

MORE THAN HALF THE STORY

Why Fractional Shares Matter

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Computershare

Upcoming Events

Webinar Series

- All Things ESPP @ www.computershare.com/allthingsespp
- All Things Equity Plans @ www.computershare.com/allthingsequityplans

ESPP Day 2019

- May 16, 2019 | Boston, MA
- November 7, 2019 | Dallas, TX
- www.computershare.com/esppday

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Enter your question into the Questions pane on the GoToWebinar Control Panel.



The screenshot shows the GoToWebinar Control Panel interface. At the top, there is a menu bar with 'File', 'View', and 'Help'. Below the menu bar, there are two main panes. The top pane is titled 'Audio' and contains a telephone icon, two radio buttons for 'Computer audio' and 'Phone call', and dialing information: 'Dial: +1 (631) 992-3221', 'Access Code: 764-626-987 #', and 'Audio PIN: 57 #'. Below this is a link 'Problem dialing in?'. The bottom pane is titled 'Questions' and is highlighted with a yellow border. It contains a text input field with the placeholder text '[Enter a question for staff]' and a 'Send' button. At the bottom of the control panel, it says 'Computershare Webinar', 'Webinar ID: 123-456-789', and 'This session is being recorded.' with a red dot icon. The GoToWebinar logo is at the bottom.

Housekeeping

Presentation is being recorded

- Email will be sent to all attendees with link to recording and presentation

Presentation qualifies for one CEP credit

Please take our survey!

Introductions



Mary Beth Anastasio
Senior Relationship Manager
Computershare



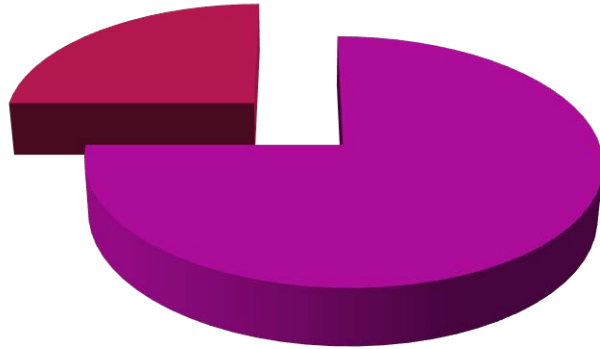
Jennifer Hughes
Relationship Manager
Computershare



What if you could offer an employee stock purchase plan that allowed any eligible employee to become an owner no matter how little they contribute?

What is a Fractional Share?

A fractional share is less than one whole share of company stock



Whole Share Plans

- Only whole shares are purchased with the period's payroll deduction
- Residual funds collected during the period are either refunded or applied to the next purchase
- More complex administration concerns than a fractional share plan
- For companies that pay dividends where the plan allows for dividend reinvestment, the plan essentially becomes a fractional share plan

Fractional Share Plans

- Whole and fractional shares are purchased with the period's payroll deduction
- No residual funds to refund or apply to the next allocation
- More easily administered than a whole share plan because there is no need to keep track of residual payroll deductions
- Fractional shares can be sold, but not transferred; only whole shares can be transferred

Fractional share purchases let employees become shareholders and owners in the company right away, no matter what they contribute.



Fractional Plans Provide Solutions



Your ESPP Needs

Make employee ownership affordable

Provide the full value of benefits to employees

Support your talent strategy

Support diversity and inclusion efforts



Your Fractional Solutions

No matter how little employees contribute, they can become owners on the very next purchase date.

Every dollar contributed to the ESPP is immediately used to purchase shares.

The more employees participate in your ESPP, the more invested they are in the company.

Fractional shares make your ESPP a more inclusive benefit as it becomes accessible to all employees.

Fractional Share Plans and ESPP Administration

- Cumulative number of shares for all plan participants are calculated
- Cumulative share amount is rounded up or rounded down to the nearest whole share and shares are either purchased or delivered for allocation to plan participant accounts
- One omnibus account holds the full cumulative position but each individual plan participant account will reflect his or own full and fractional share position

Name	Payroll Deduction	Stock Price	# Shares Due	Cumulative Shares Needed for Purchase
John Smith	\$175	\$450	0.3889	
Mary Jones	\$550	\$450	1.2222	
Jim Miller	\$50	\$450	.1111	
				1.722 total shares

2 shares to be delivered or purchased, and remaining 0.278 shares are held in an account for future use

High Priced Stocks and Employee Stock Purchase Plans

Is employee perception that it's not worth participating in a plan with a high priced stock?

Microsoft - \$ 116.93

- A \$50 twice monthly payroll deduction would take 2 payroll cycles to buy 1 share of stock

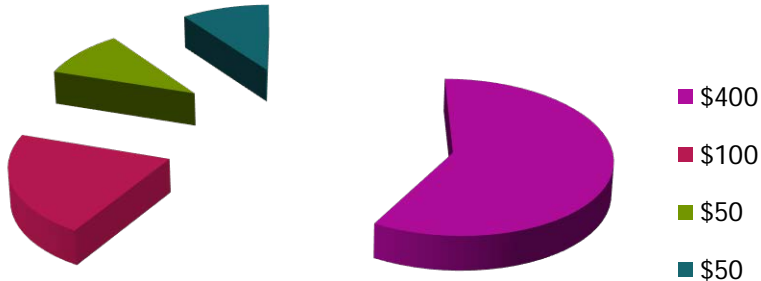
Priceline - \$ 1,728.89

- A \$50 twice monthly payroll deduction would take 35 payroll cycles to buy 1 share of stock



Benefits of Offering a Fractional Share Plan

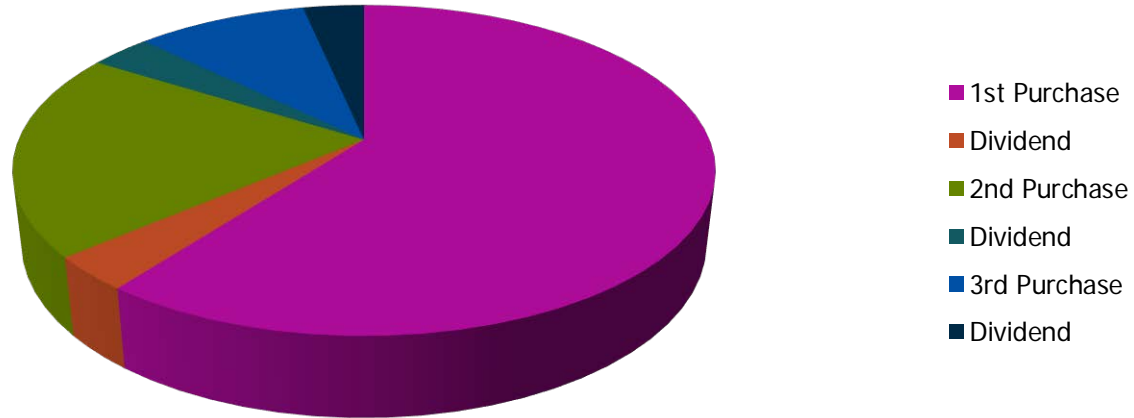
One Share of a \$600 Stock – each payroll deduction will eventually get to a whole share



- **Flexibility**
- **Ownership**
- **Loyalty**

Fractional Share Plans and Dividends

One Share of a \$600 Stock – Dividend reinvestment plans add shares more quickly



How to get started

What you'll need to do

Design your ESPP

Get board and shareholder approval and onboard with a vendor who handles fractional shares

Onboard with a vendor set up to handle fractional shares

Communicate the new plan to your employees

Questions??