For many, the pandemic drove recent decisions about exercising or selling equity compensation

43% have exercised or sold equity compensation at some point in their career

67% say the COVID-19 pandemic and related market volatility and economic downturn influenced their decision to do so recently

Other recent reasons for exercising or selling equity compensation:

- 30% Regularly exercise or sell as part of long-term plan
- 29% -12% from 2019 Thought current market conditions were favorable
- 28% Wanted to diversify their portfolio
- 28% Wanted to make a large purchase

Q: Have you ever exercised or sold any of your equity compensation or ESPP? (Base: Total = 1,000)
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 = 425)
Millennials are more likely than other generations to have exercised or sold equity compensation due to the pandemic or financial stress

43% of equity plan participants have exercised or sold equity compensation or employee stock purchase plan (ESPP)

67% COVID-19 pandemic influenced decision to exercise or sell equity compensation

19% Exercised or sold equity compensation because of financial stress

55% Millennials have exercised or sold equity compensation or ESPP

95% Millennials

36% Older generations have exercised or sold equity compensation or ESPP

44% Older gens

27% Millennials

13% Older gens

Q: Have you ever exercised or sold any of your equity compensation or ESPP? (Base: Total = 1,000)
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 = 425)
Nearly two in five employees say they are more likely to need financial advice due to the pandemic.

Top five areas employees need help and advice:

- 32% Retirement planning
- 28% Investing advice
- 25% Tax advice
- 22% Developing financial plan
- 22% Balancing equity comp with investments

Q: Because of the impact of COVID-19, which of the following areas do you feel you currently need advice on? (Base: Total = 1,000)

Q: For the next few questions, please think about how your behaviors have changed, if at all, due to the impact of COVID-19. Are you more or less likely to... (Base: Total = 1,000)
Most employees are satisfied with their employers’ communications regarding equity compensation plans during the pandemic, but want more education overall.

Q: Overall, how satisfied are you with your employer’s communications regarding your equity compensation plan during the COVID-19 pandemic? (Base: Total = 1,000)

Q: How much do you agree or disagree with each of the following? (Base: Total = 1,000)

Employees would like their employer to provide more education to help them understand their equity compensation and employee stock purchase plan (ESPP) programs.
Most employees aren’t sure how specific equity compensation types fit into their portfolio

Percentage of employees who know how each compensation type fits into their total investment portfolio:

- Employee stock purchase plans (ESPPs): 32%
- Restricted stock units (RSUs): 28%
- Performance shares: 27%
- Restricted stock awards (RSAs): 22%
- Non-qualified stock options (NSOs): 21%
- Stock appreciation rights (SARs): 21%
- Incentive stock options (ISOs): 21%

Q: Please select which statements, if any, apply for each type(s) of equity compensation. (Base: Know a lot / some things about = 1,000)
Employees’ confidence in their ability to make decisions about equity compensation increases with the help of an advisor

<table>
<thead>
<tr>
<th>Activity</th>
<th>Confidence Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make the right decisions about their equity compensation or ESPP with the help of an advisor</td>
<td>83%</td>
</tr>
<tr>
<td>Make the right decisions about their equity compensation or ESPP</td>
<td>73%</td>
</tr>
<tr>
<td>Balance equity compensation or ESPP with other investments</td>
<td>70%</td>
</tr>
<tr>
<td>Use their equity compensation or ESPP to reach their financial goals</td>
<td>70%</td>
</tr>
</tbody>
</table>

Q: How confident would you be in your ability to make the right decisions about your equity compensation or ESPP if you had the help of a financial advisor? (Base: Total = 1,000)

Q: How confident are you in your ability to ...? (Base: Total = 1,000)
Equity compensation is seen as important by more than three-quarters of employees

77% equity compensation is an essential/very important benefit

1. 48% Helps employees significantly build their wealth

2. 46% Allows employees to participate in the growth of their employer

3. 44% Means the success of the company will play an important part in employee success

Q: How important are each of the following benefits offered to you by your employer? (Base: Total = 1,000)
Q: Why do you say that your equity compensation is essential / a very important benefit to you? (Base: Those rating equity comp essential/very important = 771)
Equity compensation is an increasingly important factor in employment decisions, especially among Millennials.

Consider equity compensation to be the main reason or one of the main reasons they took their job.

5 in 10 Millennials say that equity compensation was the main reason/one of the main reasons they took their job.

Q: What role did equity compensation or ESPP play when deciding whether to accept your current job? (Base: Total = 1,000)

- 28% in 2019, 37% in 2020
- 46% in 2019, 53% in 2020
Majority of employees would prefer to work for a public company with an equity compensation program and to choose the type of equity award they receive.

- 90% of employees would choose to work for an established public company if they have a choice.
- 87% of employees say it's important to be able to choose the type of equity awards they receive in a company.
- 77% of employees are confident in their ability to negotiate for the company equity they want.
- 73% of employees would choose to work for a pre-IPO company if they have a choice.

Q: How much do you agree or disagree with each of the following? (Base: Total = 1,000)
On average, equity compensation makes up more than 30% of employees’ net worth

Average overall net worth made up of equity compensation

- Millennials: 43%
- Gen X: 30%
- Boomers: 21%

Average percent of investment portfolio made up of company stock

- Millennials: 43%
- Gen X: 28%
- Boomers: 19%

Q: What percent of your net worth is made up of your equity compensation? (Base: Total = 1,000)
Q: What percent of your investment portfolio is made up of company stock? (Base: Total = 1,000)
Employees are, on average, 58% vested in their equity compensation.

Average percent of total value that is vested:

- 2020: 58%
- 2019: 65%

Q: What is the value of your equity compensation? Please do not include any ESPP in your calculation. (Base: Participate in equity compensation = 900)
Half of all employees say they primarily plan to use their equity compensation for retirement

5 in 10 will use equity compensation to help finance retirement

- 9% to pay off debt
- 8% to finance children's education
- 8% to finance lifestyle in short term
- 7% for short-term emergencies
- 6% to buy a home

Q: Which one of the following best describes how you think of your equity compensation relative to your financial goals? (Base: Total = 1,000)
Slight uptick in use of equity compensation for short-term versus long-term goals

How employees think of equity compensation relative to financial goals:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help finance retirement</td>
<td>51%</td>
<td>60%</td>
</tr>
<tr>
<td>To pay off debt</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>For short-term emergencies</td>
<td>7%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Methodology

The Equity Compensation Participant Survey is an online study conducted for Schwab Stock Plan Services by Logica Research.

Logica Research is neither affiliated with, nor employed by, Schwab Stock Plan Services.

The sampling error is +/- 3 percentage points at the 95% confidence level assuming random distribution.

The study was conducted online from July 26 through August 6, 2020.

1,000 equity compensation participants completed the survey:
- Ages 18-75
- Work for companies that offer equity compensation plans
- Currently participating in equity compensation plan

Survey respondents were not asked to indicate whether they had equity compensation accounts with Schwab Stock Plan Services.

The typical (median) survey length was 12 minutes.
Disclosures

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

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