

2007  
Benchmarking Study  
of  
Plan Sponsor Satisfaction  
with  
Employee Stock Option Plan Services

Summary  
Report



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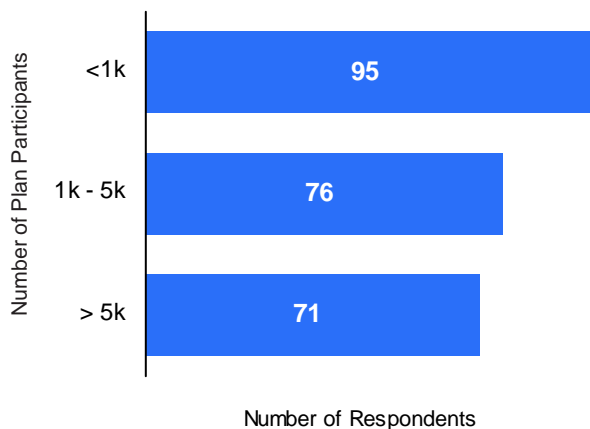
## 2007 Employee Stock Plan Satisfaction Study

Two hundred and forty-two employee stock option plan sponsors participated in the 2007 Employee Stock Option Plan Benchmarking Study for the United States. These companies rated stock option plan services provided to them and their employees. The purpose of the study was to:

- measure plan sponsors' perceptions of service received from outsourced plan administrators and commercial systems providers,
- identify and understand key customer satisfiers in the employee plans industry, and
- measure trends in employee plan services.

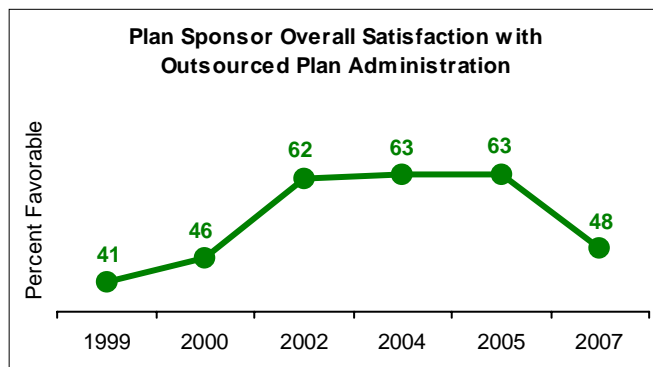
The chart below shows the distribution of 2007 study participants by the actual number of plan participants.

Plan Participants of Respondents

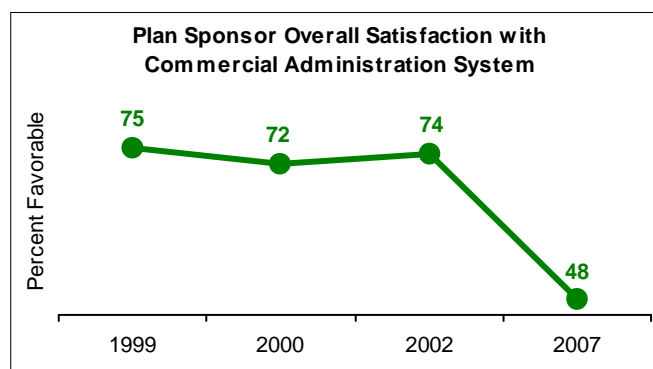


Group Five's study measures the satisfaction of plan sponsors with six major services provided by plan administrators and commercial systems providers. These are: *account management, service to plan sponsors, plan reporting, service to plan participants, technical support, and other services*. The overall satisfaction results are individual ratings by the respondents and are not computed from service area scores.

In a period marked by renewed activity in corporate stock option plans, overall plan sponsor satisfaction with outsourced stock plan administration dropped a significant 15 percentage points from the last study to 48% favorable.



Plan sponsors who self-administer their plans using commercial systems are similarly dissatisfied with only 48% of plan sponsors rating their commercial system favorably.



The significant decline in overall plan sponsor satisfaction was driven by similar changes in satisfaction for all major service areas except reporting.

Plan sponsor satisfaction with *account management* services, which is a key driver of overall satisfaction, dropped 16 percentage points from 2005 to only 55% favorable. Satisfaction with *account manager accessibility* and *responsiveness* dropped 21 and 17 percentage points respectively to 66% and 62% favorable.

## 2007 Employee Stock Plan Satisfaction Study

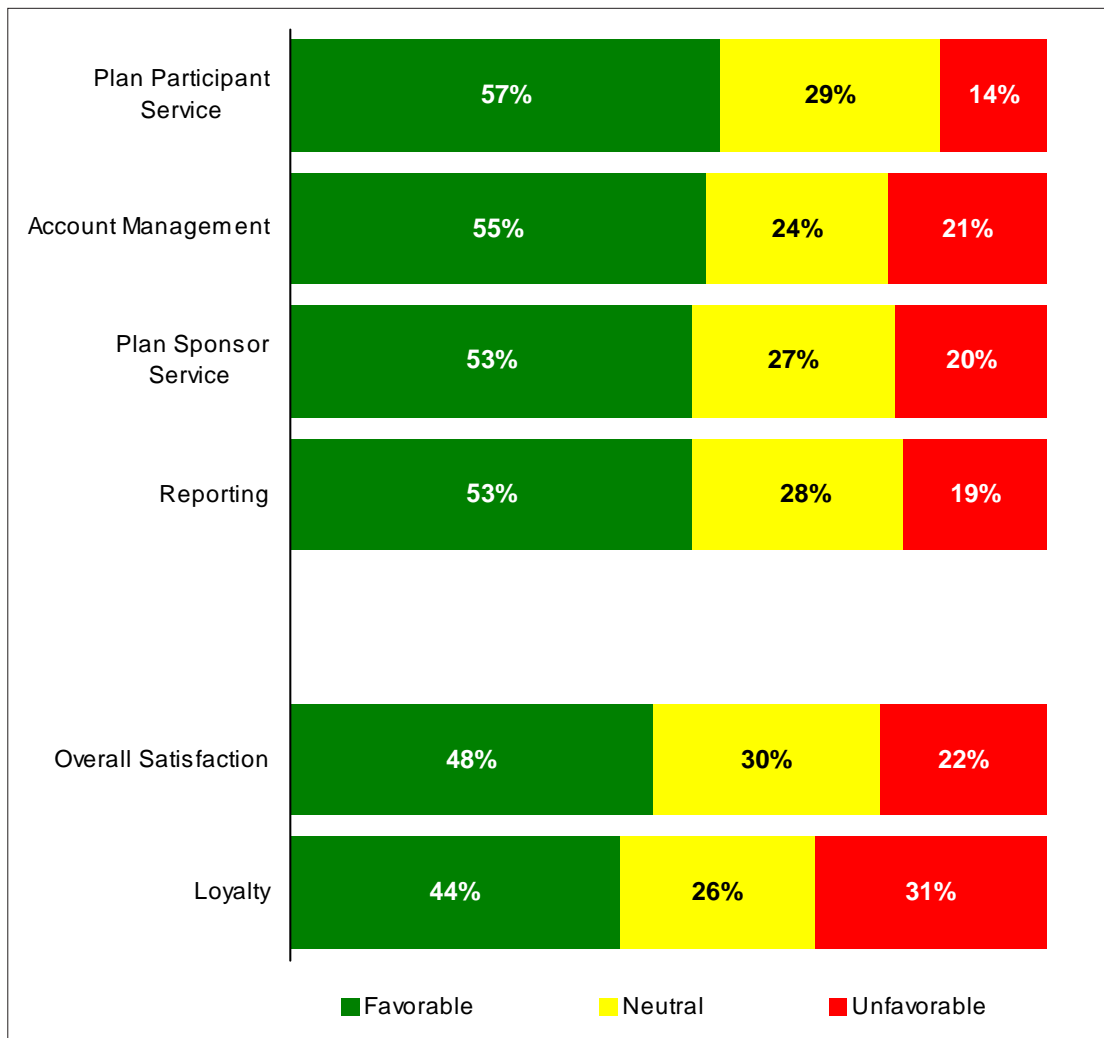
Plan sponsor satisfaction with *service to plan sponsors* declined 11 percentage points from 2005 to 53% favorable. Satisfaction with *record accuracy* was 66% while satisfaction with *systems interfaces* was 52%, a drop of 8 and 6 percentage points respectively. Ratings for *Section 16 support* improved 6 percentage points from 2005 to 65% favorable.

Satisfaction with *service to stock option plan participants* dropped 10 percentage points from 2005 to 57% favorable. Plan sponsors were least satisfied with *service to international participants* with a 42% favorable rating which is a 12 percentage

point drop from 2005. Sponsor satisfaction with *web support for plan participants* dropped 19 percentage points to 52% favorable while satisfaction with *telephone service to plan participants* dropped 8 percentage points to 54% favorable.

Reporting was the only service area in which plan sponsors' satisfaction did not decline compared to 2005. Satisfaction with *plan reporting* was 53% favorable, essentially unchanged from the last study. Plan sponsors' satisfaction with *online access to reports* improved 11 percentage points to 56% favorable while satisfaction with *report accuracy* declined 4 percentage points to 55% favorable.

### Plan Sponsor Satisfaction with Outsourced Stock Option Plan Administration 2007 Results



## 2007 Employee Stock Plan Satisfaction Study

Plan sponsors in 2007 rated *online access to plan data* the highest in the study at 72% favorable. The other areas in which plan administrators rated highest were *accessibility of account management*, *keeping records updated*, *Section 16 support*, *timeliness and accuracy of billing* at 66%, 66%, 65% and 63% respectively. Typical plan sponsor comments included:

*“We have worked hard to create a partnership arrangement and it is working very well. Our client reps are very attentive to anything we might need in regards to our stock option administration”*

*“Our administrator is very responsive to requests and provides the feeling that we are the only client they are working for.”*

*“I am very pleased with their personal service. They provide top notch, quality service in every support area.”*

The areas in which plan sponsors rated their plan administrators lowest were *support for plan valuation*, *ability to provide custom reports*, *service to international plan participants*, and *other administrator staff support* at 37%, 37%, 42% and 44% respectively. Typical plan sponsor comments included:

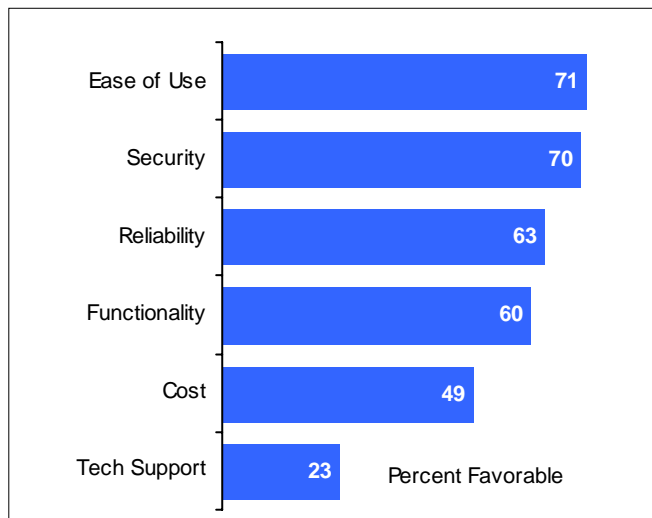
*“Our service partner’s process and handling of estates of deceased option holders is absolutely atrocious and hugely embarrassing. Reporting is horribly cumbersome”*

*“Our representative sometimes takes a week to answer questions. There is not much follow-up and I do not feel confident that our plans are being managed efficiently. Back office support is always too busy to offer help with transactions.”*

*“In our short time with our administrator we are on our third account manager. We have issues with responsiveness and accuracy. We have multiple issues with our receipt and production of reports.”*

The survey also measured the satisfaction of plan sponsors who use commercial systems to perform their own option plan administration. The chart below shows plan sponsor satisfaction with several service areas.

### Plan Sponsor Satisfaction with Commercial Plan Administration Systems



For 2007 the most important factors contributing to stock option plan sponsor satisfaction with commercial administration systems were *system functionality*, *system reliability*, and *technical support*. This year’s study included responses from 64 plan sponsors who use commercial systems to self-administer their stock option plans.

#### About The Study...

The Group Five study of corporate opinions of employee plan services is based on written responses from plan sponsors throughout the United States from January 2007 to April 2007.

The sample of companies was taken from Group Five’s databases and public sources. At each company, the survey was to be completed by the person most familiar with employee plan services. Job titles of participants included Stock Plan Administrator, Corporate Secretary, Assistant Treasurer, Human Resources Director, Shareholder Services Manager, etc. The completed study included 242 responses from companies representing from less than 100 to over 200,000 employees. Each response received equal weighting regardless of the size of their participant base.

In theory, in 95 cases out of 100, overall results based on such samples will differ by no more than four percentage points in either direction from what would have been obtained by asking all companies with employee plans of this type. The potential sampling error for smaller subgroups is larger.

In addition to sampling error, the practical differences of conducting any survey can introduce other sources of error. Differences in wording and order of questions, for instance, can lead to somewhat varying results.