

2016 Employee Share Ownership Study Restricted Stock

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July 19/20, 2016



Analysis of Employee Share Ownership Behavior

Fidelity clients grant more than \$25B in equity to employees each year – a significant portion of which is granted as RSA, RSU, or PSU awards. With an understanding of employee behavior, clients can better evaluate if the objectives of their equity program are being met.

Study's Purpose

- This study helps clients understand employee behavior across multiple dimensions, after long-share based awards are distributed

Covered in the Study

- Data was analyzed from more than 350K employees at 246 Fidelity clients that received shares (after tax) distributed in 2014
- Employee behavior was measured as of YE 2015

Basic Definitions

- Holder = Employees that held onto all their shares that were distributed in 2014*
- Partial = Employees that held a portion of their shares distributed in 2014, and sold a portion of shares*
- Seller = Employees that sold all the shares distributed in 2014*

* All shares distributed *after tax* in 2014

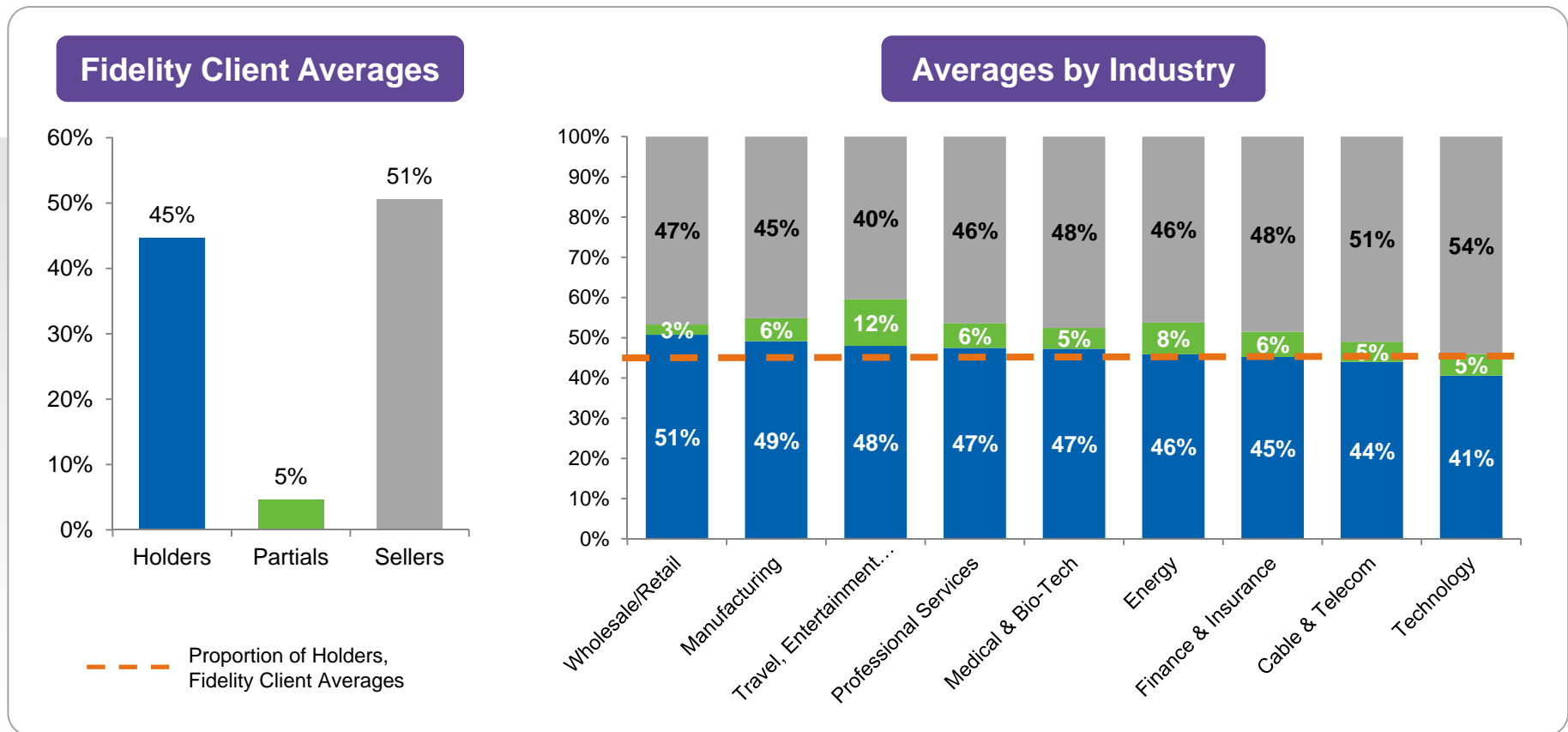
Analysis Population: Key Facts and Figures

Analysis Population	
Employees	350K
Shares	157M
Value of Shares	\$7.2B

- Analysis includes employees who sold/held all shares within a Fidelity account
- Employees from companies with a corporate event – stock split, spin-off, or merger are excluded
- Distributed shares are shares (net of taxes) deposited into a Fidelity account
- Distributed value is the value of the distributed shares on the day the distribution was made

Note: Analysis is focused on employees who received shares distributed in 2014 and the shareholding data is as of 12/31/2015. Employees who transferred some/all shares to accounts outside Fidelity are excluded from the analysis.

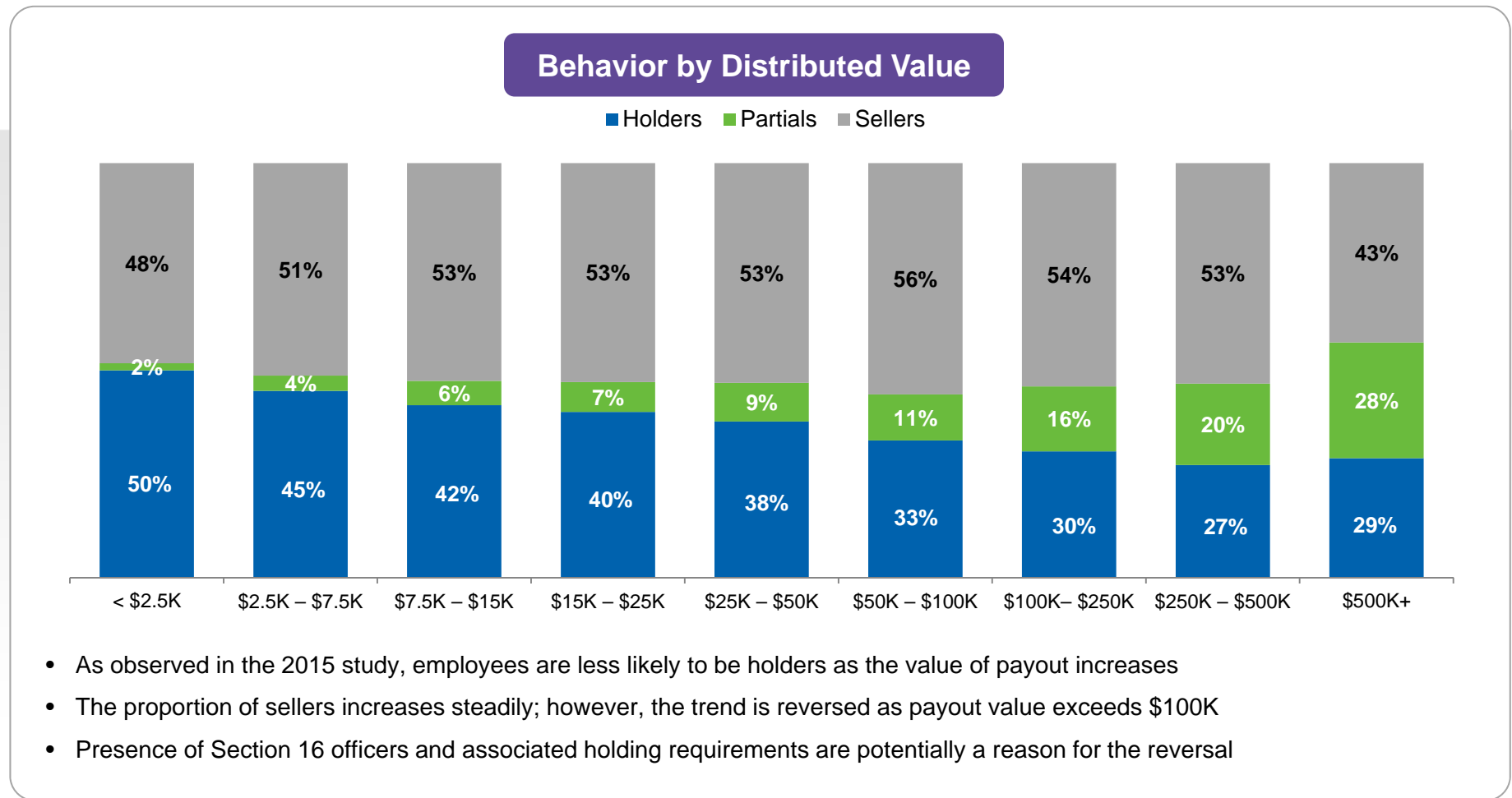
Half of the Employees Are Holding Some or All Their Shares



Note: All shares distributed *after tax* in 2014.



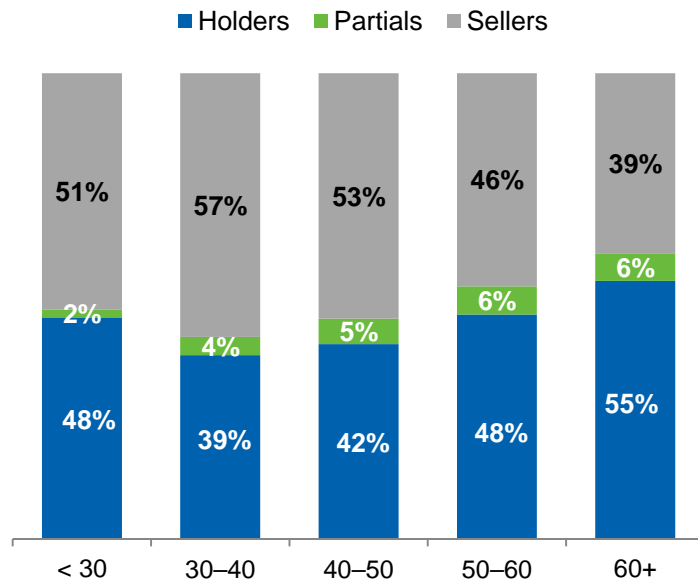
Employees Are Less Likely to Hold All Their Shares as Value of Payout Increases



Note: Value based on the fair market value of the security on the day of distribution.

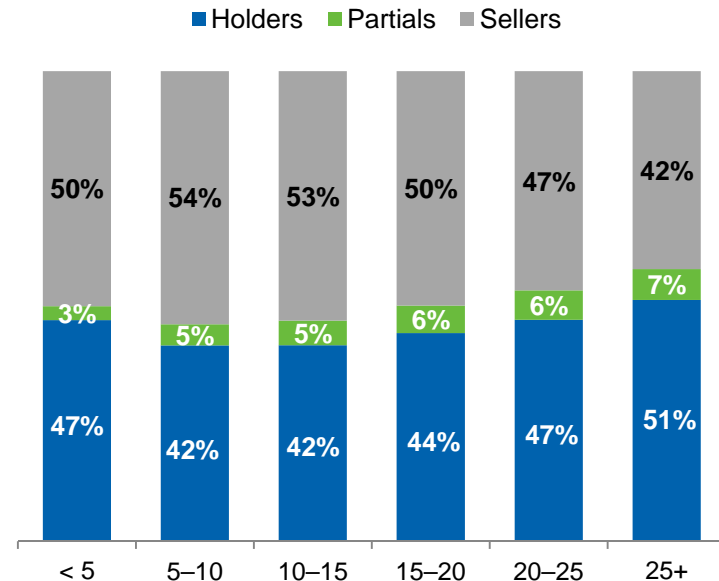
Holding Behavior Is Influenced by Age; Tenure in Company Does Not Appear to Influence Holding Behavior

Behavior by Age



- Young employees (<30) and older employees (60+) are more likely to hold
- Employees between 30 and 50 are more likely to be sellers, potentially dictated by life stage needs

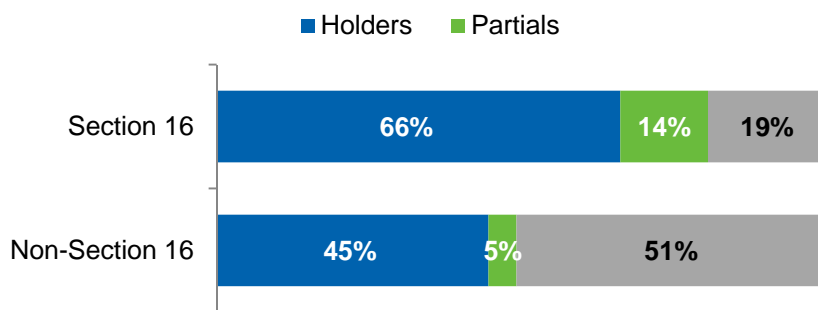
Behavior by Tenure



- Low tenure employees (<5 years) are more likely to be holders as a high proportion of employees are <30 years
- Employees with tenure ranging from 5 to 20 years demonstrate similar holding behavior

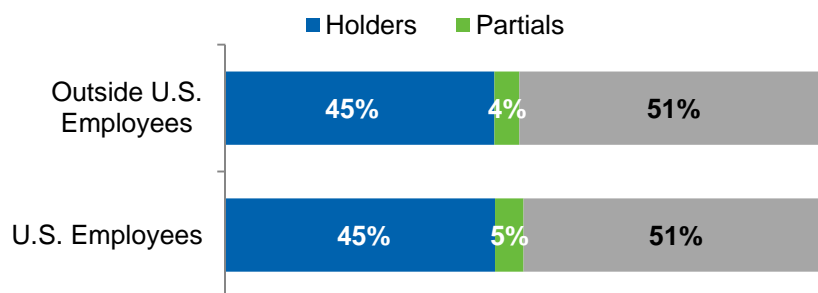
Holding Behavior Influenced Significantly by Section 16 Status

Behavior by Section 16 Status



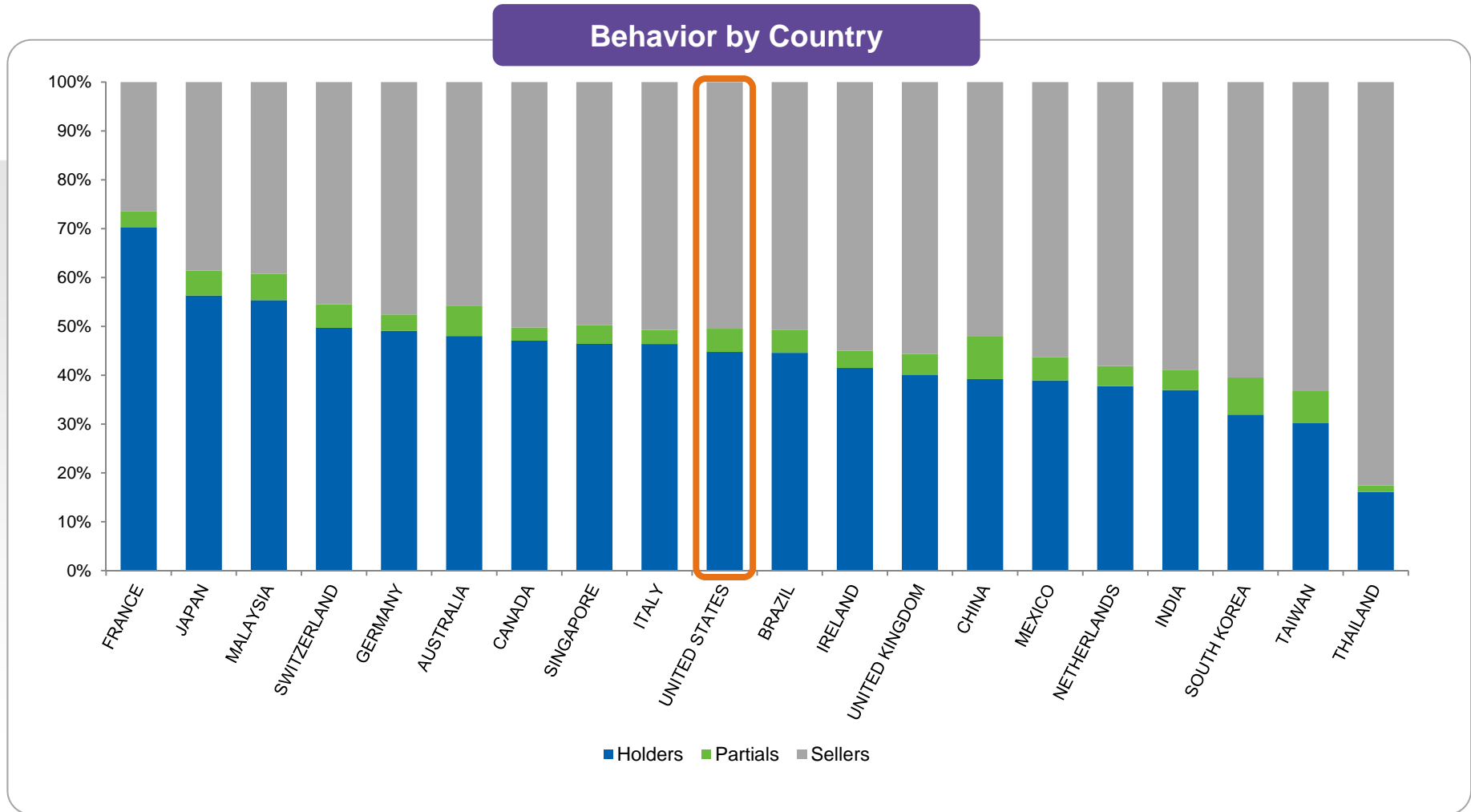
- Section 16 officers account for 0.5% of the population, but 11% of distributed value
- 80% of Section 16 officers are holding some or all shares
- Presence of holding requirements could have played a role in influencing behavior

Behavior by Location



- Outside U.S. employees account for about 20% of the population and distributed value
- 45% of outside U.S. employees are holders – a significant increase from 38% in the 2015 study
- Behavior could be influenced by country-specific regulatory requirements, culture, and economic climate

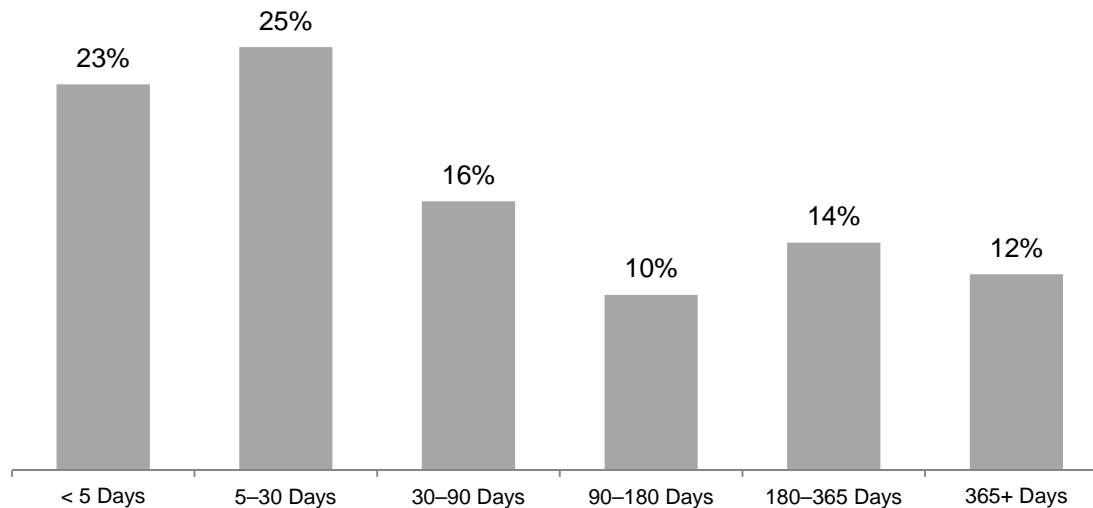
Holding Behavior Influenced by Country



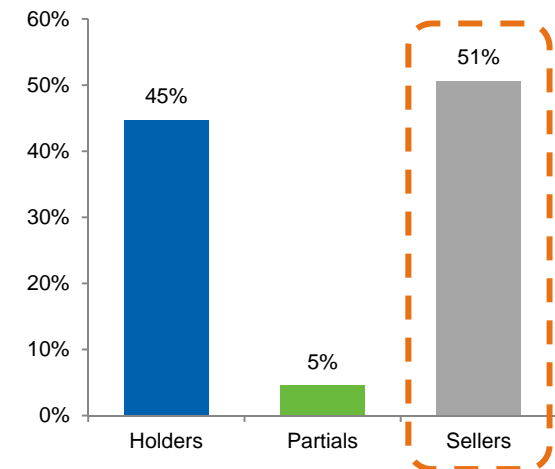
Note: Data reported for Top 20 countries based on employee counts.

Almost 2/3rd of Sellers Liquidate Holdings within 90 Days of Payout

Sellers: Average Holding Period

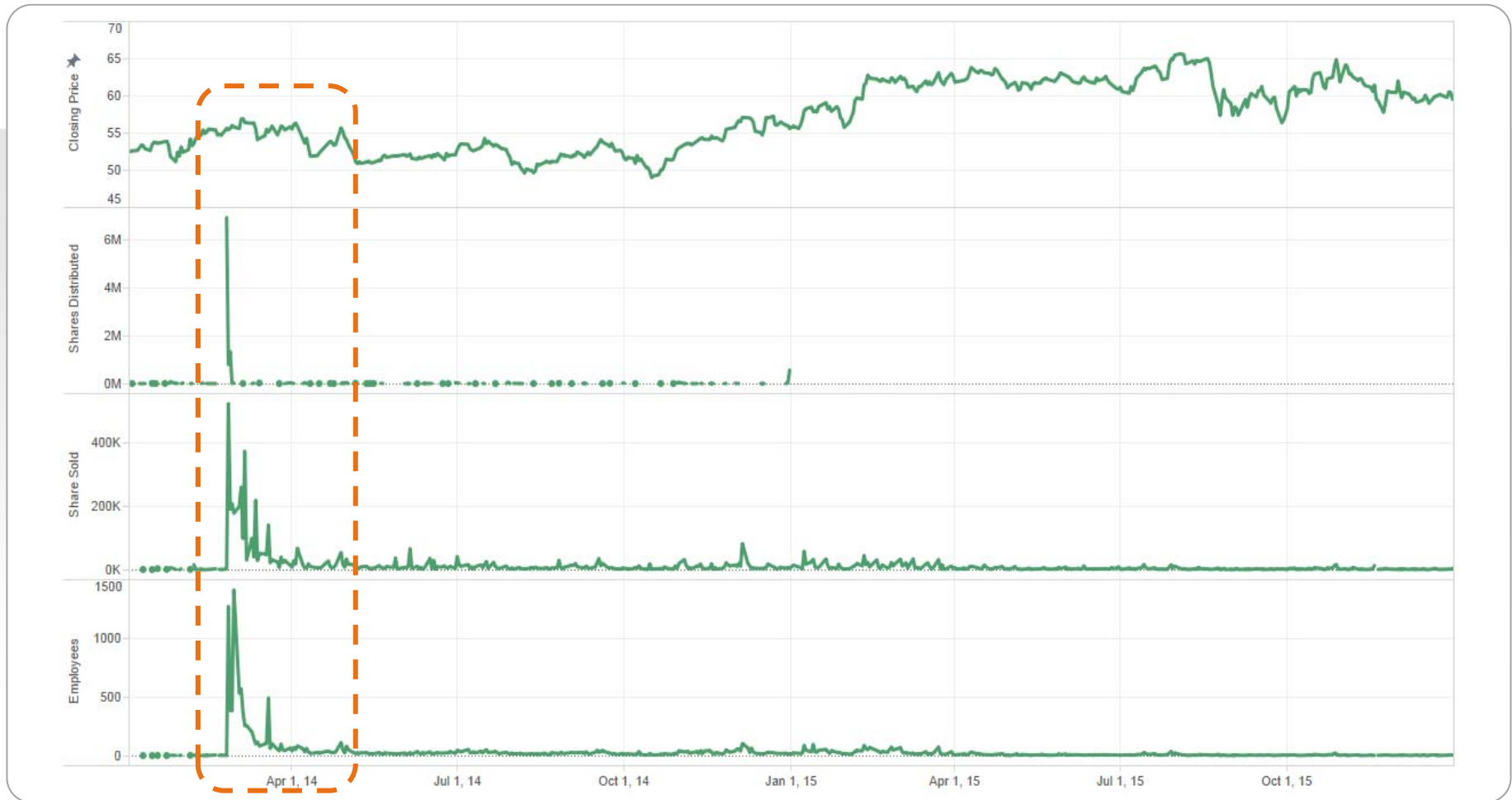


Fidelity Client Averages



- 1 in 4 sellers liquidate all their shares almost immediately after distribution
- 64% sell all their shares within 90 days, and about 90% sell all their shares by the end of the first year
- Employees selling within 90 days could be selling to supplement income or meet life-stage needs – price insensitive

Selling Behavior Is Not Influenced by Stock Price



Note: Data shown here is that of a Fidelity client; metrics have been scaled consistently to protect identity.

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