industry?
4. How many employees does your company have?
5. Approximately what percentage of your work force holds unexercised options?
6. How effective would you say your options program is at retaining executives?
7. To what extent does your company currently provide training for option holders in understanding the value of their options?
8. The research cited in the e-mail with the link to this survey indicated that an options education program can eliminate the perceived gap between how employees value their options and how the employer values it for financial accounting purposes. What is your reaction to these findings?
9. Assuming the research findings are valid, how likely is it that similar results would be experienced at your company?
10. Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the “cost-value gap” through effective education?
11. To what extent would the following factors make your company more likely to decide to provide effective stock option education?
12. Assuming that the cost-value gap in options could be substantially reduced by an employee education program, how would this affect your company’s use of option grants (options, SARs, etc.) relative to stock grants (restricted stock, phantom stock, etc.)?

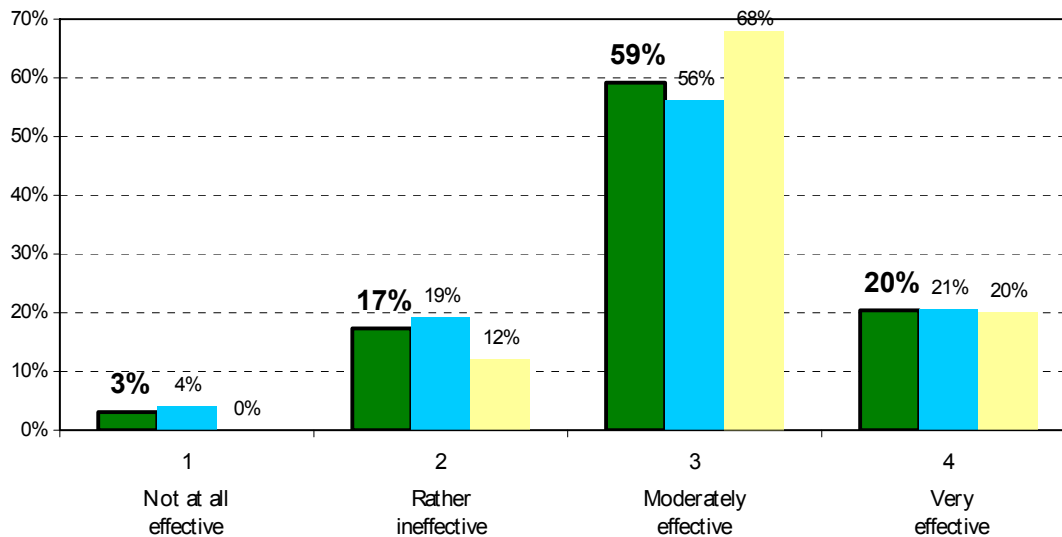
Item 6

"How effective would you say your options program is at retaining executives?"

Averages

Entire Database	Main Wave Only	Plot Wave Only	Statistical Significance of Difference
	2.97	2.93	3.08

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	20%	80%	3.0	3.0	103	5.1%	0.71
Main Wave Only	23%	77%	3.0	3.0	77	5.5%	0.75
Pilot Wave Only	12%	88%	3.0	3.0	26	4.0%	0.57

Item Notes

In the pilot study, the third option was "Somewhat effective" in place of "Moderately effective."

Item 6 (con't)

How effective would you say your options program is at retaining executives?

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	2.00	-0.97	NA	2
	CFO	3.00	0.03		5
	Director of compensation	2.91	-0.06		12
	HR director or vice-president	3.00	0.03		7
	Stock plan administrator	3.02	0.05		44
	Comp / Benefits	2.93	-0.04		16
	Financial	3.00	0.03		8
	Miscellaneous	3.00	0.03		9
Public / Private	Private	2.88	-0.09		26
	Public	3.00	0.03		77
Industry	Manufacturing	3.00	0.03		21
	Distribution and Transportation	3.00	0.03		3
	W holesale and Retail	3.11	0.14		9
	Finance and Banking	3.00	0.03		15
	Other Services	2.50	-0.47	moderate	11
	Biotechnology	2.90	-0.07		10
	Computer / Data / Telecom	2.73	-0.24		15
	Miscellaneous	3.33	0.36	moderate	19
W ork Force	Under 100	2.78	-0.19		9
	100 to 200	3.29	0.32		7
	201 to 500	2.20	-0.77	moderate	5
	501 to 1000	2.75	-0.22		8
	1001 to 5000	3.08	0.11		26
	Over 5000	3.02	0.05		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.00	0.03		31
	11% to 49%	3.06	0.09		18
	50% to 89%	2.86	-0.11		21
	90% to 100%	2.86	-0.11		22
	NA	3.29	0.32		11
W ave	pilot	3.08	0.11		26
	main	2.93	-0.04		77

Item 7

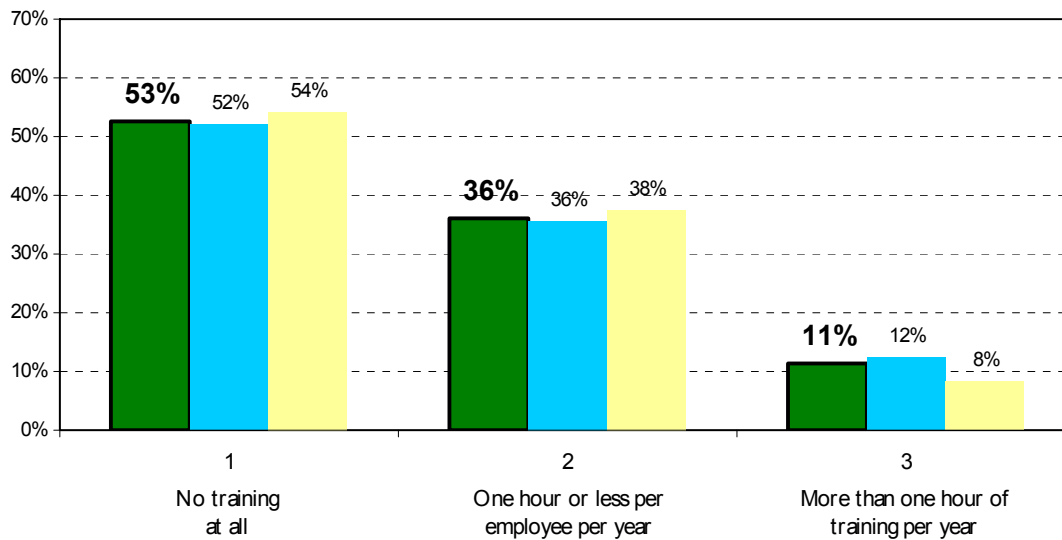
"To what extent does your company currently provide training for option holders in understanding the value of their options?"

Averages

Entire Database
1.59

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
1.60	1.54	none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	53%	11%	1.0	2.0	103	6.2%	0.69
Main Wave Only	52%	12%	1.0	2.0	77	5.5%	0.70
Pilot Wave Only	54%	8%	1.0	2.0	26	8.3%	0.66

Item Notes

None

Item 7 (con't)

To what extent does your company currently provide training for option holders in understanding the value of their options?

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	1.50	-0.09	NA	2
	CFO	1.80	0.21		5
	Director of compensation	1.18	-0.41	moderate	12
	HR director or vice-president	1.43	-0.16		7
	Stock plan administrator	1.77	0.18	moderate	44
	Comp / Benefits	1.67	0.08		16
	Financial	1.38	-0.21		8
	Miscellaneous	1.17	-0.42	moderate	9
Public / Private	Private	1.52	-0.07		26
	Public	1.61	0.02		77
Industry	Manufacturing	1.39	-0.20		21
	Distribution and Transportation	1.33	-0.25		3
	W holesale and Retail	1.67	0.08		9
	Finance and Banking	1.60	0.01		15
	Other Services	1.50	-0.09		11
	Biotechnology	2.00	0.41		10
	Computer / Data / Telecom	1.53	-0.05		15
	Miscellaneous	1.65	0.06		19
W ork Force	Under 100	1.67	0.08		9
	100 to 200	1.14	-0.44	moderate	7
	201 to 500	1.00	-0.59	high	5
	501 to 1000	2.00	0.41	moderate	8
	1001 to 5000	1.67	0.08		26
	Over 5000	1.60	0.01		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	1.43	-0.15		31
	11% to 49%	1.67	0.08		18
	50% to 89%	1.57	-0.02		21
	90% to 100%	1.73	0.14		22
	NA	1.67	0.08		11
W ave	pilot	1.54	-0.05		26
	main	1.60	0.02		77

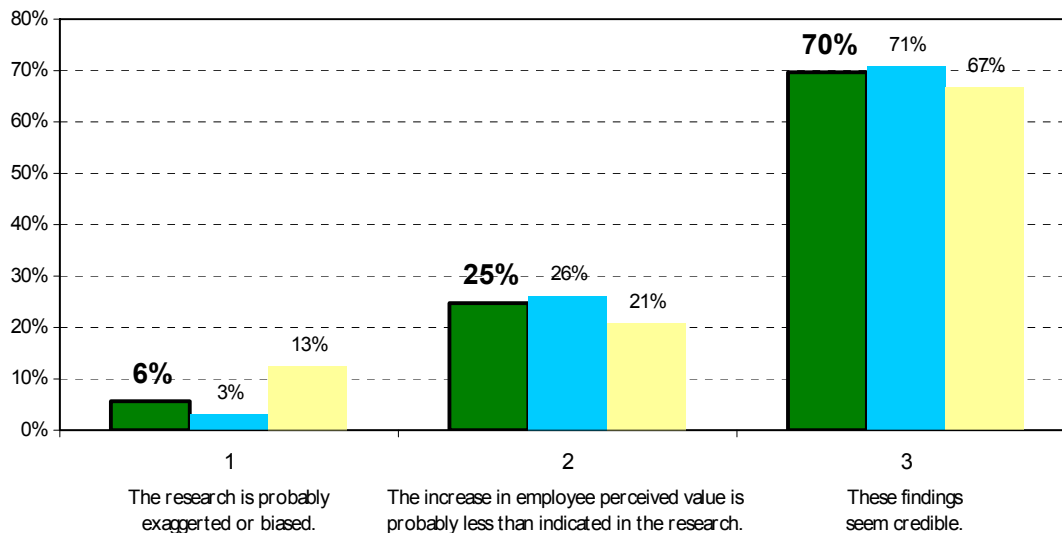
Item 8

"What is your reaction to [the research cited in the e-mail with the link to this survey]?"

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
	2.68	2.54	moderate

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	6%	70%	2.0	3.0	103	15.7%	0.59
Main Wave Only	3%	71%	2.0	3.0	77	18.5%	0.53
Pilot Wave Only	13%	67%	2.0	3.0	26	8.3%	0.72

Item Notes

None

Item 8 (con't)

"What is your reaction to [the research cited in the e-mail with the link to this survey]?"

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	3.00	0.36	NA	2
	CFO	2.50	-0.14		5
	Director of compensation	2.82	0.18		12
	HR director or vice-president	2.57	-0.07		7
	Stock plan administrator	2.71	0.07		44
	Comp / Benefits	2.47	-0.17		16
	Financial	2.57	-0.07		8
	Miscellaneous	2.50	-0.14		9
Public / Private	Private	2.59	-0.05		26
	Public	2.66	0.02		77
Industry	Manufacturing	2.76	0.12		21
	Distribution and Transportation	2.67	0.03		3
	W holesale and Retail	2.75	0.11		9
	Finance and Banking	2.62	-0.03		15
	Other Services	2.25	-0.39		11
	Biotechnology	2.88	0.23	moderate	10
	Computer / Data / Telecom	2.73	0.09		15
	Miscellaneous	2.47	-0.17		19
W ork Force	Under 100	2.71	0.07		9
	100 to 200	2.67	0.03		7
	201 to 500	2.60	-0.04		5
	501 to 1000	2.75	0.11		8
	1001 to 5000	2.48	-0.16		26
	Over 5000	2.70	0.06		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	2.55	-0.09		31
	11% to 49%	2.69	0.05		18
	50% to 89%	2.70	0.06		21
	90% to 100%	2.67	0.03		22
	NA	2.67	0.03		11
W ave	pilot	2.54	-0.10		26
	main	2.68	0.04		77

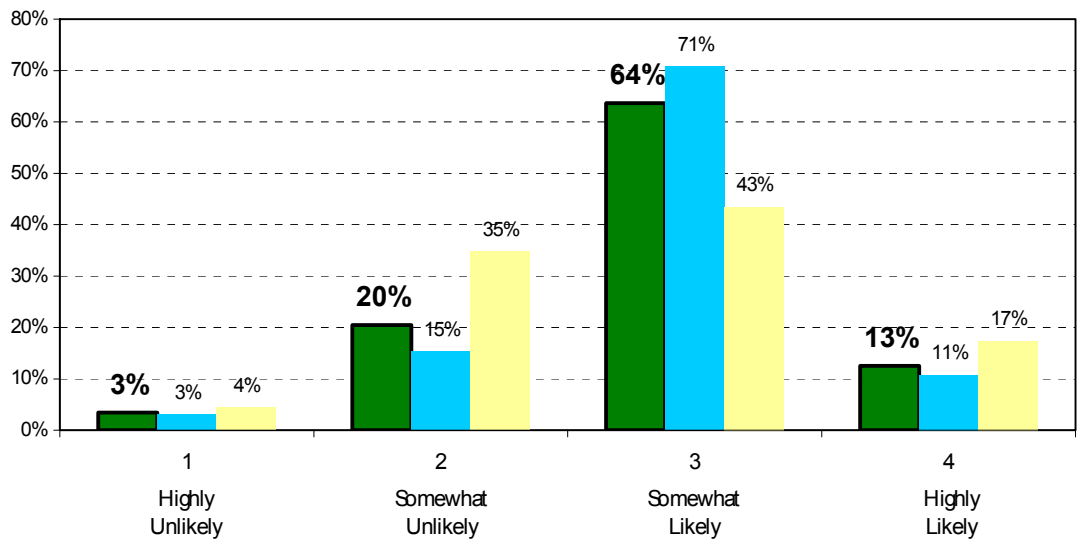
Item 9

"Assuming the research findings are valid, how likely is it that similar results would be experienced at your company?"

Averages

Entire Database	Main Wave Only	Plot Wave Only	Statistical Significance of Difference
	2.89	2.74	high

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	24%	76%	3.0	3.0	103	17.0%	0.67
Main Wave Only	18%	82%	3.0	3.0	77	18.5%	0.62
Pilot Wave Only	39%	61%	2.0	3.0	26	13.0%	0.81

Item Notes

None

Item 9 (con't)

Assuming the research findings are valid, how likely is it that similar results would be experienced at your company?

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	3.00	0.15	NA	2
	CFO	3.00	0.15	moderate	5
	Director of compensation	2.91	0.06		12
	HR director or vice-president	3.14	0.29	moderate	7
	Stock plan administrator	2.97	0.12		44
	Comp / Benefits	2.33	-0.52	moderate	16
	Financial	2.86	0.00		8
	Miscellaneous	2.80	-0.05		9
Public / Private	Private	2.90	0.05		26
	Public	2.84	-0.02		77
Industry	Manufacturing	2.94	0.09		21
	Distribution and Transportation	3.33	0.48		3
	W holesale and Retail	3.13	0.27		9
	Finance and Banking	2.69	-0.16		15
	Other Services	2.75	-0.10		11
	Biotechnology	3.13	0.27		10
	Computer / Data / Telecom	2.67	-0.19		15
	Miscellaneous	2.75	-0.10		19
W ork Force	Under 100	3.14	0.29		9
	100 to 200	2.67	-0.19		7
	201 to 500	3.40	0.55	moderate	5
	501 to 1000	2.71	-0.14		8
	1001 to 5000	2.96	0.10		26
	Over 5000	2.73	-0.13		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	2.76	-0.09		31
	11% to 49%	3.00	0.15		18
	50% to 89%	2.75	-0.10		21
	90% to 100%	3.00	0.15		22
	NA	2.80	-0.05		11
W ave	pilot	2.74	-0.11		26
	main	2.89	0.04		77

Item 10A

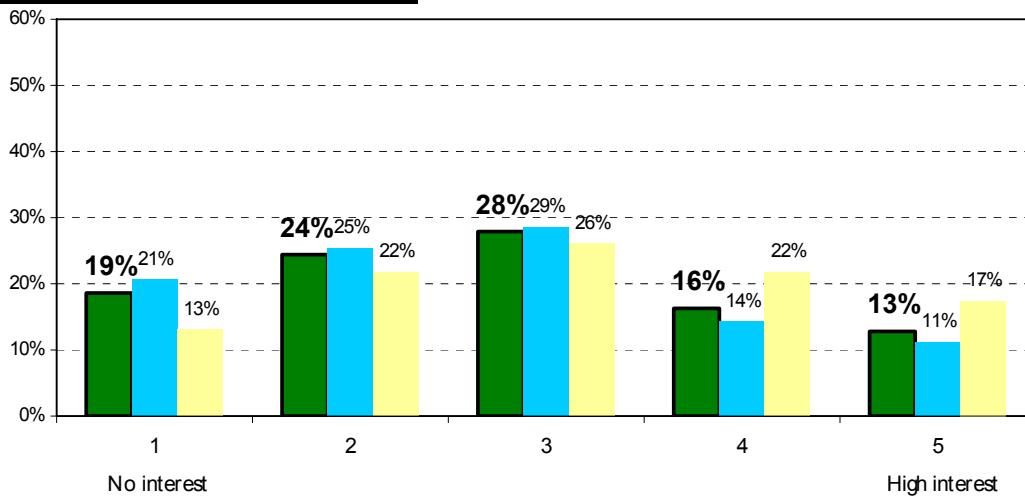
"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

→ Institutional Investors

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
2.80	2.70	3.09	none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	43%	29%	2.0	4.0	103	19.8%	1.28
Main Wave Only	46%	25%	2.0	3.5	77	22.2%	1.27
Pilot Wave Only	35%	39%	2.0	4.0	26	13.0%	1.31

Item Notes

None

Item 10A (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ Institutional Investors

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	2.00	-0.80	NA	2
	CFO	3.00	0.20		5
	Director of compensation	2.40	-0.40		12
	HR director or vice-president	3.57	0.77		7
	Stock plan administrator	2.84	0.04		44
	Comp / Benefits	2.47	-0.34		16
	Financial	2.71	-0.09		8
	Miscellaneous	3.33	0.53		9
Public / Private	Private	2.89	0.09		26
	Public	2.78	-0.03		77
Industry	Manufacturing	3.00	0.20		21
	Distribution and Transportation	1.67	-1.14	moderate	3
	W holesale and Retail	2.50	-0.30		9
	Finance and Banking	2.69	-0.11		15
	Other Services	2.43	-0.37		11
	Biotechnology	3.13	0.32		10
	Computer / Data / Telecom	3.14	0.34		15
	Miscellaneous	2.75	-0.05		19
W ork Force	Under 100	2.43	-0.37		9
	100 to 200	2.60	-0.20		7
	201 to 500	2.75	-0.05		5
	501 to 1000	3.50	0.70		8
	1001 to 5000	3.00	0.20		26
	Over 5000	2.64	-0.16		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	2.61	-0.20		31
	11% to 49%	2.81	0.01		18
	50% to 89%	2.63	-0.17		21
	90% to 100%	3.18	0.37		22
	NA	3.17	0.36		11
W ave	pilot	3.09	0.28		26
	main	2.70	-0.10		77

Item 10B

"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

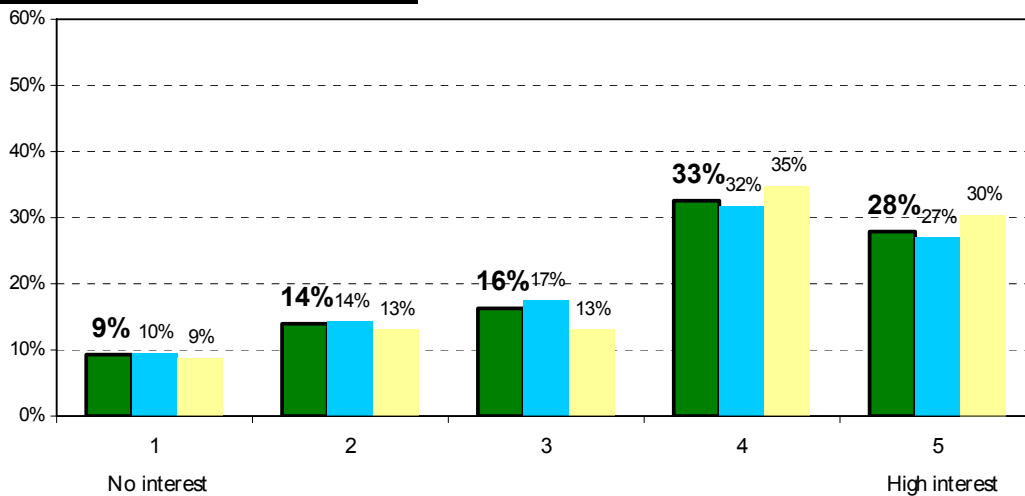
→ **Chair of Compensation Committee**

Averages

Entire Database
3.56

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
3.52	3.65	none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	23%	60%	3.0	5.0	103	19.8%	1.29
Main Wave Only	24%	59%	3.0	5.0	77	22.2%	1.29
Pilot Wave Only	22%	65%	3.0	5.0	26	13.0%	1.30

Item Notes

None

Item 10B (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ Chair of Compensation Committee

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	2.00	-1.56	NA	2
	CFO	3.50	-0.06		5
	Director of compensation	3.18	-0.38		12
	HR director or vice-president	3.86	0.30		7
	Stock plan administrator	3.65	0.09		44
	Comp / Benefits	3.07	-0.49		16
	Financial	4.29	0.73	moderate	8
	Miscellaneous	4.00	0.44		9
Public / Private	Private	3.47	-0.08		26
	Public	3.58	0.02		77
Industry	Manufacturing	3.71	0.15		21
	Distribution and Transportation	3.00	-0.56		3
	W hole sale and Retail	4.13	0.57		9
	Finance and Banking	3.38	-0.17		15
	Other Services	3.29	-0.27		11
	Biotechnology	4.00	0.44		10
	Computer / Data / Telecom	3.62	0.06		15
	Miscellaneous	3.24	-0.32		19
W ork Force	Under 100	3.33	-0.22		9
	100 to 200	3.00	-0.56		7
	201 to 500	4.25	0.69	moderate	5
	501 to 1000	4.13	0.57		8
	1001 to 5000	3.48	-0.08		26
	Over 5000	3.53	-0.03		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.28	-0.28		31
	11% to 49%	3.94	0.38		18
	50% to 89%	3.50	-0.06		21
	90% to 100%	3.76	0.21		22
	NA	3.50	-0.06		11
W ave	pilot	3.65	0.09		26
	main	3.52	-0.03		77

Item 10C

"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

→ Corporate Officer

Averages

Entire Database

3.64

Main Wave Only

3.62

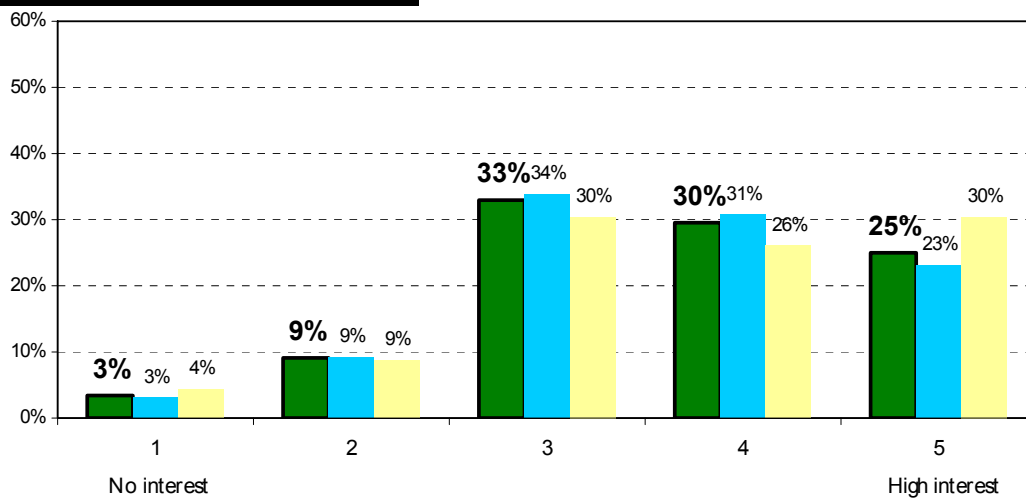
Pilot Wave Only

3.70

Statistical Significance of Difference

none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	13%	55%	3.0	4.3	103	17.0%	1.06
Main Wave Only	12%	54%	3.0	4.0	77	18.5%	1.04
Pilot Wave Only	13%	57%	3.0	5.0	26	13.0%	1.15

Item Notes

None

Item 10C (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ Corporate Officer

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	3.00	-0.64	NA	2
	CFO	3.50	-0.14		5
	Director of compensation	3.45	-0.18		12
	HR director or vice-president	3.86	0.22		7
	Stock plan administrator	3.81	0.17		44
	Comp / Benefits	3.20	-0.44		16
	Financial	3.57	-0.06		8
	Miscellaneous	4.00	0.36		9
Public / Private	Private	3.62	-0.02		26
	Public	3.64	0.01		77
Industry	Manufacturing	3.71	0.07		21
	Distribution and Transportation	3.00	-0.64		3
	W holesale and Retail	4.00	0.36		9
	Finance and Banking	3.54	-0.10		15
	Other Services	3.38	-0.26		11
	Biotechnology	4.25	0.61	moderate	10
	Computer / Data / Telecom	3.71	0.08		15
	Miscellaneous	3.35	-0.28		19
W ork Force	Under 100	3.43	-0.21		9
	100 to 200	3.40	-0.24		7
	201 to 500	4.00	0.36		5
	501 to 1000	4.25	0.61	moderate	8
	1001 to 5000	3.70	0.06		26
	Over 5000	3.50	-0.14		47
	NA	NA	NA	NA	1
	Employees with Options	Less than 10%	3.34	-0.29	moderate
11% to 49%		3.82	0.19		18
50% to 89%		3.63	0.00		21
90% to 100%		4.00	0.36		22
NA		3.50	-0.14		11
W ave	pilot	3.70	0.06		26
	main	3.62	-0.02		77

Item 10D

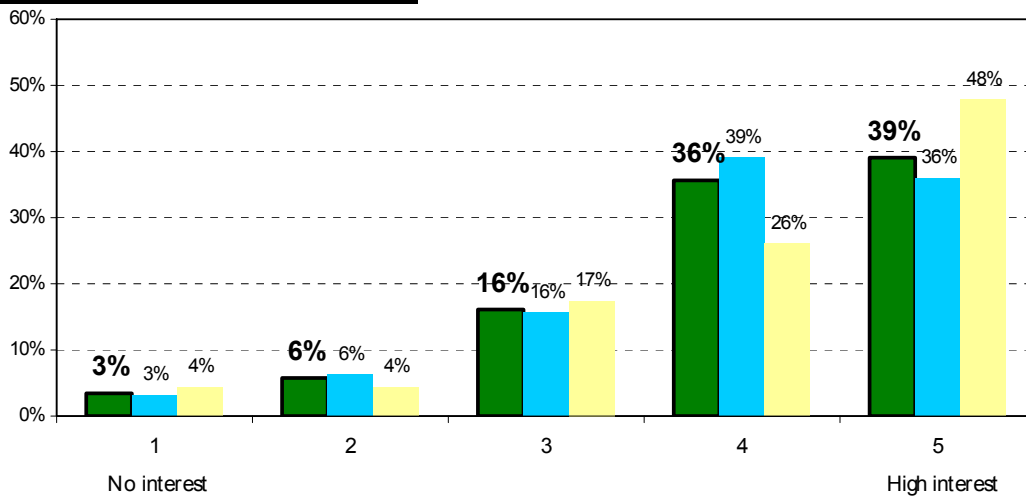
"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

→ HR Executive

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
	4.01	3.98	4.09

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	9%	75%	3.5	5.0	103	18.4%	1.05
Main Wave Only	9%	75%	3.8	5.0	77	20.3%	1.03
Pilot Wave Only	9%	74%	3.5	5.0	26	13.0%	1.12

Item Notes

None

Item 10D (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ HR Executive

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	5.00	0.99	NA	2
	CFO	3.33	-0.68		5
	Director of compensation	4.18	0.17		12
	HR director or vice-president	4.29	0.27		7
	Stock plan administrator	4.11	0.10		44
	Comp / Benefits	3.33	-0.68	moderate	16
	Financial	4.00	-0.01		8
	Miscellaneous	4.67	0.66	moderate	9
Public / Private	Private	4.25	0.24		26
	Public	3.94	-0.07		77
Industry	Manufacturing	3.59	-0.42		21
	Distribution and Transportation	3.67	-0.34		3
	W holesale and Retail	4.38	0.36		9
	Finance and Banking	3.77	-0.24		15
	Other Services	4.00	-0.01		11
	Biotechnology	4.25	0.24		10
	Computer / Data / Telecom	4.07	0.06		15
	Miscellaneous	4.35	0.34		19
W ork Force	Under 100	4.29	0.27		9
	100 to 200	3.80	-0.21		7
	201 to 500	4.50	0.49		5
	501 to 1000	4.63	0.61	moderate	8
	1001 to 5000	3.74	-0.27		26
	Over 5000	3.98	-0.04		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.83	-0.18		31
	11% to 49%	4.19	0.18		18
	50% to 89%	3.74	-0.27		21
	90% to 100%	4.47	0.46	moderate	22
	NA	4.00	-0.01		11
W ave	pilot	4.09	0.08		26
	main	3.98	-0.03		77

Item 10E

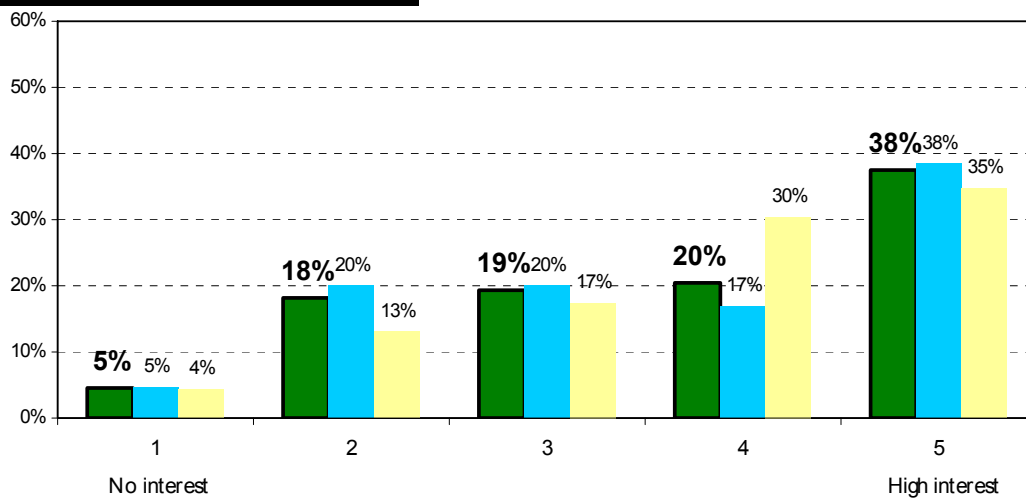
"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

→ **Stock Plan Administrator**

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
3.68	3.65	3.78	none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	23%	58%	3.0	5.0	103	17.0%	1.27
Main Wave Only	25%	55%	3.0	5.0	77	18.5%	1.30
Pilot Wave Only	17%	65%	3.0	5.0	26	13.0%	1.20

Item Notes

None

Item 10E (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ Stock Plan Administrator

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	4.00	0.32	NA	2
	CFO	4.33	0.65		5
	Director of compensation	2.73	-0.95	moderate	12
	HR director or vice-president	3.43	-0.25		7
	Stock plan administrator	4.22	0.53	high	44
	Comp / Benefits	3.27	-0.42		16
	Financial	3.25	-0.43		8
	Miscellaneous	3.67	-0.02		9
Public / Private	Private	3.71	0.03		26
	Public	3.67	-0.01		77
Industry	Manufacturing	3.06	-0.62	moderate	21
	Distribution and Transportation	3.67	-0.02		3
	W hole sale and Retail	4.00	0.32		9
	Finance and Banking	3.85	0.16		15
	Other Services	3.29	-0.40		11
	Biotechnology	4.13	0.44		10
	Computer / Data / Telecom	3.67	-0.02		15
	Miscellaneous	4.00	0.32		19
W ork Force	Under 100	4.14	0.46		9
	100 to 200	3.50	-0.18		7
	201 to 500	4.25	0.57		5
	501 to 1000	3.38	-0.31		8
	1001 to 5000	3.70	0.01		26
	Over 5000	3.63	-0.06		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.52	-0.16		31
	11% to 49%	3.81	0.13		18
	50% to 89%	3.53	-0.16		21
	90% to 100%	4.11	0.43		22
	NA	3.33	-0.35		11
W ave	pilot	3.78	0.10		26
	main	3.65	-0.04		77

Item 11A

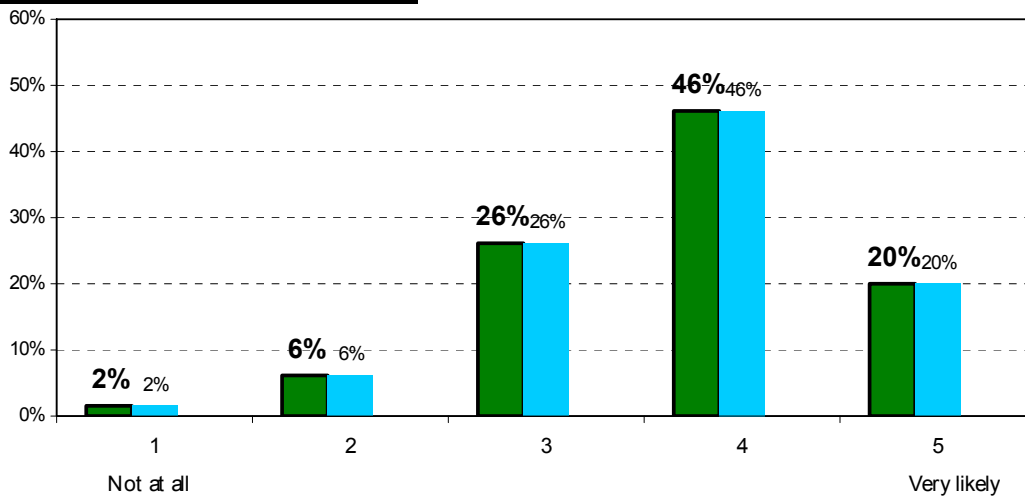
"To what extent would the following factors make your company more likely to decide to provide effective stock option education?"

➔ **The desire to provide employees with more comprehensive equity compensation information**

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
3.77	3.77	NA	NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	8%	66%	3.0	4.0	103	58.5%*	0.90
Main Wave Only	8%	66%	3.0	4.0	77	18.5%	0.90
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

* respondents from the pilot wave count as NA

Item Notes

This item was not asked of the pilot study group.

Item 11A (con't)

To what extent would the following factors make your company more likely to decide to provide effective stock option education?

The desire to provide employees with more comprehensive equity compensation information

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	NA	NA	NA	2
	CFO	3.75	-0.02		5
	Director of compensation	3.86	0.09		12
	HR director or vice-president	4.00	0.23		7
	Stock plan administrator	3.83	0.06		44
	Comp / Benefits	3.64	-0.13		16
	Financial	3.50	-0.27		8
	Miscellaneous	3.75	-0.02		9
Public / Private	Private	3.53	-0.24		26
	Public	3.84	0.07		77
Industry	Manufacturing	3.73	-0.04		21
	Distribution and Transportation	3.00	-0.77	high	3
	Wholesale and Retail	4.17	0.40		9
	Finance and Banking	3.50	-0.27		15
	Other Services	3.88	0.11		11
	Biotechnology	4.50	0.73	moderate	10
	Computer / Data / Telecom	3.64	-0.13		15
Miscellaneous	3.56	-0.21		19	
Work Force	Under 100	3.67	-0.10		9
	100 to 200	3.60	-0.17		7
	201 to 500	3.50	-0.27		5
	501 to 1000	3.83	0.06		8
	1001 to 5000	3.68	-0.09		26
	Over 5000	3.92	0.15		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.57	-0.20		31
	11% to 49%	3.92	0.15		18
	50% to 89%	3.88	0.11		21
	90% to 100%	3.71	-0.05		22
	NA	5.00	1.23	NA	11
Wave	pilot	NA	NA	NA	NA
	main	3.77	NA	NA	77

Item 11B

"To what extent would the following factors make your company more likely to decide to provide effective stock option education?"

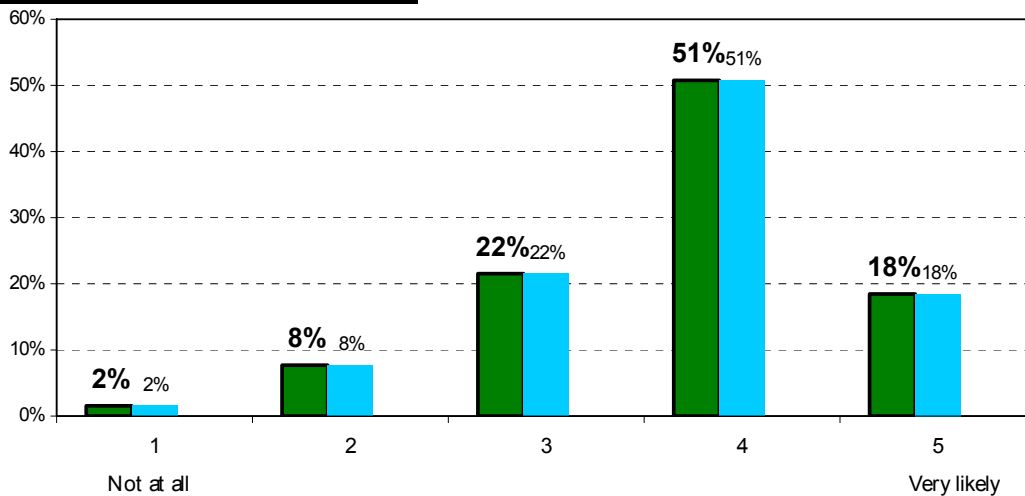
➔ **The desire to maintain competitiveness of the company's equity compensation program**

Averages

Entire Database
3.77

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
3.77	NA	NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	9%	69%	3.0	4.0	103	58.5%*	0.90
Main Wave Only	9%	69%	3.0	4.0	77	18.5%	0.90
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

* respondents from the pilot wave count as NA

Item Notes

This item was not asked of the pilot study group.

Item 11B (con't)

To what extent would the following factors make your company more likely to decide to provide effective stock option education?

The desire to maintain competitiveness of the company's equity compensation program

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	NA	NA	NA	2
	CFO	3.25	-0.52		5
	Director of compensation	3.86	0.09		12
	HR director or vice-president	4.33	0.56		7
	Stock plan administrator	3.87	0.10		44
	Comp / Benefits	3.55	-0.22		16
	Financial	3.67	-0.10		8
	Miscellaneous	3.75	-0.02		9
Public / Private	Private	3.47	-0.30		26
	Public	3.86	0.09		77
Industry	Manufacturing	3.73	-0.04		21
	Distribution and Transportation	2.50	-1.27		3
	Wholesale and Retail	4.17	0.40	moderate	9
	Finance and Banking	3.25	-0.52		15
	Other Services	4.00	0.23		11
	Biotechnology	4.00	0.23		10
	Computer / Data / Telecom	3.73	-0.04		15
	Miscellaneous	4.00	0.23		19
Work Force	Under 100	3.50	-0.27		9
	100 to 200	3.00	-0.77		7
	201 to 500	4.25	0.48		5
	501 to 1000	4.00	0.23		8
	1001 to 5000	3.79	0.02		26
	Over 5000	3.84	0.07		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.67	-0.10		31
	11% to 49%	3.69	-0.08		18
	50% to 89%	3.63	-0.14		21
	90% to 100%	4.07	0.30		22
	NA	5.00	1.23	NA	11
Wave	pilot	NA	NA	NA	NA
	main	3.77	NA	NA	77

Item 11C

"To what extent would the following factors make your company more likely to decide to provide effective stock option education?"

➔ **Consultant recommendation or industry endorsement**

Averages

Entire Database

2.60

Main Wave Only

2.60

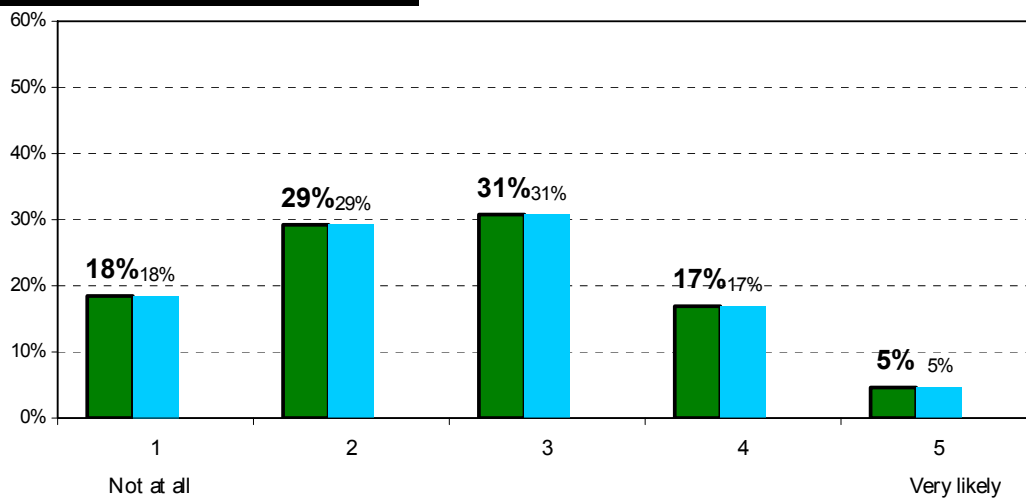
Pilot Wave Only

NA

Statistical Significance of Difference

NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	48%	22%	2.0	3.0	103	58.5%*	1.12
Main Wave Only	48%	22%	2.0	3.0	77	18.5%	1.12
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

* respondents from the pilot wave count as NA

Item Notes

This item was not asked of the pilot study group.

Item 11C (con't)

To what extent would the following factors make your company more likely to decide to provide effective stock option education?

Consultant recommendation or industry endorsement

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	NA	NA	NA	2
	CFO	2.00	-0.60		5
	Director of compensation	2.14	-0.46		12
	HR director or vice-president	1.67	-0.93	moderate	7
	Stock plan administrator	2.93	0.33	moderate	44
	Comp / Benefits	2.64	0.04		16
	Financial	2.33	-0.27		8
	Miscellaneous	2.50	-0.10		9
Public / Private	Private	2.13	-0.47	moderate	26
	Public	2.74	0.14	moderate	77
Industry	Manufacturing	2.93	0.33		21
	Distribution and Transportation	1.50	-1.10		3
	Wholesale and Retail	2.33	-0.27		9
	Finance and Banking	2.63	0.02		15
	Other Services	2.38	-0.23		11
	Biotechnology	3.00	0.40		10
	Computer / Data / Telecom	2.64	0.04		15
Miscellaneous	2.33	-0.27		19	
Work Force	Under 100	2.83	0.23		9
	100 to 200	2.80	0.20		7
	201 to 500	2.25	-0.35		5
	501 to 1000	2.17	-0.43		8
	1001 to 5000	2.79	0.19		26
	Over 5000	2.52	-0.08		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	2.48	-0.12		31
	11% to 49%	3.15	0.55		18
	50% to 89%	2.50	-0.10		21
	90% to 100%	2.36	-0.24		22
	NA	3.00	0.40	NA	11
Wave	pilot	NA	NA	NA	NA
	main	2.60	NA	NA	77

Item 11D

"To what extent would the following factors make your company more likely to decide to provide effective stock option education?"

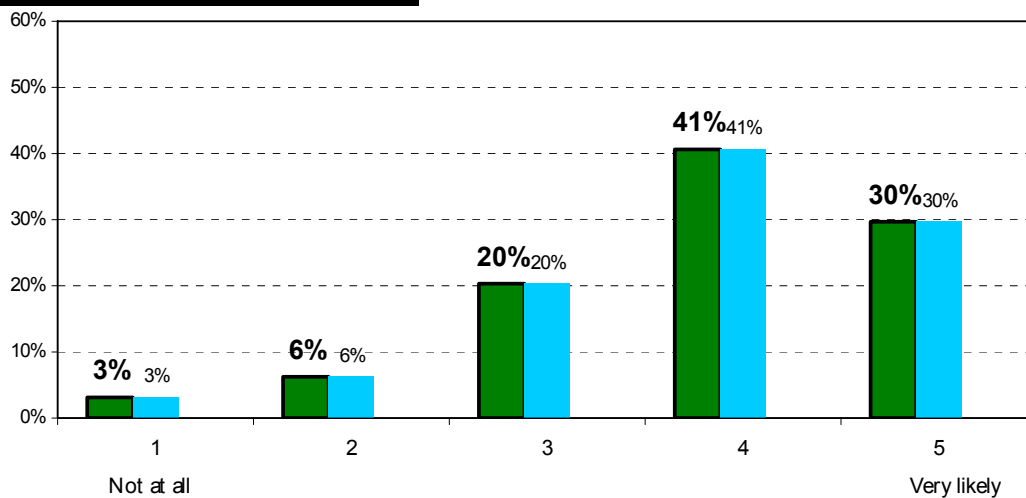
➔ **The desire to increase employee motivation**

Averages

Entire Database
3.88

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
3.88	NA	NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	9%	70%	3.0	5.0	103	60.9%*	1.02
Main Wave Only	9%	70%	3.0	5.0	77	20.3%	1.02
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

* respondents from the pilot wave count as NA

Item Notes

This item was not asked of the pilot study group.

Item 11D (con't)

To what extent would the following factors make your company more likely to decide to provide effective stock option education?

The desire to increase employee motivation

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	NA	NA	NA	2
	CFO	3.25	-0.63		5
	Director of compensation	3.14	-0.73		12
	HR director or vice-president	4.67	0.79		7
	Stock plan administrator	4.13	0.26	moderate	44
	Comp / Benefits	3.64	-0.24		16
	Financial	3.67	-0.21		8
	Miscellaneous	4.33	0.46		9
Public / Private	Private	3.73	-0.14		26
	Public	3.92	0.04		77
Industry	Manufacturing	3.73	-0.14		21
	Distribution and Transportation	4.00	0.13		3
	Wholesale and Retail	4.17	0.29		9
	Finance and Banking	3.29	-0.59	moderate	15
	Other Services	3.63	-0.25		11
	Biotechnology	4.67	0.79	moderate	10
	Computer / Data / Telecom	3.91	0.03		15
Miscellaneous	4.00	0.13		19	
Work Force	Under 100	4.00	0.13		9
	100 to 200	3.40	-0.48		7
	201 to 500	3.50	-0.38		5
	501 to 1000	4.50	0.63	moderate	8
	1001 to 5000	4.00	0.13		26
	Over 5000	3.76	-0.12		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.62	-0.26		31
	11% to 49%	3.67	-0.21		18
	50% to 89%	3.88	0.00		21
	90% to 100%	4.36	0.48	moderate	22
	NA	5.00	1.13	NA	11
Wave	pilot	NA	NA	NA	NA
	main	3.88	NA	NA	77

Item 11E

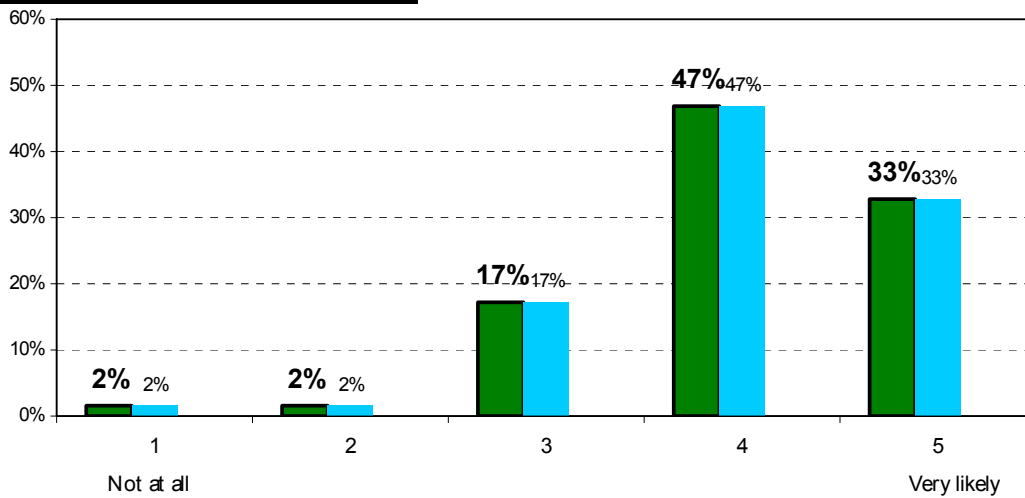
"To what extent would the following factors make your company more likely to decide to provide effective stock option education?"

➔ **The desire to increase employee retention**

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
	4.08	NA	NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	3%	80%	4.0	5.0	103	60.9%*	0.84
Main Wave Only	3%	80%	4.0	5.0	77	20.3%	0.84
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

* respondents from the pilot wave count as NA

Item Notes

This item was not asked of the pilot study group.

Item 11E (con't)

To what extent would the following factors make your company more likely to decide to provide effective stock option education?

The desire to increase employee retention

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	NA	NA	NA	2
	CFO	3.75	-0.33		5
	Director of compensation	3.86	-0.22		12
	HR director or vice-president	4.67	0.59		7
	Stock plan administrator	4.23	0.16		44
	Comp / Benefits	3.82	-0.26		16
	Financial	3.83	-0.24		8
	Miscellaneous	4.33	0.26		9
Public / Private	Private	4.00	-0.08		26
	Public	4.10	0.02		77
Industry	Manufacturing	4.20	0.12		21
	Distribution and Transportation	4.00	-0.08		3
	Wholesale and Retail	4.17	0.09		9
	Finance and Banking	3.86	-0.22		15
	Other Services	4.25	0.17		11
	Biotechnology	4.50	0.42		10
	Computer / Data / Telecom	3.91	-0.17		15
Miscellaneous	3.78	-0.30		19	
Work Force	Under 100	4.20	0.12		9
	100 to 200	3.40	-0.68		7
	201 to 500	4.00	-0.08		5
	501 to 1000	4.50	0.42		8
	1001 to 5000	4.11	0.03		26
	Over 5000	4.08	0.00		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.81	-0.27		31
	11% to 49%	4.08	0.01		18
	50% to 89%	4.06	-0.02		21
	90% to 100%	4.43	0.35	moderate	22
	NA	5.00	0.92	NA	11
Wave	pilot	NA	NA	NA	NA
	main	4.08	NA	NA	77

Item 11F

"To what extent would the following factors make your company more likely to decide to provide effective stock option education?"

➔ **Company responsibility to shareholders**

Averages

Entire Database

3.27

Main Wave Only

3.27

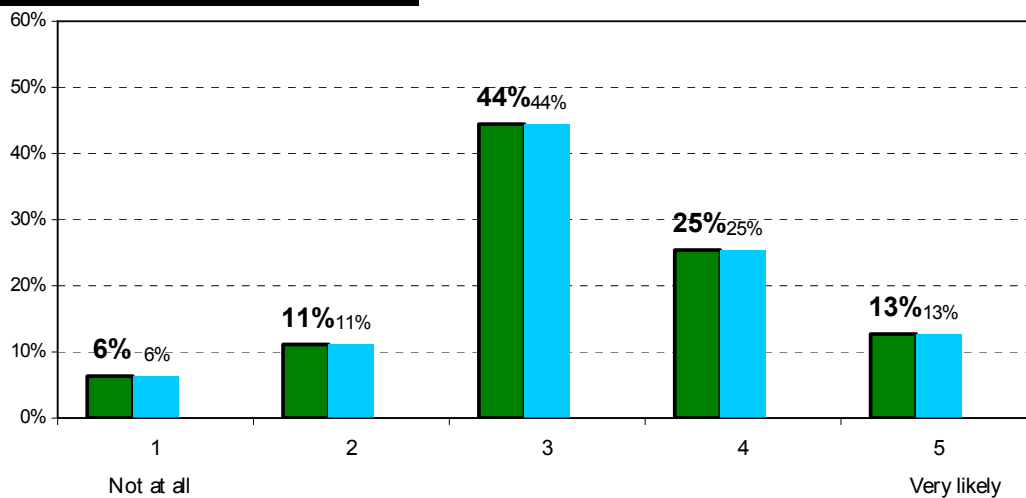
Pilot Wave Only

NA

Statistical Significance of Difference

NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	17%	38%	3.0	4.0	103	63.5%*	1.03
Main Wave Only	17%	38%	3.0	4.0	77	22.2%	1.03
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

* respondents from the pilot wave count as NA

Item Notes

This item was not asked of the pilot study group.

Item 11F (con't)

To what extent would the following factors make your company more likely to decide to provide effective stock option education?

Company responsibility to shareholders

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	NA	NA	NA	2
	CFO	3.25	-0.02		5
	Director of compensation	2.67	-0.60		12
	HR director or vice-president	3.67	0.40		7
	Stock plan administrator	3.53	0.26	moderate	44
	Comp / Benefits	3.00	-0.27		16
	Financial	2.67	-0.60		8
	Miscellaneous	3.67	0.40		9
Public / Private	Private	3.29	0.02		26
	Public	3.27	0.00		77
Industry	Manufacturing	3.33	0.06		21
	Distribution and Transportation	3.50	0.23		3
	Wholesale and Retail	3.33	0.06		9
	Finance and Banking	3.43	0.16		15
	Other Services	3.00	-0.27		11
	Biotechnology	3.83	0.56		10
	Computer / Data / Telecom	3.45	0.18		15
Miscellaneous	2.50	-0.77		19	
Work Force	Under 100	3.80	0.53		9
	100 to 200	2.80	-0.47		7
	201 to 500	3.00	-0.27		5
	501 to 1000	3.00	-0.27		8
	1001 to 5000	3.47	0.20		26
	Over 5000	3.21	-0.06		47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.05	-0.22		31
	11% to 49%	3.42	0.15		18
	50% to 89%	3.38	0.11		21
	90% to 100%	3.36	0.09		22
	NA	3.00	-0.27	NA	11
Wave	pilot	NA	NA	NA	NA
	main	3.27	NA	NA	77

Item 11G

"To what extent would the following factors make your company more likely to decide to provide effective stock option education?"

➔ **The desire to enhance the company's ownership culture**

Averages

Entire Database

3.73

Main Wave Only

3.73

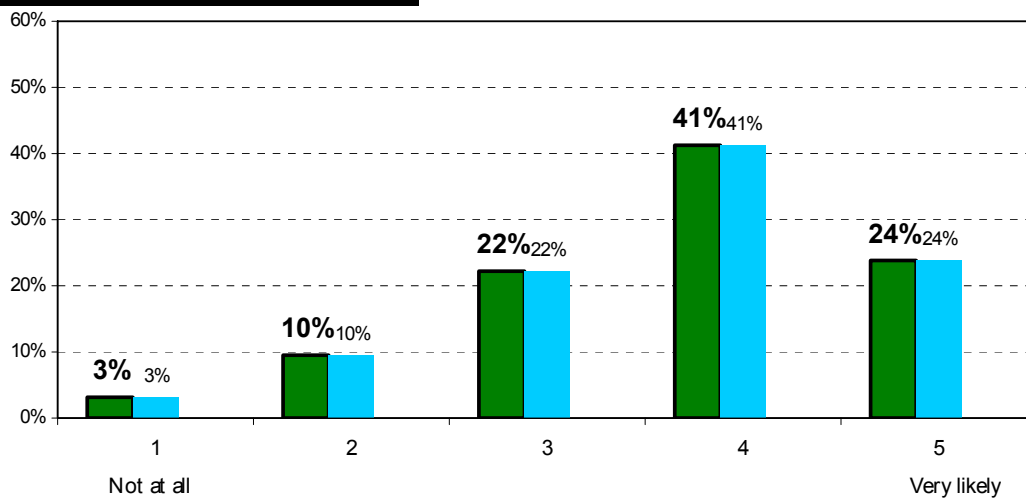
Pilot Wave Only

NA

Statistical Significance of Difference

NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	13%	65%	3.0	4.0	103	63.5%*	1.03
Main Wave Only	13%	65%	3.0	4.0	77	22.2%	1.03
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

* respondents from the pilot wave count as NA

Item Notes

This item was not asked of the pilot study group.

Item 11G (con't)

To what extent would the following factors make your company more likely to decide to provide effective stock option education?

The desire to enhance the company's ownership culture

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	NA	NA	NA	2
	CFO	3.00	-0.73		5
	Director of compensation	3.43	-0.30		12
	HR director or vice-president	4.67	0.94	moderate	7
	Stock plan administrator	3.97	0.24	moderate	44
	Comp / Benefits	3.55	-0.18		16
	Financial	3.17	-0.56		8
	Miscellaneous	4.00	0.27		9
Public / Private	Private	3.40	-0.33		26
	Public	3.83	0.10		77
Industry	Manufacturing	3.87	0.14		21
	Distribution and Transportation	4.00	0.27		3
	Wholesale and Retail	4.00	0.27		9
	Finance and Banking	3.43	-0.30		15
	Other Services	3.75	0.02		11
	Biotechnology	4.00	0.27		10
	Computer / Data / Telecom	3.73	0.00		15
Miscellaneous	3.33	-0.40		19	
Work Force	Under 100	3.40	-0.33		9
	100 to 200	3.00	-0.73		7
	201 to 500	3.00	-0.73		5
	501 to 1000	4.33	0.60	moderate	8
	1001 to 5000	3.56	-0.17		26
	Over 5000	4.04	0.31	moderate	47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	3.65	-0.08		31
	11% to 49%	3.83	0.10		18
	50% to 89%	3.50	-0.23		21
	90% to 100%	3.93	0.20		22
	NA	5.00	1.27	NA	11
Wave	pilot	NA	NA	NA	NA
	main	3.73	NA	NA	77

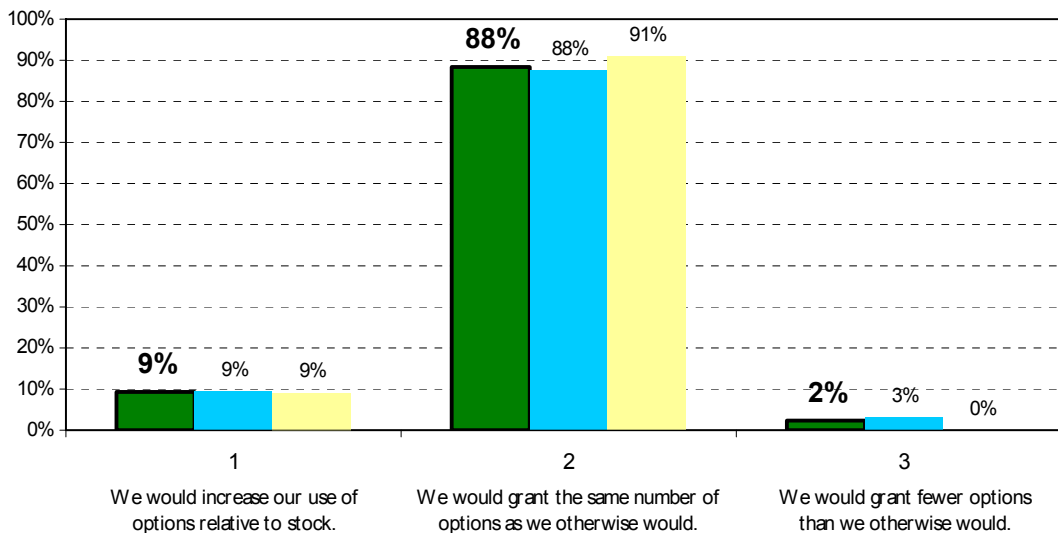
Item 12

"Assuming that the cost-value gap in options could be substantially reduced by an employee education program, how would this affect your company's use of option grants (options, SARs, etc.) relative to stock grants (restricted stock, phantom stock, etc.)?"

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
	1.94	1.91	none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	9%	2%	2.0	2.0	103	19.8%	0.34
Main Wave Only	9%	3%	2.0	2.0	77	20.3%	0.35
Pilot Wave Only	9%	0%	2.0	2.0	26	18.2%	0.29

Item Notes

None

Item 12 (con't)

Assuming that the cost-value gap in options could be substantially reduced by an employee education program, how would this affect your company's use of option grants (options, SARs, etc.) relative to stock grants (restricted stock, phantom stock, etc.)?

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	CEO or President	1.00	-0.93	NA	2
	CFO	2.00	0.07	moderate	5
	Director of compensation	2.00	0.07	moderate	12
	HR director or vice-president	2.00	0.07	moderate	7
	Stock plan administrator	2.00	0.07		44
	Comp / Benefits	1.93	0.00		16
	Financial	1.88	-0.06		8
	Miscellaneous	1.50	-0.43	moderate	9
Public / Private	Private	1.86	-0.07		26
	Public	1.95	0.02		77
Industry	Manufacturing	2.06	0.13	moderate	21
	Distribution and Transportation	2.00	0.07		3
	Wholesale and Retail	2.00	0.07	moderate	9
	Finance and Banking	2.00	0.07	moderate	15
	Other Services	1.75	-0.18		11
	Biotechnology	1.88	-0.06		10
	Computer / Data / Telecom	1.79	-0.14		15
	Miscellaneous	1.94	0.01		19
Work Force	Under 100	1.43	-0.50	moderate	9
	100 to 200	2.00	0.07		7
	201 to 500	1.80	-0.13		5
	501 to 1000	2.00	0.07	moderate	8
	1001 to 5000	1.95	0.02		26
	Over 5000	2.00	0.07	moderate	47
	NA	NA	NA	NA	1
Employees with Options	Less than 10%	1.93	0.00		31
	11% to 49%	2.13	0.20	moderate	18
	50% to 89%	1.84	-0.09		21
	90% to 100%	1.83	-0.10		22
	NA	2.00	0.07	moderate	11
Wave	pilot	1.91	-0.02		26
	main	1.94	0.01		77

Service Provider Results

1. Which of the following best describes your job title/function?
2. The research cited in the e-mail with the link to this survey indicated that an options education program can eliminate the perceived gap between how employees value their options and how the employer values it for financial accounting purposes. What is your reaction to these findings?
3. Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the “cost-value gap” through effective education?
4. To what extent would the following factors make your clients more likely to decide to provide effective stock option education?
5. Assuming that the cost-value gap in options could be substantially reduced by an employee education program, how would this affect your clients' use of option grants (options, SARs, etc.) relative to stock grants (restricted stock, phantom stock, etc.)?

Item 2

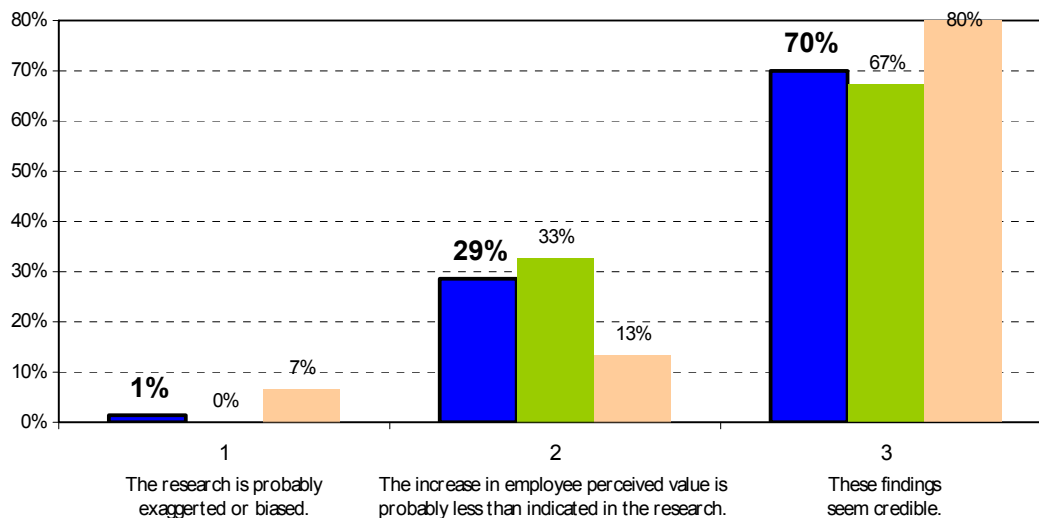
"The research cited in the e-mail with the link to this survey indicated that an options education program can eliminate the perceived gap between how employees value their options and how the employer values it for financial accounting purposes. What is your reaction to these findings?"

Averages

Entire Database
2.69

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
2.67	2.73	high

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	1%	70%	2.0	3.0	70	0.0%	0.50
Main Wave Only	0%	67%	2.0	3.0	55	0.0%	0.47
Pilot Wave Only	7%	80%	3.0	3.0	15	0.0%	0.59

Item Notes

None

Item 2 (con't)

The research cited in the e-mail with the link to this survey indicated that an options education program can eliminate the perceived gap between how employees value their options and how the employer values it for financial accounting purposes. What is your reaction to these findings?

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	2.18	-0.50	moderate	11
	Stock plan TPA	2.68	-0.01		25
	Attorney	2.78	0.09		9
	CPA	2.67	-0.02		3
	Financial advisor	2.90	0.21	moderate	10
	Other	2.92	0.23	moderate	12
Wave	pilot	2.73	0.05		15
	main	2.67	-0.01		55

Item 3A

"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

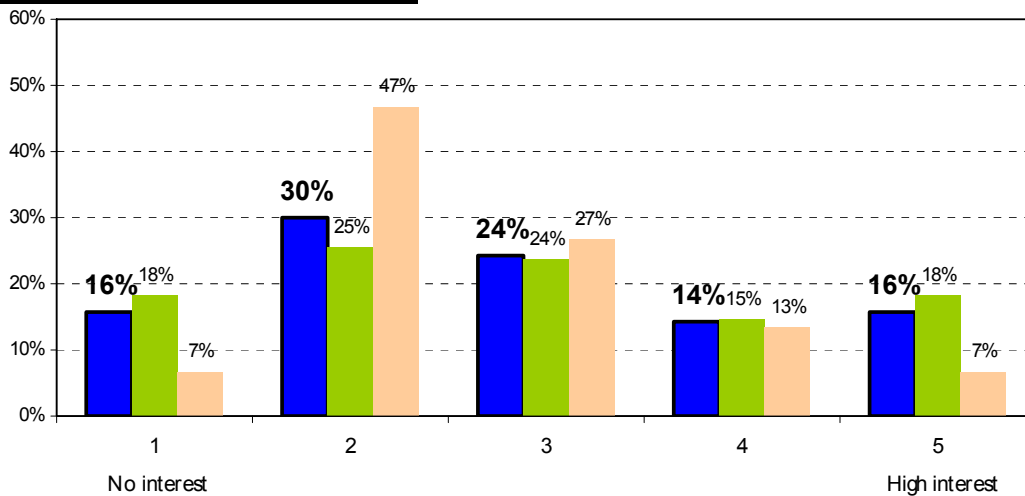
→ Institutional Investors

Averages

Entire Database
2.84

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
2.89	2.67	high

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	46%	30%	2.0	4.0	70	0.0%	1.30
Main Wave Only	44%	33%	2.0	4.0	55	0.0%	1.37
Pilot Wave Only	53%	20%	2.0	3.0	15	0.0%	1.05

Item Notes

None

Item 3A (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ Institutional Investors

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	2.73	-0.12		11
	Stock plan TPA	2.92	0.08		25
	Attorney	2.44	-0.40		9
	CPA	3.00	0.16		3
	Financial advisor	3.20	0.36		10
	Other	2.75	-0.09		12
Wave	pilot	2.67	-0.18		15
	main	2.89	0.05		55

Item 3B

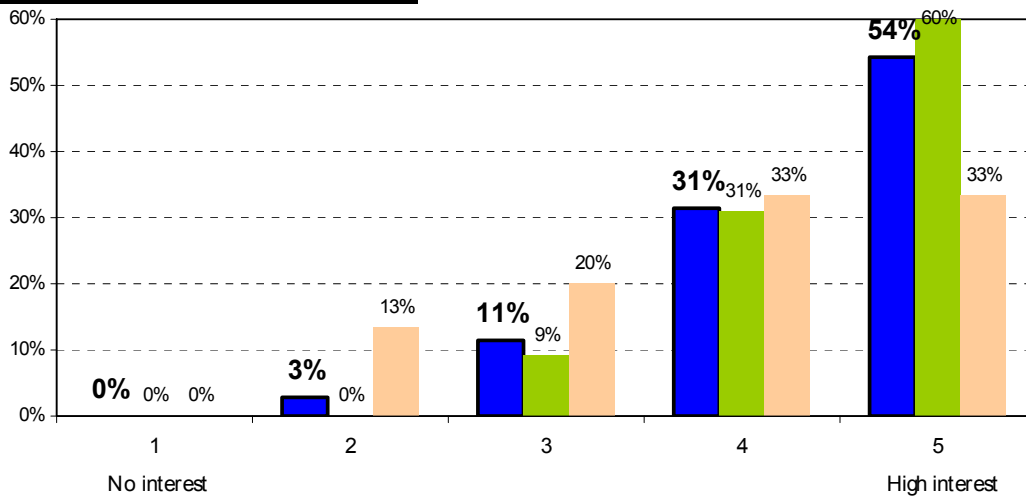
"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

→ **Chair of Compensation Committee**

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
4.37	4.51	3.87	high

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	3%	86%	4.0	5.0	70	0.0%	0.80
Main Wave Only	0%	91%	4.0	5.0	55	0.0%	0.66
Pilot Wave Only	13%	67%	3.0	5.0	15	0.0%	1.06

Item Notes

None

Item 3B (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ Chair of Compensation Committee

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	4.09	-0.28		11
	Stock plan TPA	4.44	0.07		25
	Attorney	4.44	0.07		9
	CPA	4.33	-0.04		3
	Financial advisor	4.30	-0.07		10
	Other	4.50	0.13		12
Wave	pilot	3.87	-0.50	moderate	15
	main	4.51	0.14	moderate	55

Item 3C

"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

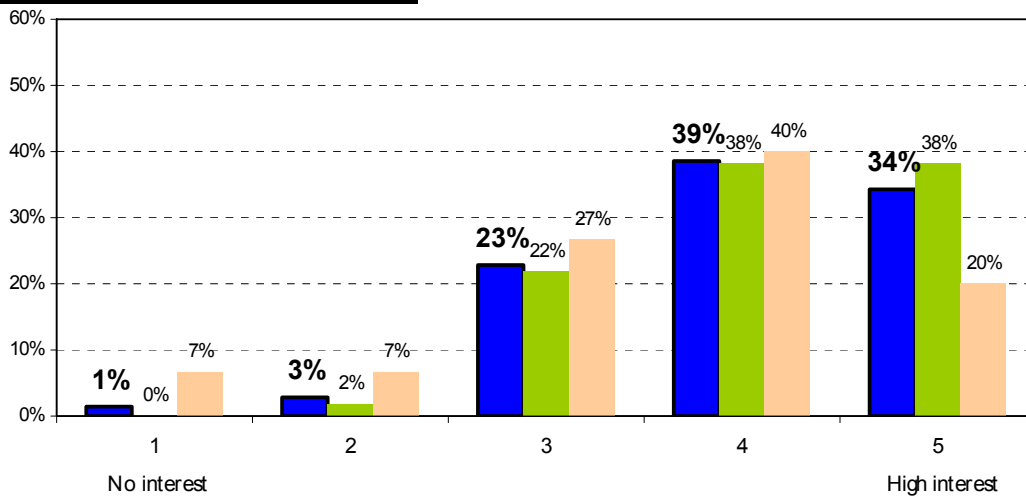
→ Corporate Officer

Averages

Entire Database
4.01

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
4.13	3.60	moderate

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	4%	73%	3.0	5.0	70	0.0%	0.91
Main Wave Only	2%	76%	4.0	5.0	55	0.0%	0.82
Pilot Wave Only	13%	60%	3.0	4.3	15	0.0%	1.12

Item Notes

None

Item 3C (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ Corporate Officer

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	3.73	-0.29		11
	Stock plan TPA	4.04	0.03		25
	Attorney	4.33	0.32		9
	CPA	4.00	-0.01		3
	Financial advisor	4.00	-0.01		10
	Other	4.00	-0.01		12
Wave	pilot	3.60	-0.41		15
	main	4.13	0.11		55

Item 3D

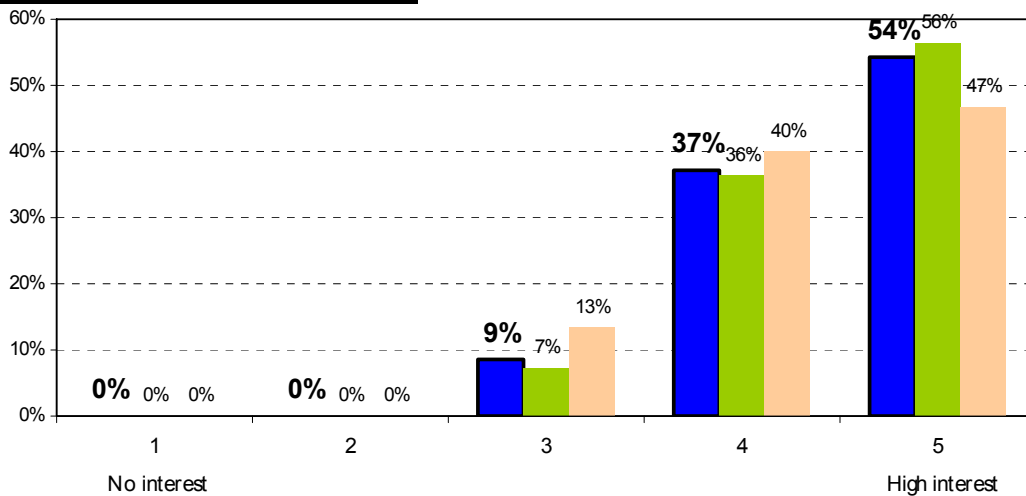
"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

→ HR Executive

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
4.46	4.49	4.33	none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	0%	91%	4.0	5.0	70	0.0%	0.65
Main Wave Only	0%	93%	4.0	5.0	55	0.0%	0.63
Pilot Wave Only	0%	87%	4.0	5.0	15	0.0%	0.72

Item Notes

None

Item 3D (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ HR Executive

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	4.36	-0.09		11
	Stock plan TPA	4.56	0.10		25
	Attorney	4.44	-0.01		9
	CPA	4.33	-0.12		3
	Financial advisor	4.20	-0.26		10
	Other	4.58	0.13		12
Wave	pilot	4.33	-0.12		15
	main	4.49	0.03		55

Item 3E

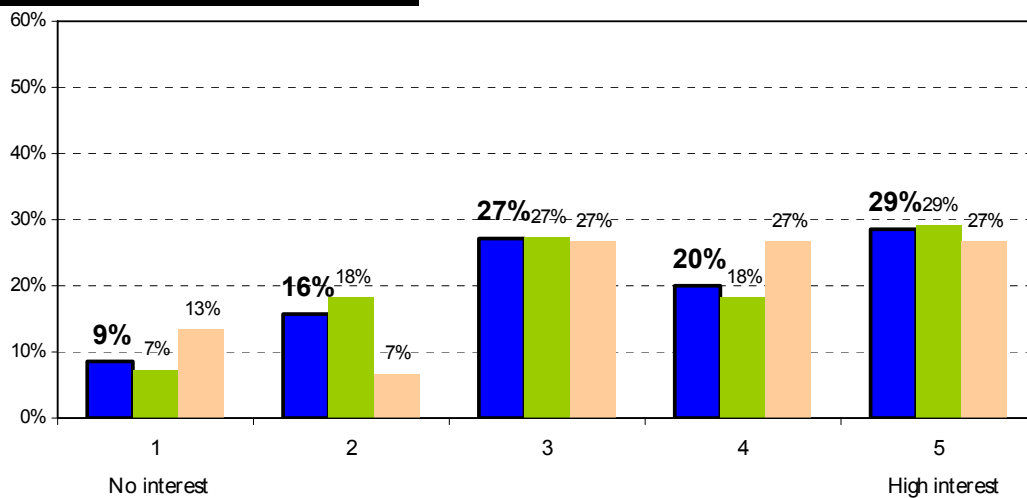
"Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?"

→ **Stock Plan Administrator**

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
3.44	3.44	3.47	moderate

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	24%	49%	3.0	5.0	70	0.0%	1.29
Main Wave Only	25%	47%	2.5	5.0	55	0.0%	1.29
Pilot Wave Only	20%	53%	2.8	4.3	15	0.0%	1.36

Item Notes

None

Item 3E (con't)

Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the 'cost-value gap' through effective education?

→ Stock Plan Administrator

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	2.73	-0.72	moderate	11
	Stock plan TPA	3.72	0.28		25
	Attorney	3.33	-0.11		9
	CPA	2.67	-0.78		3
	Financial advisor	3.70	0.26		10
	Other	3.58	0.14		12
Wave	pilot	3.47	0.02		15
	main	3.44	-0.01		55

Item 4A

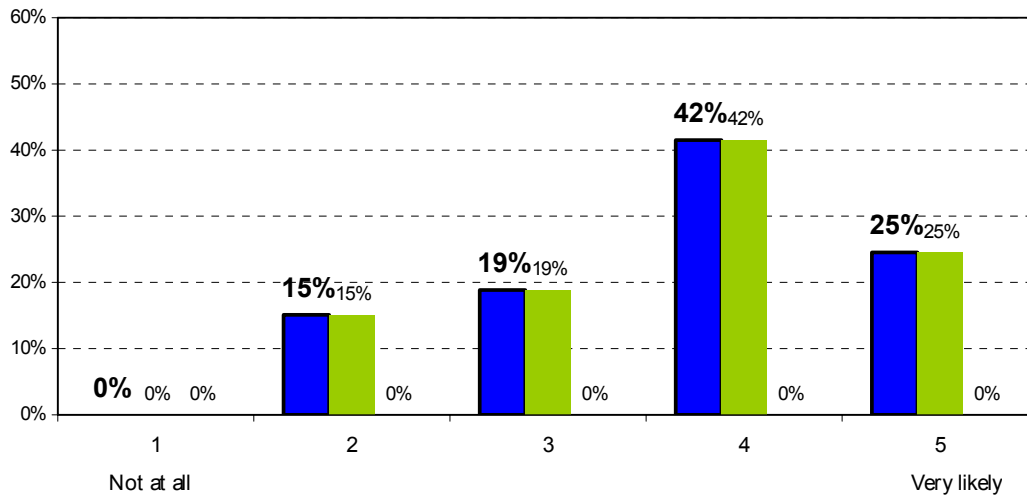
"To what extent would the following factors make your clients more likely to decide to provide effective stock option education?"

➔ **The desire to provide employees with more comprehensive equity compensation information**

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
	3.75	NA	NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	15%	66%	3.0	4.0	70	32.1%	1.00
Main Wave Only	15%	66%	3.0	4.0	55	3.8%	1.00
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

Item Notes

The data from the pilot study was excluded because the wording changed substantially between the pilot study and the main study; see the questionnaires in the Appendix.

Item 4A (con't)

To what extent would the following factors make your clients more likely to decide to provide effective stock option education?

→ **The desire to provide employees with more comprehensive equity compensation information**

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	3.78	0.02		11
	Stock plan TPA	3.83	0.08		25
	Attorney	3.88	0.12		9
	CPA	4.00	0.25		3
	Financial advisor	4.33	0.58		10
	Other	2.83	-0.92	moderate	12
Wave	pilot	NA	NA	NA	15
	main	3.75	0.00	NA	55

Item 4B

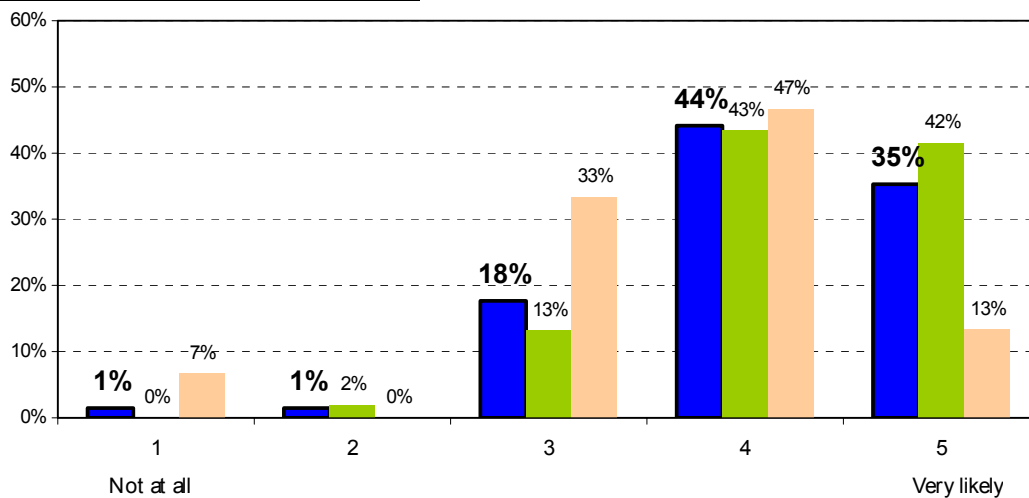
"To what extent would the following factors make your clients more likely to decide to provide effective stock option education?"

➔ **The desire to maintain competitiveness of the company's equity compensation program**

Averages

Entire Database	Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
4.10	4.25	3.60	high

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	3%	79%	4.0	5.0	70	2.9%	0.85
Main Wave Only	2%	85%	4.0	5.0	55	3.8%	0.76
Pilot Wave Only	7%	60%	3.0	4.0	15	0.0%	0.99

Item Notes

The wording changed slightly between the pilot study and the main study: see the questionnaires in the Appendix.

Item 4B (con't)

To what extent would the following factors make your clients more likely to decide to provide effective stock option education?

➔ **The desire to maintain competitiveness of the company's equity compensation program**

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	3.82	-0.28		11
	Stock plan TPA	4.24	0.14		25
	Attorney	4.22	0.12		9
	CPA	4.00	-0.10		3
	Financial advisor	4.00	-0.10		10
	Other	4.10	0.00		12
Wave	pilot	3.60	-0.50	moderate	15
	main	4.25	0.14	moderate	55

Item 4C

"To what extent would the following factors make your clients more likely to decide to provide effective stock option education?"

➔ **Consultant recommendation or industry endorsement**

Averages

Entire Database

3.13

Main Wave Only

3.21

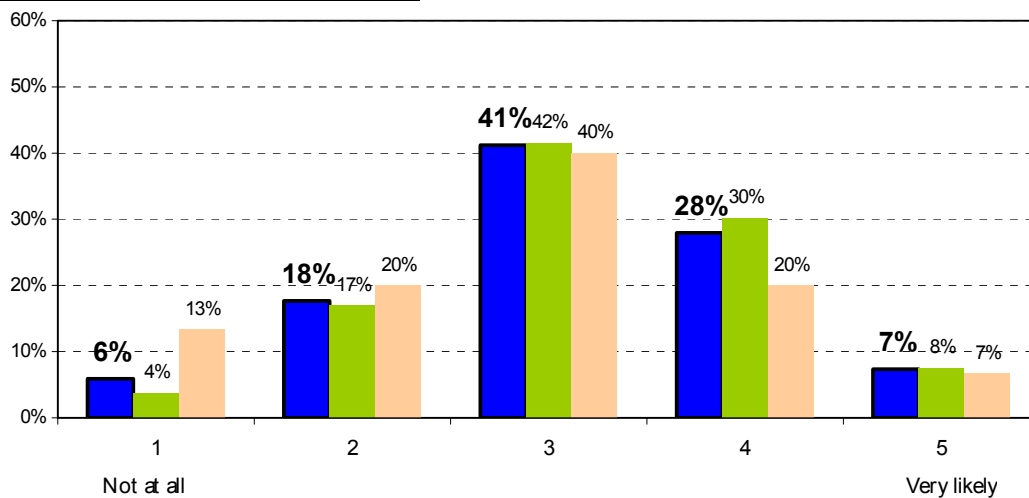
Pilot Wave Only

2.87

Statistical Significance of Difference

none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	24%	35%	3.0	4.0	70	2.9%	0.99
Main Wave Only	21%	38%	3.0	4.0	55	3.8%	0.95
Pilot Wave Only	33%	27%	2.0	3.3	15	0.0%	1.13

Item Notes

The wording changed slightly between the pilot study and the main study: see the questionnaires in the Appendix.

Item 4C (con't)

To what extent would the following factors make your clients more likely to decide to provide effective stock option education?

➔ **Consultant recommendation or industry endorsement**

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	3.00	-0.13		11
	Stock plan TPA	3.20	0.07		25
	Attorney	3.22	0.09		9
	CPA	2.33	-0.80		3
	Financial advisor	3.10	-0.03		10
	Other	3.30	0.17		12
Wave	pilot	2.87	-0.27		15
	main	3.21	0.08		55

Item 4D

"To what extent would the following factors make your clients more likely to decide to provide effective stock option education?"

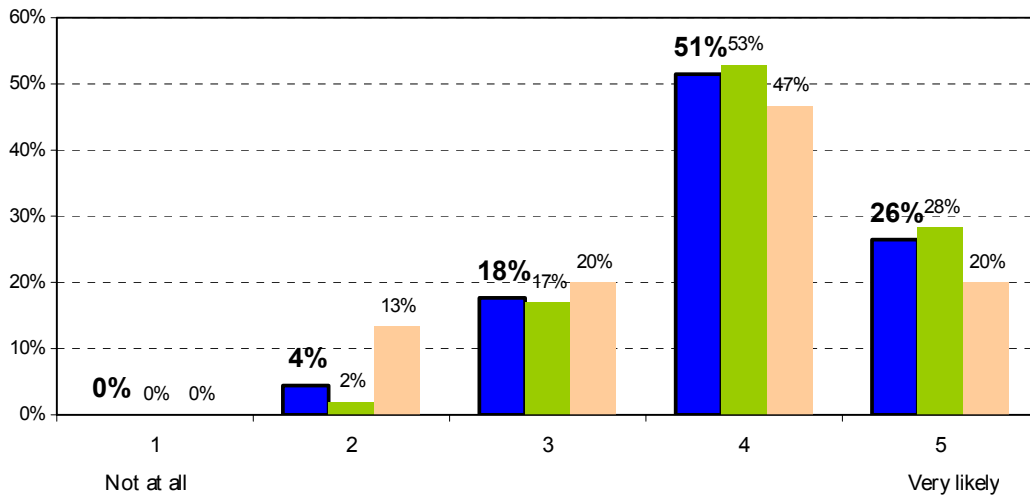
➔ **The desire to increase employee motivation**

Averages

Entire Database
4.00

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
4.08	3.73	moderate

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	4%	78%	4.0	5.0	70	2.9%	0.79
Main Wave Only	2%	81%	4.0	5.0	55	3.8%	0.73
Pilot Wave Only	13%	67%	3.0	4.3	15	0.0%	0.96

Item Notes

The wording changed slightly between the pilot study and the main study: see the questionnaires in the Appendix.

Item 4D (con't)

To what extent would the following factors make your clients more likely to decide to provide effective stock option education?

→ The desire to increase employee motivation

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	3.91	-0.09		11
	Stock plan TPA	4.08	0.08		25
	Attorney	4.00	0.00		9
	CPA	4.00	0.00		3
	Financial advisor	3.90	-0.10		10
	Other	4.00	0.00		12
Wave	pilot	3.73	-0.27		15
	main	4.08	0.08		55

Item 4E

"To what extent would the following factors make your clients more likely to decide to provide effective stock option education?"

➔ **The desire to increase employee retention**

Averages

Entire Database

4.18

Main Wave Only

4.26

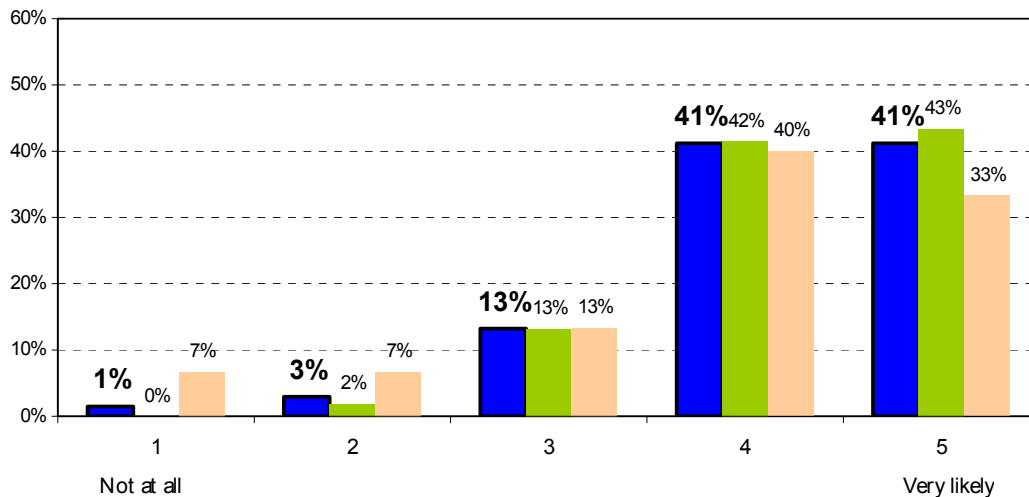
Pilot Wave Only

3.87

Statistical Significance of Difference

none

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	4%	82%	4.0	5.0	70	2.9%	0.88
Main Wave Only	2%	85%	4.0	5.0	55	3.8%	0.76
Pilot Wave Only	13%	73%	3.8	5.0	15	0.0%	1.19

Item Notes

The wording changed slightly between the pilot study and the main study: see the questionnaires in the Appendix.

Item 4E (con't)

To what extent would the following factors make your clients more likely to decide to provide effective stock option education?

➔ **The desire to increase employee retention**

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	4.00	-0.18		11
	Stock plan TPA	4.28	0.10		25
	Attorney	4.11	-0.07		9
	CPA	4.33	0.16		3
	Financial advisor	4.10	-0.08		10
	Other	4.20	0.02		12
Wave	pilot	3.87	-0.31		15
	main	4.26	0.09		55

Item 4F

"To what extent would the following factors make your clients more likely to decide to provide effective stock option education?"

➔ **Company responsibility to its shareholders**

Averages

Entire Database

3.03

Main Wave Only

3.18

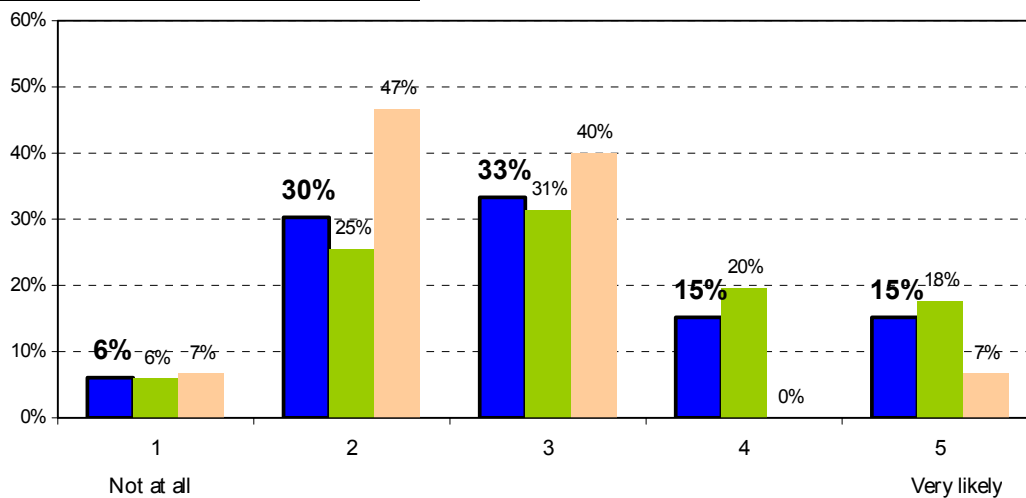
Pilot Wave Only

2.53

Statistical Significance of Difference

moderate

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	36%	30%	2.0	4.0	70	6.1%	1.15
Main Wave Only	31%	37%	2.0	4.0	55	7.8%	1.18
Pilot Wave Only	53%	7%	2.0	3.0	15	0.0%	0.92

Item Notes

The wording of both the question and this response changed slightly between the pilot study and the main study: see the questionnaires in the Appendix.

Item 4F (con't)

To what extent would the following factors make your clients more likely to decide to provide effective stock option education?

→ Company responsibility to its shareholders

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	3.36	0.33		11
	Stock plan TPA	3.33	0.30		25
	Attorney	2.38	-0.66	moderate	9
	CPA	3.33	0.30		3
	Financial advisor	2.70	-0.33		10
	Other	2.70	-0.33		12
Wave	pilot	2.53	-0.50	moderate	15
	main	3.18	0.15	moderate	55

Item 4G

"To what extent would the following factors make your clients more likely to decide to provide effective stock option education?"

➔ **The desire to enhance the company's ownership culture**

Averages

Entire Database

3.68

Main Wave Only

3.68

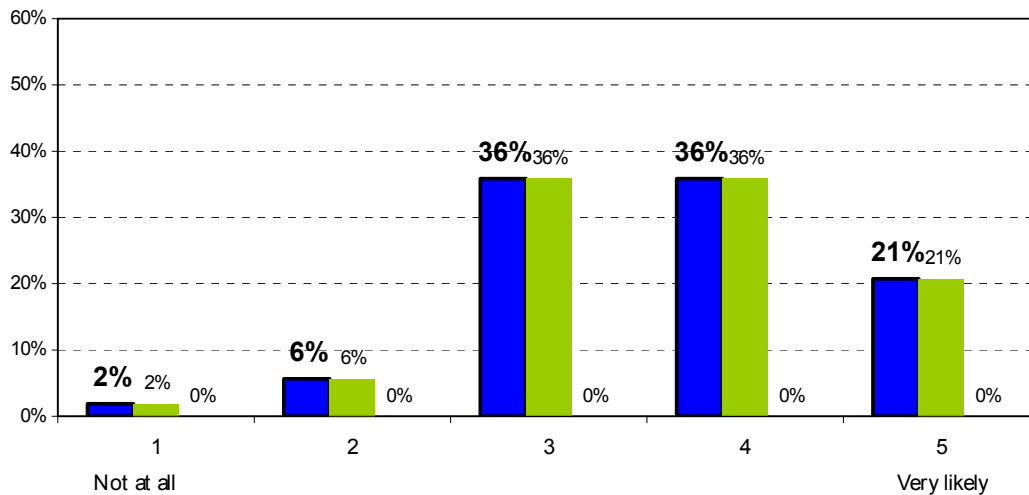
Pilot Wave Only

NA

Statistical Significance of Difference

NA

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	8%	57%	3.0	4.0	70	32.1%	0.94
Main Wave Only	8%	57%	3.0	4.0	55	3.8%	0.94
Pilot Wave Only	NA	NA	NA	NA	NA	NA	NA

Item Notes

This response was not included in the pilot study.

Item 4G (con't)

To what extent would the following factors make your clients more likely to decide to provide effective stock option education?

→ **The desire to enhance the company's ownership culture**

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	3.78	0.10		11
	Stock plan TPA	3.83	0.15		25
	Attorney	3.38	-0.30		9
	CPA	3.67	-0.01		3
	Financial advisor	3.00	-0.68		10
	Other	3.67	-0.01		12
Wave	pilot	NA	NA	NA	15
	main	3.68	0.00	NA	55

Item 5

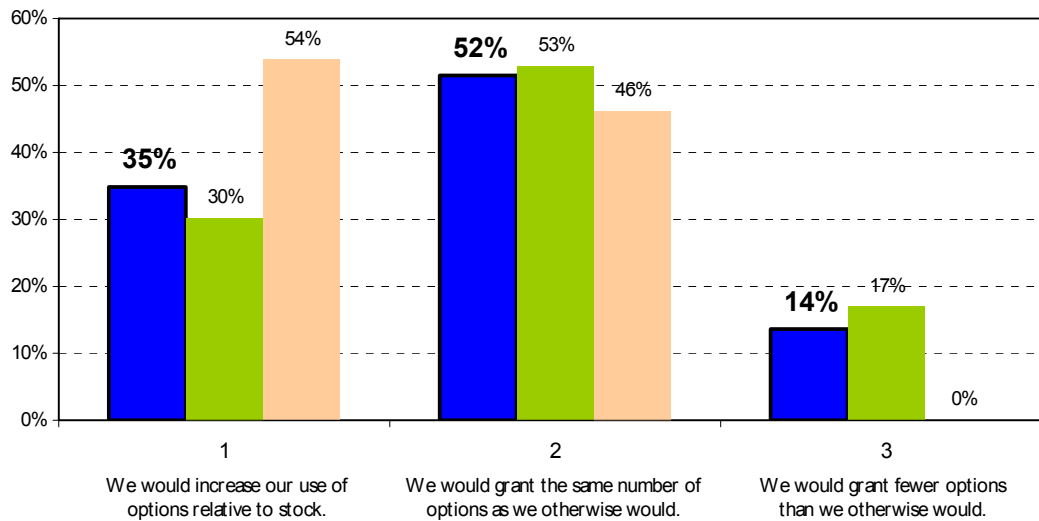
"Assuming that the cost-value gap in options could be substantially reduced by an employee education program, how would this affect your clients' use of option grants (options, SARs, etc.) relative to stock grants (restricted stock, phantom stock, etc.)?"

Averages

Entire Database
1.79

Main Wave Only	Pilot Wave Only	Statistical Significance of Difference
1.87	1.46	moderate

Distributions



Comparison Statistics

	% low	% high	25th percentile	75th percentile	Number of respondents	Percent of Non Answers (NA)	Standard Deviation
Entire Database	35%	14%	1.0	2.0	70	6.1%	0.67
Main Wave Only	30%	17%	1.0	2.0	55	3.8%	0.68
Pilot Wave Only	54%	0%	1.0	2.0	15	15.4%	0.52

Item Notes

None

Item 5 (con't)

Assuming that the cost-value gap in options could be substantially reduced by an employee education program, how would this affect your clients' use of option grants (options, SARs, etc.) relative to stock grants (restricted stock, phantom stock, etc.)?

		Group Average	Variance from DB	Statistical Significance	Count
Job Type	Compensation consultant	1.70	-0.09		11
	Stock plan TPA	1.96	0.17		25
	Attorney	1.67	-0.12		9
	CPA	1.33	-0.45		3
	Financial advisor	1.60	-0.19		10
	Other	1.89	0.10		12
Wave	pilot	1.46	-0.33	moderate	15
	main	1.87	0.08	moderate	55

Appendix

Contents

1. Statistical Significance
2. Survey for Companies
3. Survey for Service Provider

I. Statistical Significance

The *Company Results* and *Service Provider Results* sections of the Profile show all the data for each item, including the statistical significance of the scores. Statistical significance is a measure of how unlikely it is that the differences in survey responses are artificial: i.e., high statistical significance means that it is very unlikely that attitudes in one group are the same as attitudes in the rest of the respondent pool.

In this survey, we test the difference between the pilot wave and the main wave of the data collection. So, for example, if the pilot group's response pattern is similar to the main wave, the statistical significance is low. If the pilot group's response pattern is different from the main wave, then the statistical significance may be high—i.e., there is a very small probability that the group's response pattern was produced by chance from the same underlying reality. In this case we can say that we are more certain that the statistics show a significant difference between the pilot group and the main wave group. Specifically, if the chance is smaller than 10%, we say we are confident “at the $p < 0.1$ level” (the probability is less than 10%), and if the chance is smaller than 0.1%, we say we are confident at the $p < 0.001$ level.

It is important to remember that statistical significance does not necessarily imply substantive or practical significance.¹ That is, the difference may not have arisen by chance, but it may not be a large or meaningful difference or a difference that can be practically addressed.

¹ See Vogt, W. Paul. 1999. *Dictionary of Statistics and Methodology: A Nontechnical Guide for the Social Sciences*. Thousand Oaks, CA: Sage.

2. Survey for Companies

1. Which of the following best describes your job title/function?

- CEO or President
- CFO
- Director of compensation
- HR director or vice-president
- Stock plan administrator
- Other (please specify)

2. Is your company public or private?

3. Which of the following best describe your industry?

- Manufacturing
- Distribution and Transportation
- Wholesale and Retail
- Finance and Banking
- Other Services
- Other (please specify)

*[In the pilot study, the list of industries was:
Biotechnology and Medical Development and Manufacturing
Health Care
Semiconductor and Electronic Component Manufacturing
Measuring, Analyzing, and Controlling Instruments
Wholesale and Retail
Finance and Banking
Software
E-Commerce
Professional Services
Other (please specify)]*

4. How many employees does your company have?

5. Approximately what percentage of your work force holds unexercised options?

- Less than 10%
- 11% to 49%
- 50% - 89%
- 90% - 100%

[In the pilot study, respondents filled in the percentage directly rather than picking a category.]

6. How effective would you say your options program is at retaining executives?

- Not at all effective

Rather ineffective
Moderately effective [In the pilot study: "Somewhat effective."]
Very effective

7. To what extent does your company currently provide training for option holders in understanding the value of their options?

No training at all
One hour or less per employee per year
More than one hour of training per year

8. The research cited in the e-mail with the link to this survey indicated that an options education program can eliminate the perceived gap between how employees value their options and how the employer values it for financial accounting purposes. What is your reaction to these findings?

The research is probably exaggerated or biased.
The increase in employee perceived value is probably less than indicated in the research.
These findings seem credible.

9. Assuming the research findings are valid, how likely is it that similar results would be experienced at your company?

Highly Unlikely
Somewhat Unlikely
Somewhat Likely
Highly Likely

10. Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the "cost-value gap" through effective education?

Institutional Investors
Chair of Compensation Committee
Corporate Officer
HR Executive
Stock Plan Administrator

11. To what extent would the following factors make your company more likely to decide to provide effective stock option education?

The desire to provide employees with more comprehensive equity compensation information
The desire to maintain competitiveness of the company's equity compensation program
Consultant recommendation or industry endorsement
The desire to increase employee motivation
The desire to increase employee retention
Company responsibility to shareholders
The desire to enhance the company's ownership culture

*[This question replaced two separate questions in the pilot study:
To what extent would increasing the perceived value of stock option holdings
lead to increased retention?
To what extent would increasing the perceived value of stock option holdings
lead to increased motivation?]*

12. Assuming that the cost-value gap in options could be substantially reduced by an employee education program, how would this affect your company's use of option grants (options, SARs, etc.) relative to stock grants (restricted stock, phantom stock, etc.)?

We would increase our use of options relative to stock.

We would grant the same number of options as we otherwise would.

We would grant fewer options than we otherwise would.

3. Survey for Service Providers

1. Which of the following best describes your job title/function?

Compensation consultant

Third party stock plan administrator

Attorney

CPA

Financial advisor

Other (please specify)

2. The research cited in the e-mail with the link to this survey indicated that an options education program can eliminate the perceived gap between how employees value their options and how the employer values it for financial accounting purposes. What is your reaction to these findings?

The research is probably exaggerated or biased.

The increase in employee perceived value is probably less than indicated in the research.

These findings seem credible.

3. Assuming the research findings are valid, what level of interest is each of the following parties likely to have in closing the "cost-value gap" through effective education?

Institutional Investors

Chair of Compensation Committee

Corporate Officer

HR Executive

Stock Plan Administrator

4. To what extent would the following factors make your clients more likely to decide to provide effective stock option education? [In the pilot study: “To what extent do the following factors make your clients more likely to decide to provide effective stock options education?”]

The desire to provide employees with more comprehensive equity compensation information [In the pilot study: “The desire to provide better information to employees”]

The desire to maintain competitiveness of the company’s equity compensation program

Consultant recommendation or industry endorsement

The desire to increase employee motivation

The desire to increase employee retention

Company responsibility to its shareholders [In the pilot study: *Company responsibility to shareholders*]

The desire to enhance the company’s ownership culture [Not included in the pilot study]

5. Assuming that the cost-value gap in options could be substantially reduced by an employee education program, how would this affect your clients' use of option grants (options, SARs, etc.) relative to stock grants (restricted stock, phantom stock, etc.)?

They would increase their use of option grants (options, SARs, etc.) relative to stock grants (restricted, phantom, etc.)

They would grant the same number of options as they otherwise would.

They would grant fewer options than they otherwise would.