Equity Compensation Plan Participant Survey

November 2019
Employees are, on average, 65% vested in their equity compensation

Value of equity compensation

Total

- **Total value (Vest and unvested)**
  - 25%: $100,000 +
  - 20%: $25,000 - $100,000
  - 9%: $10,000 - $25,000
  - 18%: <$10,000
  - 28%: Don’t know

Mean = $149,835
Median = $45,115

Vested value only

- 15%: $100,000 +
- 17%: $25,000 - $100,000
- 10%: $10,000 - $25,000
- 21%: <$10,000
- 3%: Don’t know

Mean = $97,711
Median = $25,000

Q. What is the value of your equity compensation? Please do not include any ESPP in your calculation (Base: Participate in equity compensation or ESPP programs = 900)

Q. What is the vested value of your equity compensation? (Base: Participate in equity compensation or ESPP programs = 900)
Two in five employees have exercised or sold any equity compensation

Ever exercised/sold any equity comp

Total

By Generation

<table>
<thead>
<tr>
<th>Generation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>48%</td>
</tr>
<tr>
<td>Gen X</td>
<td>35%</td>
</tr>
<tr>
<td>Boomers</td>
<td>41%</td>
</tr>
</tbody>
</table>

By Equity Comp Program:

<table>
<thead>
<tr>
<th>Program</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSUs</td>
<td>62%</td>
</tr>
<tr>
<td>RSAs</td>
<td>54%</td>
</tr>
<tr>
<td>SARs</td>
<td>50%</td>
</tr>
<tr>
<td>NSOs</td>
<td>56%</td>
</tr>
<tr>
<td>ISOs</td>
<td>42%</td>
</tr>
<tr>
<td>Performance</td>
<td>37%</td>
</tr>
<tr>
<td>ESPP</td>
<td>43%</td>
</tr>
</tbody>
</table>

Q. Have you ever exercised or sold any of your equity compensation or ESPP? (Base: Total = 1,000)
Main reasons for selling any equity comp are favorable market conditions, being fully vested, or wanting to make a major purchase

Reasons ever exercised or sold any equity comp or ESPP
If ever exercised or sold

- I thought that current market conditions were favorable: 41%
- I was fully vested and wanted to cash out: 27%
- I wanted to make a large purchase: 25%
- I wanted to diversify my portfolio: 24%
- I needed the money: 21%
- I wanted the money for retirement: 16%
- I was under financial stress: 13%
- I was worried about the future of the company: 13%
- I didn't know what else to do with my equity compensation or ESPP: 7%
- Other: 3%

Q. Which of the following best describe why you chose to exercise or sell any of your equity compensation or ESPP most recently? (Base: Ever exercised or sold equity comp or ESPP = 410)
Nearly nine in ten who exercised their equity compensation say they felt extremely or very confident in their decision.

Confidence in decision to exercise equity compensation
If ever exercised or sold

Q. How confident did you feel in your decision to exercise your equity compensation? (Base: Ever exercised or sold equity comp or ESPP = 410)

By Generation
- Millennials: 62%
- Gen X: 36%
- Boomers: 40%

Not at all confident =1%
Somewhat confident 11%
Very confident 41%
Extremely confident 47%
Reasons for not exercising or selling any equity comp are desire for more favorable market conditions, concern about tax implications, and wanting to be fully vested

Reasons never exercised or sold any equity comp or ESPP
If never exercised or sold

- I am waiting for more favorable market conditions: 38%
- I am concerned about the tax implications: 30%
- I am waiting for my equity compensation to become fully vested: 28%
- I am not sure how to exercise or sell my equity compensation: 18%
- I am afraid I will make a mistake by exercising or selling my equity compensation or ESPP: 14%
- Other: 5%

Q. Why have you not exercised or sold any of your equity compensation or ESPP? (Base: Never exercised or sold equity comp or ESPP = 590)
Six in ten employees will use equity compensation to help finance their retirement

How they think of equity compensation relative to financial goals

Total

- I will use it to help finance my retirement: 60%
- I will use it to finance my children's education: 9%
- I will use it to finance my lifestyle in the short term: 8%
- I will use it to pay off debt: 5%
- I will use it to buy a home: 5%
- I will use it for short-term emergencies: 5%
- I will use it to finance my education: 3%
- Other: 1%
- I don't know: 4%

By Generation

- Millennials: 36%
- Gen X: 66%
- Boomers: 78%

Q. Which one of the following best describes how you think of your equity compensation relative to your financial goals? (Base: Total = 1,000)
On average, equity compensation makes up more than one-quarter of employees’ net worth – highest among Millennials

Percent of net worth made up of equity comp
Total

Q. What percent of your net worth is made up of your equity compensation? Your best estimate is fine. (Base: Total = 1,000)
More than two-thirds of employees own company stock outside of their equity comp or ESPP – most often in a 401(k)-type account

Own company stock outside of equity comp or ESPP

Total

Q. Do you own any company stock outside of your equity compensation or ESPP? If so, where is it held?  (Base: Total = 1,000)
Two-thirds of employees are confident in their ability to use equity comp to reach financial goals

Confidence in ability to make decisions regarding equity comp or ESPP

Total

<table>
<thead>
<tr>
<th></th>
<th>Extremely/very confident</th>
<th>Very confident</th>
<th>Somewhat confident</th>
<th>Not at all confident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance equity compensation or ESPP with other investments</td>
<td>27%</td>
<td>38%</td>
<td>28%</td>
<td>7%</td>
</tr>
<tr>
<td>Use your equity compensation or ESPP to reach your financial goals</td>
<td>26%</td>
<td>39%</td>
<td>28%</td>
<td>7%</td>
</tr>
<tr>
<td>Make the right decisions about your equity compensation or ESPP</td>
<td>29%</td>
<td>35%</td>
<td>29%</td>
<td>7%</td>
</tr>
</tbody>
</table>

(65%) (64%)

Q. How confident are you in your ability to ...? (Base: Total = 1,000)
More than half of employees are already working with a financial advisor
Most of those say their advisor provides advice for their equity comp

Q. Do you currently work with a financial advisor? (Base: Total = 1,000)
Q. Does your financial advisor provide you with advice for your equity compensation or ESPP? (Base: Currently work with a financial advisor = 535)
## Study Scope and Method

| **What** | This study of equity compensation participants is an online study conducted for Charles Schwab by Logica Research  
Logica Research is neither affiliated with, nor employed by, Charles Schwab & Co., Inc.  
The sampling error is +/- 3 percentage points at the 95% confidence level assuming random distribution |
|---|---|
| **When** | The study was conducted online from July 1st through July 16th, 2019  
The survey took participants 12 minutes to complete on average |
| **Who** | 1,000 equity compensation participants who met the following criteria:  
- Ages 18-75  
- Work for companies that offer equity compensation plans  
- Currently participating in equity compensation plan |
Disclosures

Brokerage Products: Not FDIC-Insured · No Bank Guarantee · May Lose Value

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