Morgan Stanley
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ESPP Client Benchmarking Report

June 10, 2025



ESPP Benchmarking Overview

522

Company ESPP Plans
US Public Companies

3.7M+

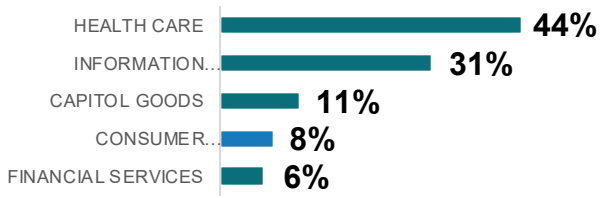
Eligible Participants
US Based Locations

Study's Purpose

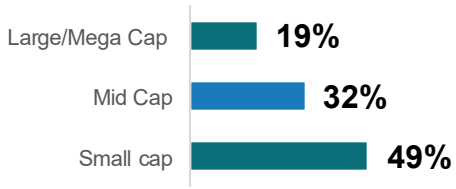
Help clients understand trends in ESPP plan designs and participant behaviors across multiple dimensions of analysis.

Dimensions of Analysis

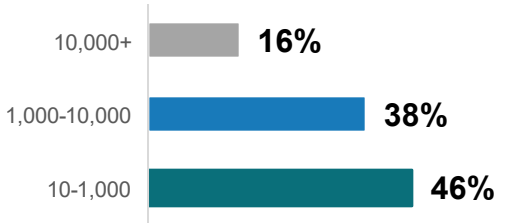
Sector[1]



Market Cap[2]



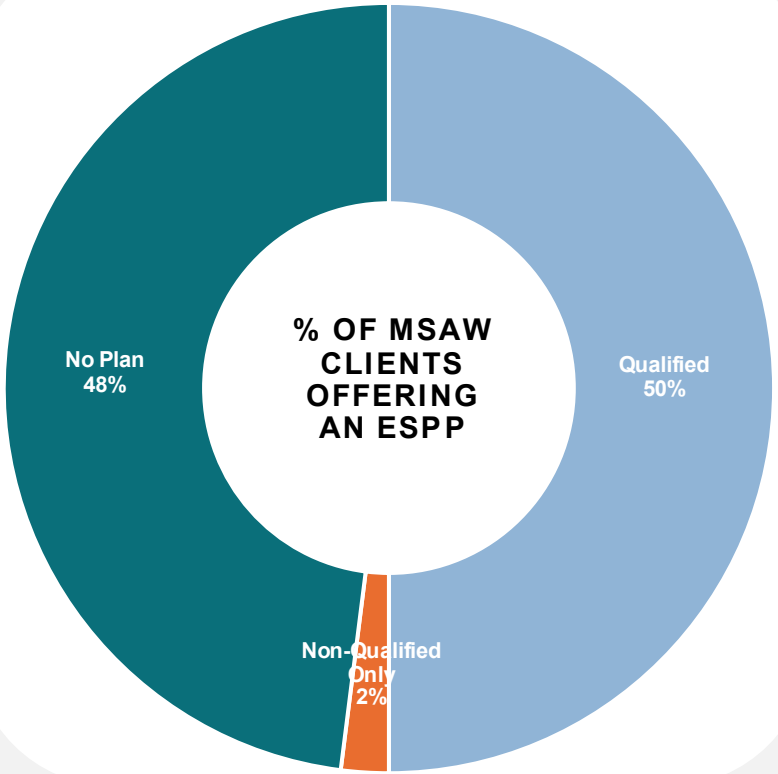
Employee Population

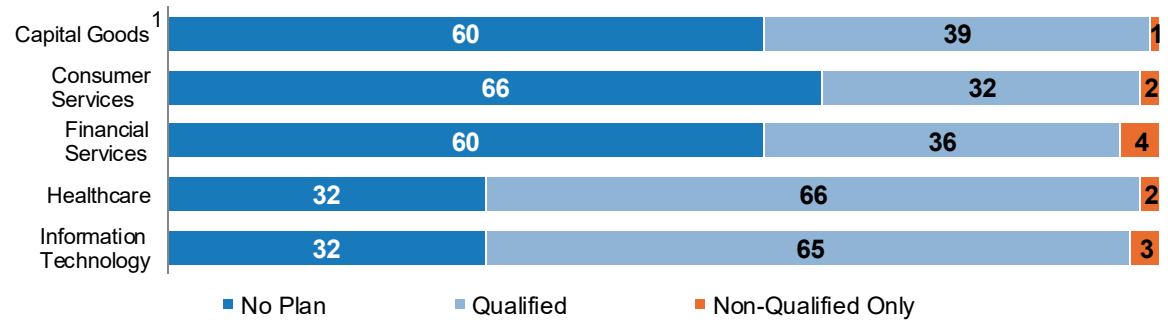


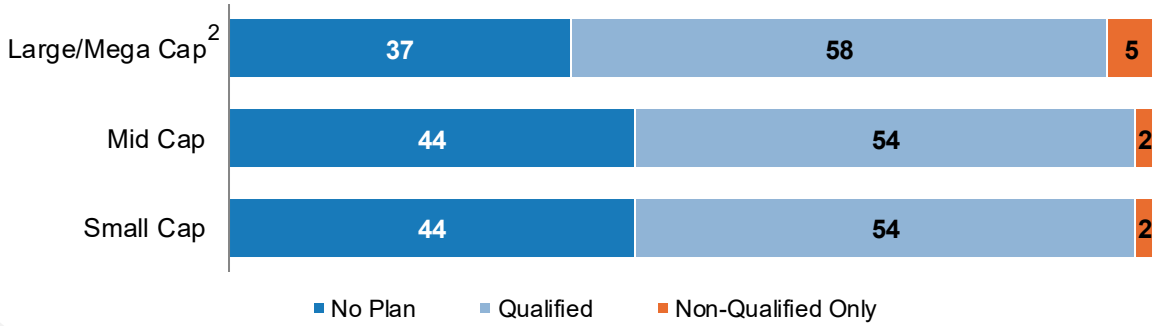
Source: Equity Edge Online® active Employee Stock Purchase Plans as of January 20, 2025; Employee stock plan solutions are offered by E*TRADE Financial Corporate Services, Inc. which are part of Morgan Stanley at Work.
1 Sectors based on GIC categorization Capital Goods (Energy, Industrials, Materials, Utilities), Consumer Services (Consumer Staples, Consumer Discretionary), Financial Services, Health Care and Information Technology (Communication Services, Information Tech).
2 Market Capitalization based on 2025 total dollar market value of a company's outstanding stock. Mega $100 Billion+, Large market capitalization between $10-100 Billion, Mid market capitalization between $1-$10 Billion, Small market capitalization totaling less than $1 Billion.

Prevalence of ESPP Plans

About half of all public MSAW clients offer an ESPP.







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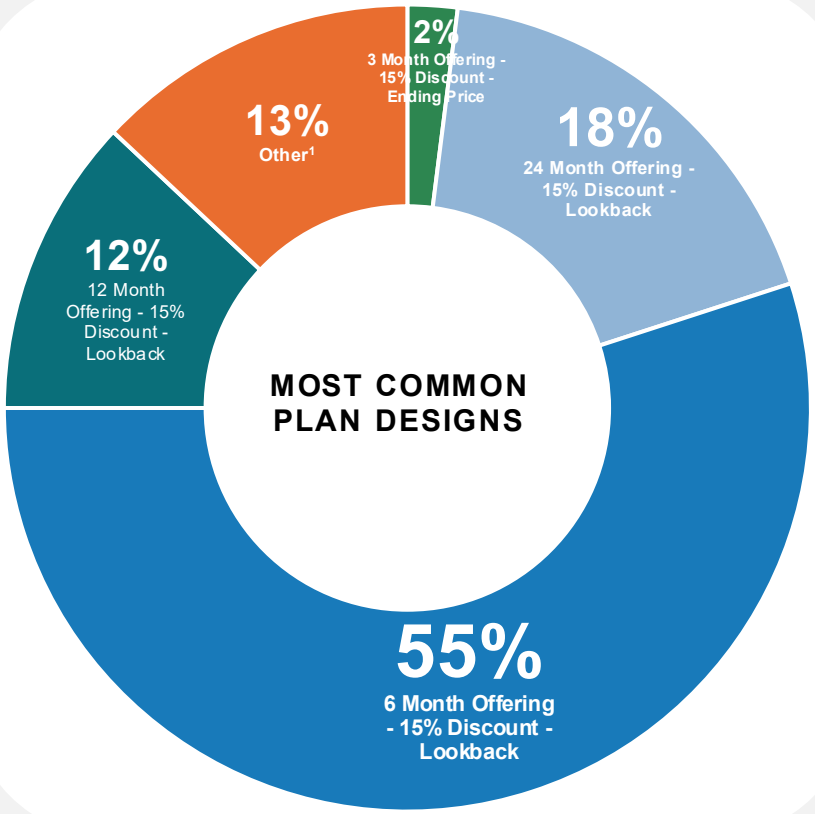
Section 1

Elements of Plan Design



Elements of Plan Design – Lookback, Discount, Offering Period

6 Month Offering Period with a **15% Discount** and **Lookback** is the most common plan design across all companies.



61%

of all Companies have a **6-month** Offering Period.



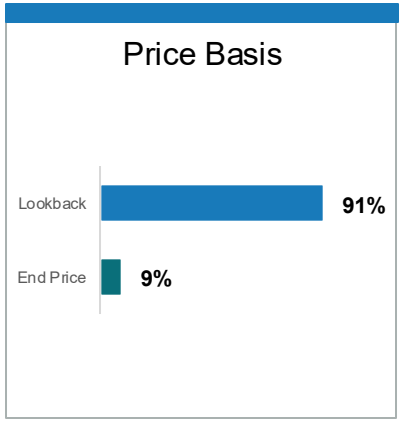
93%

of all Companies offer a **15%** purchase price **discount**.



91%

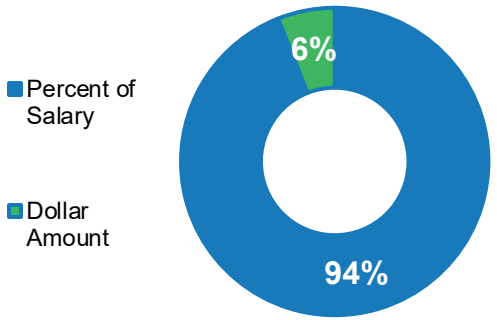
of all Companies offer a **lookback**.



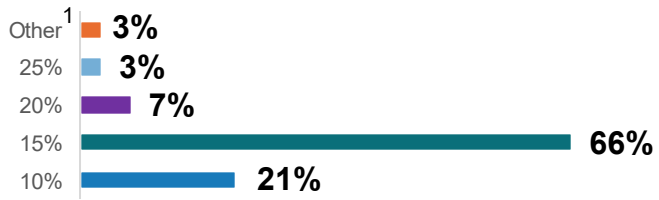
Source: Equity Edge Online® active Employee Stock Purchase Plans as of January 20, 2025; Employee stock plan solutions are offered by E*TRADE Financial Corporate Services, Inc. which are part of Morgan Stanley at Work.
1 Other: Represents uncommon ESPP design combinations of discount, offering period and lookback provisions.

Elements of Plan Design – Contribution Limits, Restrictions

Contribution Limit Type



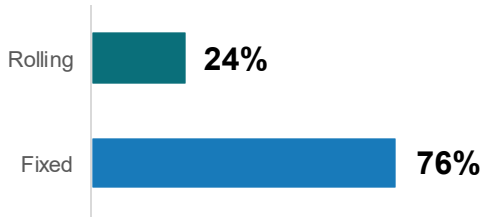
Maximum Contribution Limit



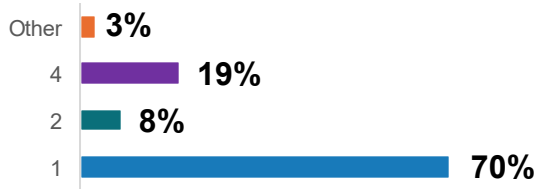
Minimum Contribution Limit



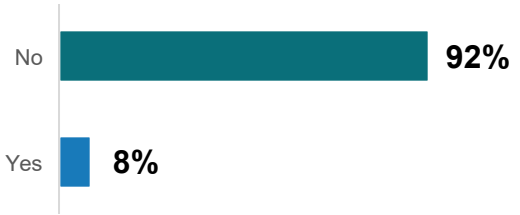
Offering Type



#Purchase Periods in an Offering



Allow Fractional Share purchase?



Source: Equity Edge Online® active Employee Stock Purchase Plans as of January 20, 2025; Employee stock plan solutions are offered by E*TRADE Financial Corporate Services, Inc. which are part of Morgan Stanley at Work.
1 Other: 5%, 8%, 11%, 12%, 30%, 40%, 50% or no contribution limit.

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Section 2

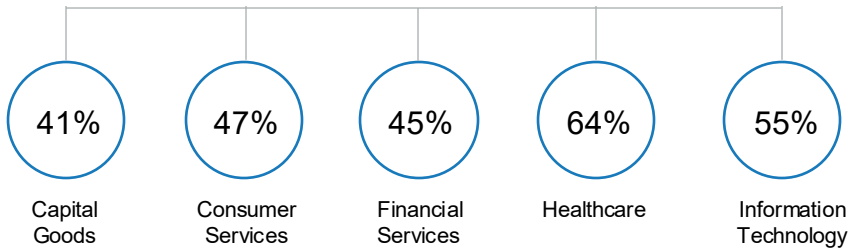
Plan Design by Sector and Market Cap



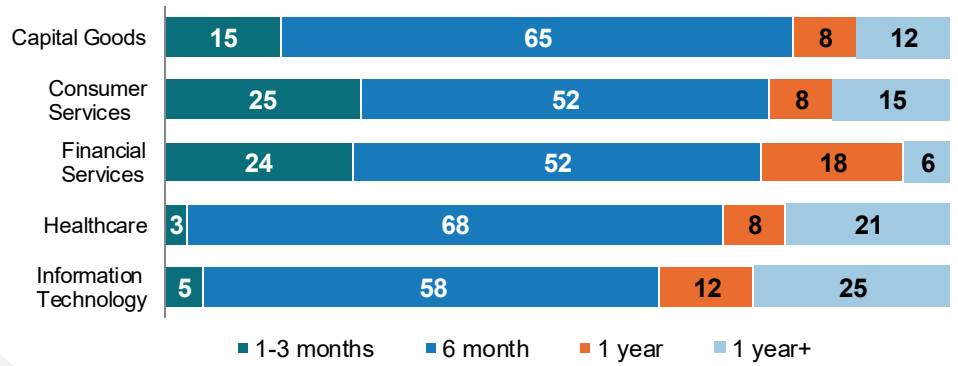
Elements of Plan Design by Sector[1]

55%

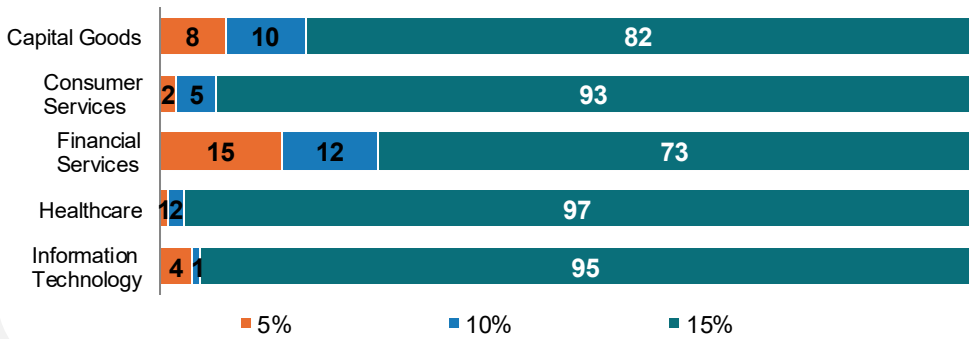
of companies across all sectors have *15% discount*, offer *lookback* on purchase price, and provide *6-month* offering periods.



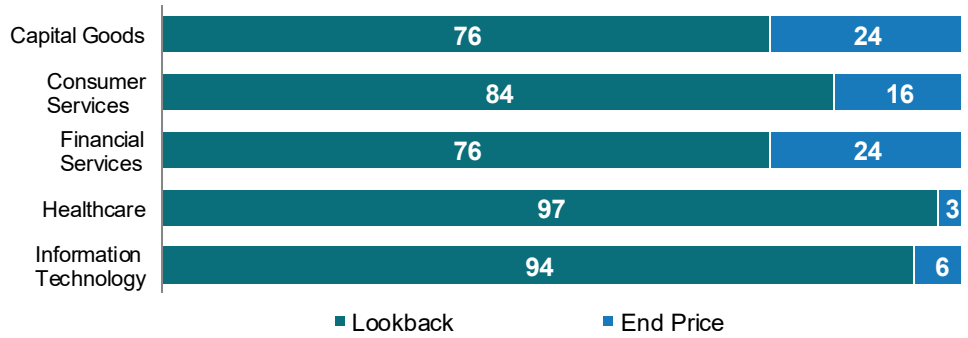
Offering Period



Discount



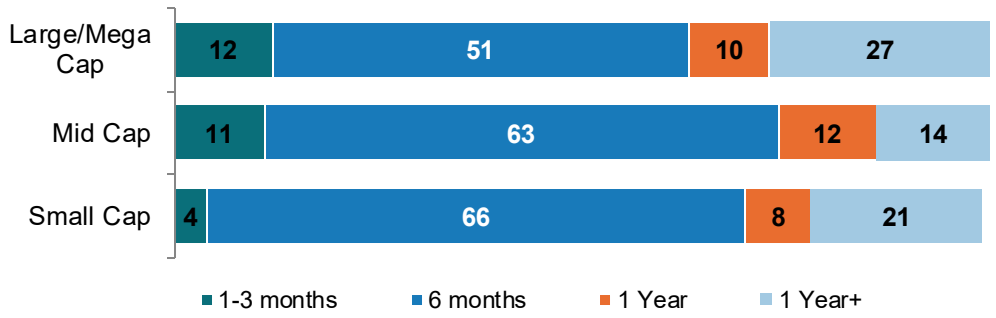
Price Basis



Source: Equity Edge Online® active Employee Stock Purchase Plans as of January 20, 2025; Employee stock plan solutions are offered by E*TRADE Financial Corporate Services, Inc. which are part of Morgan Stanley at Work.
Capital Goods = 59 clients, Consumer Services = 40 clients, Financial Services = 32 clients, Health Care = 228 clients, Information Technology = 161 clients
1 Sectors based on GIC categorization Capital Goods (Energy, Industrials, Materials, Utilities), Consumer Services (Consumer Staples, Consumer Discretionary), Financial Services, Health Care and Information Technology (Communication Services, Information Tech).

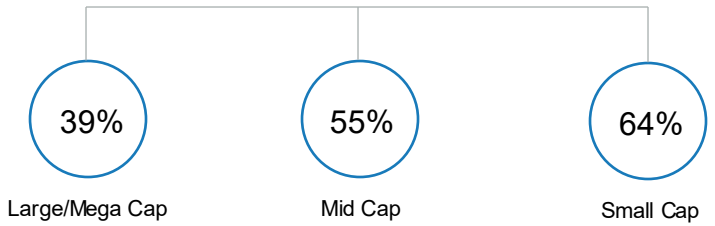
Elements of Plan Design by Market Cap[1]

Offering Period

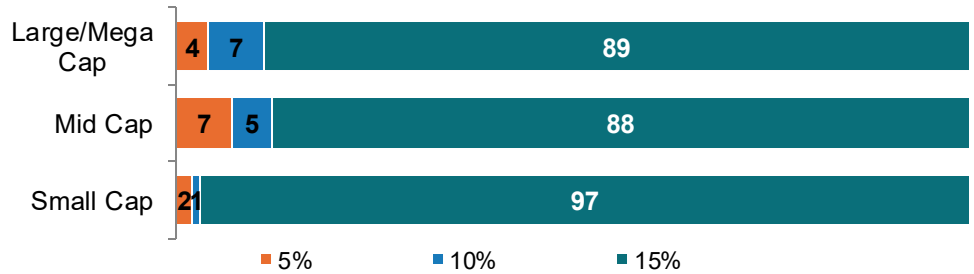


55%

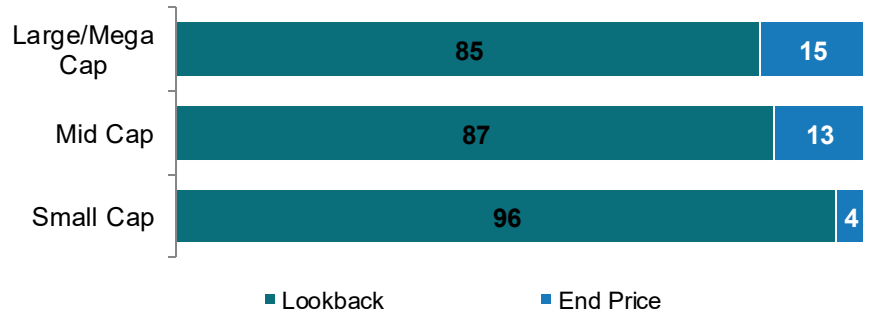
of companies across all market caps have *15% discount*, offer *lookback* on purchase price, and provide *6-month* offering periods.



Purchase Price Discount



Purchase Price Basis

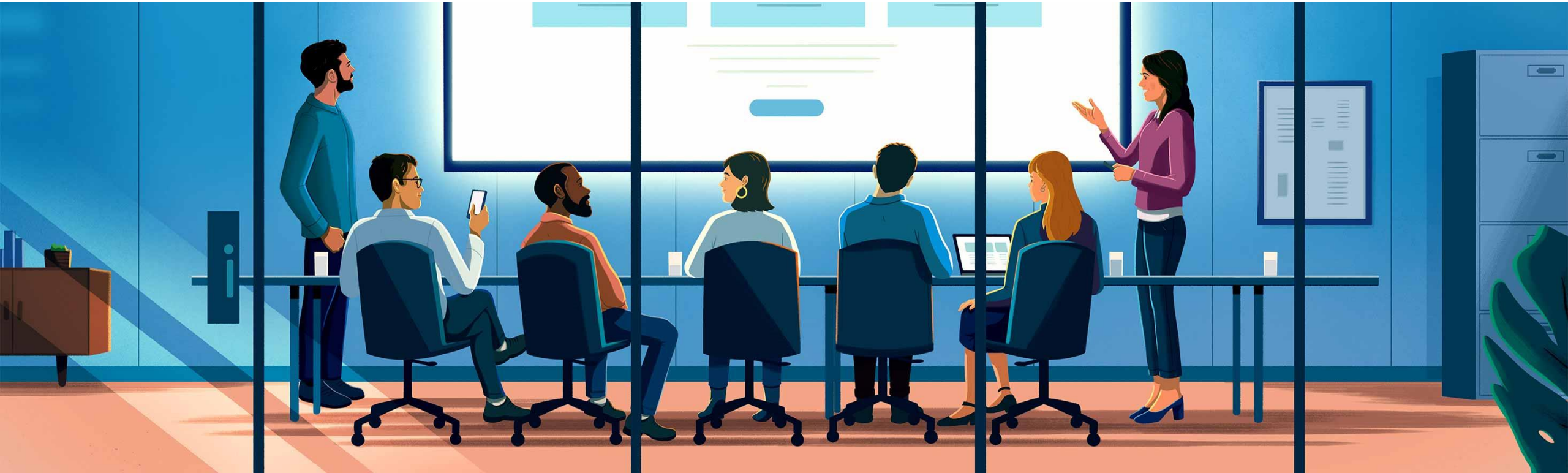


Source: Equity Edge Online® active Employee Stock Purchase Plans as of January 20, 2025; Employee stock plan solutions are offered by E*TRADE Financial Corporate Services, Inc. which are part of Morgan Stanley at Work.
Small Cap = 253 clients, 10% = Mid Market = 168 clients, Large Market = 99 clients
1 Market Capitalization based on 2025 total dollar market value of a company's outstanding stock. Mega $100 Billion+, Large market capitalization between $10-100 Billion, Mid market capitalization between $1-$10 Billion, Small market capitalization totaling less than $1 Billion.

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Section 3

Participant Behavior



Participation Rates, Average Contribution, and Holding

Overall

Participation Rate

Percentage of eligible employees participating in plan.

35%

Average Contribution

Percentage of maximum allowed contribution contributed to ESPP Plan.

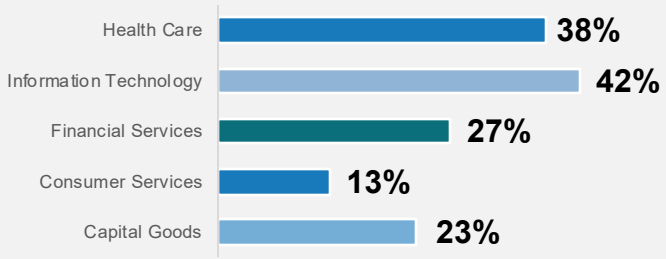
53%

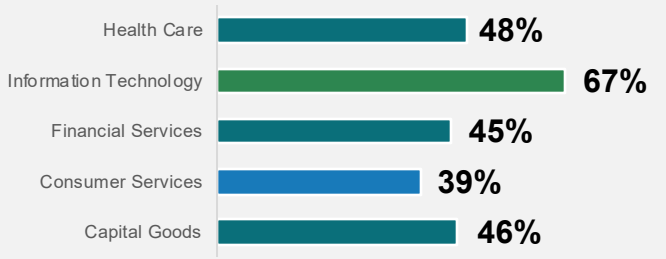
Average Holding Time

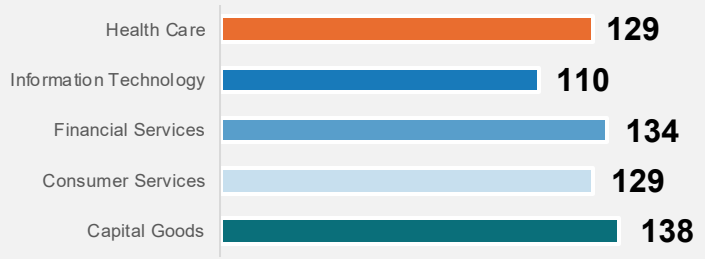
Length of time before shares are sold.

124 Days

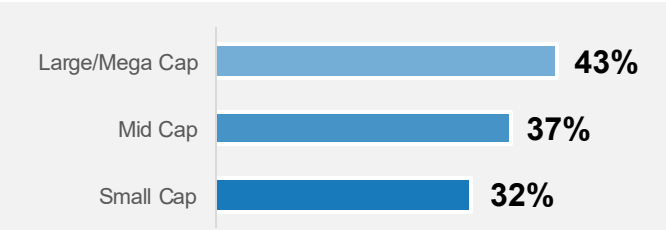
Sector[1]

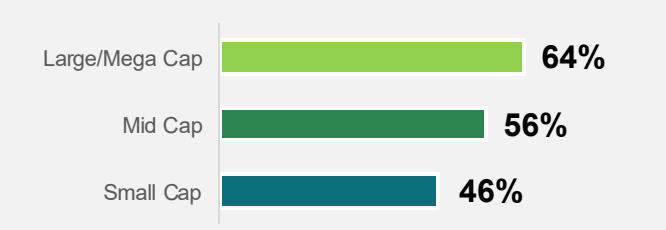


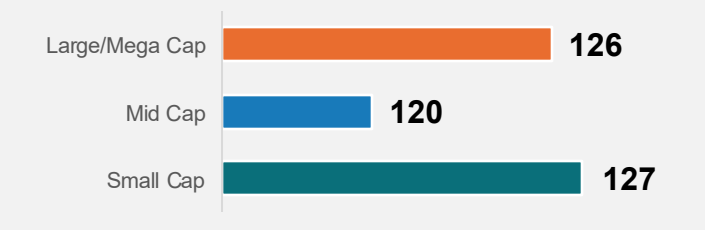




Market Cap[2]





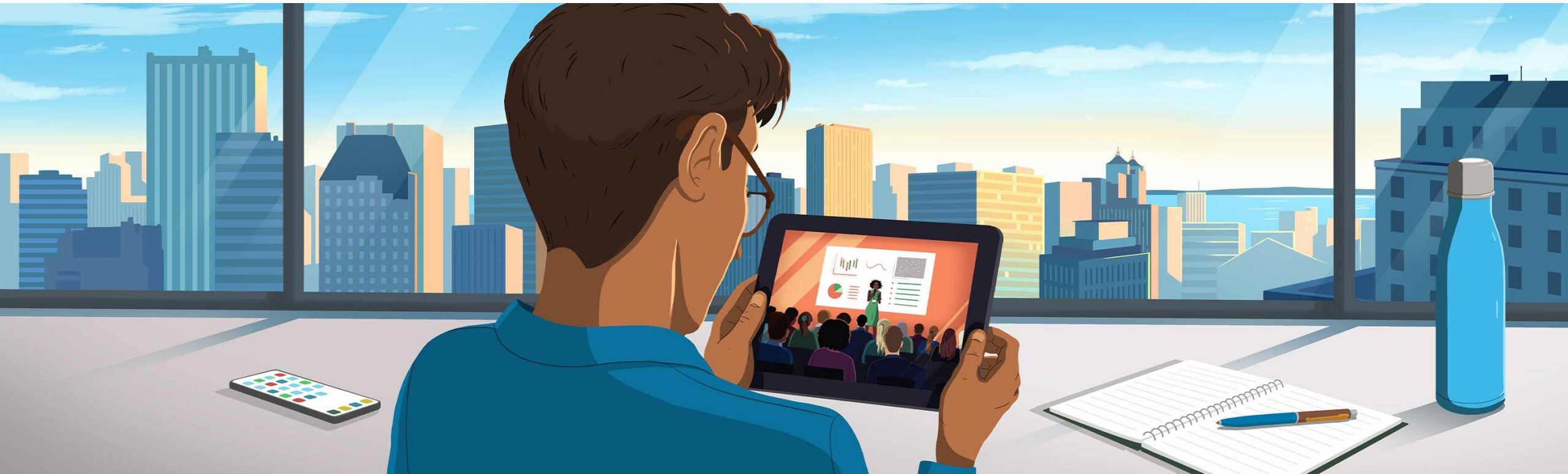


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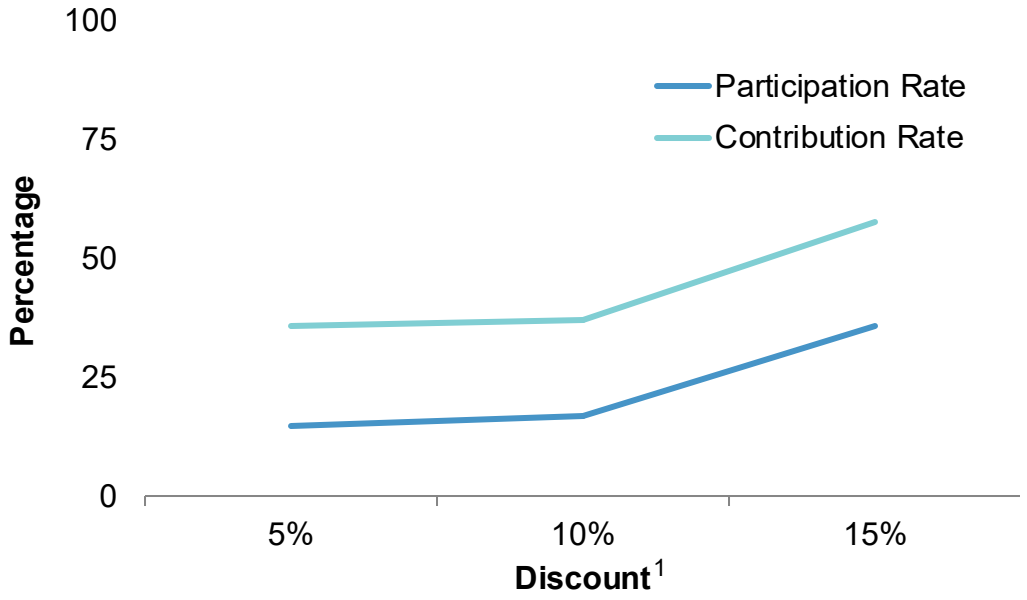
Section 4

Impact of Plan Design on Participant Behavior



Discount Rate vs Participation Rates, Average Contribution, and Average Holding

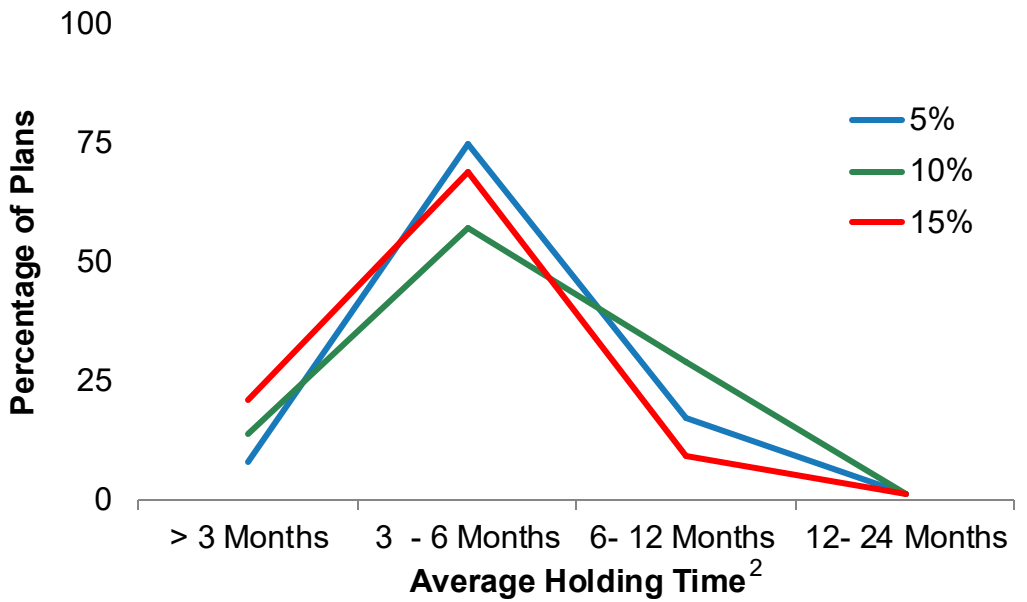
Discount and Participation/Contribution Rates are highly correlated.



Plans with a 15% discount have...

2X Participation Rate & 1.5X Contribution Rate

Discount Rate does not impact holding behavior.



69% of plans have an average holding time of 3-6 months.

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1 Discount 5% = 20 clients, 10% = 18 clients, 15% = 483 clients
2 Holding Time >3months = 83 clients, 3-6 months = 284 clients, 6-12 months = 41 clients, 12-24 months = 7 clients

Important Disclosures

Employee stock plan solutions are offered by E*TRADE Financial Corporate Services, Inc., Solium Capital LLC, Solium Plan Managers LLC and Morgan Stanley Smith Barney LLC ("MSSB"), which are part of Morgan Stanley at Work.

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