Stock Option Plans Surveyed by NCS

Using a national sample, the National Compensation Survey program collected data on the incidence and provisions of stock options. For the first time, BLS obtained detailed information on such characteristics as vesting period and number of shares granted.

BETH LEVIN CRIMMEL
JEFFREY L. SCHILDKRAUT

During the year 2000, the Bureau of Labor Statistics (BLS), as part of its National Compensation Survey (NCS) program, undertook the second phase of a test study of stock options granted to workers by their employers. This survey was designed to collect information on the frequency with which stock options are awarded (incidence) and on their characteristics (or provisions), such as vesting period and option type.

Data on stock options were last collected under the NCS predecessor study, the Employee Benefits Survey, for 1993 and 1994. At that time, fewer than 0.5 percent of private sector workers received stock options, so BLS stopped collecting incidence data in later surveys.

Over the last several years, however, as a bullish stock market has both shaped and reflected the economy, interest has increased in the extent to which employee compensation is tied to company stock. While equity shares can play a role in many types of benefits, such as 401(k) plans or employee stock ownership plans (ESOPs), the type of equity ownership that has attracted the most attention is stock options. There have been reports of secretaries who became millionaires or computer analysts who retired before age 30 due to the value of their stock options; however, many of these reports are anecdotal and have not been based on extensive research.

Because one of the primary goals of the NCS program is to collect data that reflect changes in compensation practices, these reports about increased use of stock options led BLS to reexamine this issue. As a result, NCS planned and implemented a test survey to provide data on stock options from a statistically valid, national sample of establishments.

This article describes the type of information requested, how the study data were obtained, and the survey results from the national sample. While the incidence statistics were disseminated in an October 2000 BLS press release, this article contains unpublished data on the stock option provisions from that study. This article concludes with a discussion of NCS future plans for gathering information on stock options.

The methodology

Data for the study were collected in 2000, with questions limited to stock option grants in calendar year 1999.[1] The questionnaire was mailed to 2,118 establishments in private industry. The sample estimates cover all 50 States plus the District of Columbia, including establishments in the not-for-profit sector of the private economy.[2]

Beth Levin Crimmel is an economist formerly with the Division of Compensation Data Estimation, Bureau of Labor Statistics. Jeffrey L. Schildkraut is an economist in the same division.
Telephone: Jeffrey L. Schildkraut
(202) 691-6274
E-mail: Schildkraut_J@bls.gov

The survey form consisted of 20 questions. Some pertained to the establishment—for example, whether the establishment was privately or publicly held, and the number of employees by salary category. Other questions focused on the nature of any stock option grants made during 1999, with topics ranging from the number of employees receiving signing bonus stock options to the name of the department in the establishment that does the recordkeeping for stock option plans. Most questions related only to employees who could not be classified as owners—defined as proprietors, partners, and officers who are major stockholders. However, information was obtained about the number of owners in the establishment and whether they had received any grants. In addition, one question was asked about the availability to employees of equity compensation programs other than stock options.

Survey methodology was based on a protocol developed by Dr. Donald Dillman of Washington State University. This method involves a series of mailings to respondents in order to maximize the survey response rate. The BLS Dallas regional office staff was responsible for the survey refinement, questionnaire mailing, and followup. Refinement is the process during which the location of the establishment is verified, and a respondent name, telephone number, and address are obtained for the upcoming collection. In many instances, however, the Dallas staff obtained the required survey data during the refinement telephone call. In these cases, no questionnaire was mailed. This was particularly true for small establishments that did not offer stock options.

Cooperation and data availability

About 77 percent of the sampled establishments reported usable data. Another 7 percent of the sample was found to be out of business or out of the scope (for example, out of the geographic area) of the survey when contacted. The remaining establishments provided no data or incomplete data. The sample was selected from a database of all establishments in the private economy in June 1998, the latest available at the time.

Because BLS expected that the availability of stock options might vary based on worker characteristics, some sort of breakout within the establishment by type of employee was needed. Because the data were being obtained via a mail questionnaire, there were constraints on the number and complexity of categories that could be used. BLS considered asking for data by occupational group (professional, clerical, and other occupational categories) or for technology and nontechnology jobs. Problems with complexity and relevance across different types of establishments eliminated these options. Ultimately, data were requested by salary level. Salary is a term understood by all respondents, and something by which all employees can be classified. The following salary breakouts (excluding executives) were chosen based on data from NCS wage level surveys:

- Less than $35,000
- $35,000 to $49,999
- $50,000 to $74,999
- $75,000 and above

In addition, data for executives were requested separately.

Although there were few questions on the interpretation of these salary categories during data collection, obtaining the data sometimes was a problem due to the fact that establishments typically do not analyze their payroll or personnel records based on salary. Additionally, the salary data and stock option records often were maintained by different departments of the company. Therefore, respondents, particularly in the case of larger establishments, could not get the requested counts without a special computer run. This problem led to some incomplete questionnaires from which the data could not be used.

Comparing survey results

A number of stock option surveys have been conducted in recent years by various organizations. Because methods vary so much between surveys, it can be difficult to compare survey results. Differences included breadth of survey coverage, collection methodology, and definition of terms.

Data from the NCS survey are discussed in the next section. When reviewing the results, it is important to keep in mind some key attributes of the NCS data.

The type of businesses covered. BLS data were collected from establishments, each usually defined as a single physical location but sometimes considered to be all of the company's locations in a given geographic area. The establishment may be the only one owned by a company—such as a family-owned drycleaner—or it may be one of several dozen plants around the country owned by a major manufacturer. Surveyed establishments covered all industries and geographic areas in the United States.

The sample selection. The BLS sample was selected from the files of unemployment insurance reporters maintained by each State. Establishments can range in size from zero employees to thousands of employees. Profit and nonprofit establishments were surveyed, as well as both privately held establishments and those that are part of companies traded on a stock exchange.

Definition of coverage. Only those establishments responding "yes" to the following question—"Did the establishment grant stock options to at least one employee, who was not an owner, during 1999?"—were counted as having stock options. An establishment that granted stock options in other years, or that had a plan in place but had never actually made a grant, was not considered to have options for purposes of the BLS survey. In the same way, the tallies by employee would include only those who had received a grant in 1999. Also, other types of equity compensation such as restricted stock, stock appreciation rights, and ESOPs were not counted in the stock option numbers. (Limited data on other selected types of equity compensation are available from the survey and are discussed later in this article.)

Incidence results

Grants of stock options were made to 1.7 percent of all private sector workers, excluding owners, in 1999. (See table 1.) Awards included both signing bonuses and after-hire grants.[3] For employees other than executives, coverage rates ranged from 0.7 percent (for workers earning less than $35,000) to 12.9 percent (for workers earning $75,000 or more). Some 4.6 percent of executives received grants in 1999. The percent of employees with grants by major industry group varied from 0.2 percent in nondurable manufacturing to 5.3 percent in durable manufacturing.

Other key findings included:

- After-hire grants were received by 1.6 percent of all private industry workers. Because after-hire grants made up the bulk of total grants awarded in 1999, the incidence of after-hire grants was similar to that for total grants across all characteristics.

- Across all establishments, 1.5 percent of owners received stock options in 1999.

- In publicly held companies (those with stock traded on an exchange), 5.3 percent of employees received grants. (See table 2.) More than one-quarter of workers earning $75,000 or more in publicly held establishments received stock options in 1999. Publicly held establishments in durable manufacturing showed 14 percent of employees receiving grants, nearly identical to coverage in the finance, insurance, and real estate sector (13.9 percent).

- With regard to incidence by establishment, 2.4 percent of all private sector units had stock option grants in 1999. (See table 3.) For publicly held establishments, the incidence stood at 22.1 percent. By industry, 4.8 percent of all wholesale and retail trade establishments had 1999 grants. The comparable number for services was 0.4 percent. For publicly held establishments only, more than one-third of those in finance, insurance, and real estate had stock option grants. That number fell to 5.5 percent for publicly held services establishments.

- Stock purchase plans were offered by 4.5 percent of establishments. (See table 4.) Employee stock ownership plans were given at 1.1 percent of establishments. Restricted stock, stock bonus plans, phantom or shadow stock, and stock appreciation rights each were available in fewer than 1 percent of establishments.

Provisions data

The survey, in addition to collecting data on the incidence of stock options, attempted to identify information on the provisions—structure and terms—of stock option grants. Establishments that granted after-hire stock options in 1999 were asked questions on plan[4] provisions and on other information concerning stock option grants, such as accounting practices.

Provision questions were designed to identify current stock option plan practices, plan vesting and option expiration schedules, share allotments, and costing methods. Survey questions also were asked about stock option grant type, frequency, criteria, and recordkeeping.

The following analysis reviews the responses of establishments that awarded after-hire stock option grants in 1999. Italicized headings below represent the actual wording of questions on the questionnaire.

Note that some establishments offered stock option grants under more than one plan during 1999. Due to the difficulty in determining whether employees were given stock option grants under more than one plan, this report counts each grant recipient as unique. In other words, if one employee received shares as part of two separate plans in 1999, he was counted as two employees receiving grants. In addition, while some of the multiple choice questions allowed only one answer per plan, certain questions allowed for more than one response.

Findings

All of the figures in the following analysis refer to only those employees who received an after-hire options grant in 1999.

What types of grants were offered in 1999? Nonqualified stock option[5] grants (NSOs) were provided to 78 percent of all employees receiving after-hire stock option grants. (See table 5.) Qualified or incentive stock options[6] (ISOs) were provided to more than 31 percent of all employees. Although multiple responses were acceptable, the two most common stock option grant types showed minimal overlap.

Almost 55 percent of executives but only 29 percent of nonexecutives received grants with tax advantaged incentive stock options. Establishments with more than 100 employees provided nonqualified option grants to nearly 85 percent of all employees receiving grants. Smaller establishments showed a more even split between NSOs (63.4 percent) and ISOs (46.9 percent) granted.

How often were grants made under each plan? Establishments were asked about the frequency of grant offers. Two answers were provided: "One-time," indicating that the 1999 option grant was a one-time event; and "ongoing," indicating that multiple grants had been made or were expected under the plan. Table 6 shows that the majority of after-hire grants in 1999 were for ongoing plans (87.1 percent). One-time grants accounted for only 12.6 percent of all responses. Data by salary group, industry division, and establishment size showed similar results.

Which of the following criteria was the primary factor for determining the number of shares granted in 1999?[7] Salary or pay grade was the primary factor deciding grant size for 52.4 percent of all employees receiving after-hire grants in 1999. (See table 7.) While individual performance was a key criterion for determining the number of shares granted for 14.4 percent of all employees, it was the main criterion for almost 50 percent of executives. For 54.6 percent of nonexecutive employees, salary or pay grade was the primary grant size factor. Other responses included a combination of choices or another primary factor, such as company performance.

After how many years will employees be fully vested[8] *in their options?* For all after-hire stock option grants in 1999, 3 years was the average period needed for full grant vesting.[9] Table 8 shows the average years needed for full vesting, as well as the distribution of establishment vesting periods. The most common full vesting period also was 3 years (applying to 42.3 percent of employees). Employees may be covered by cliff vesting, in which case all shares become vested at one date. Alternately, they may be covered by gradual vesting, a method under which a portion of shares is vested at each of several intervals (for example, 20 percent after 1 year of employment, 40 percent after 2 years, 60 percent after 3 years, and 100 percent after 5 years). However, the survey question requested the full vesting period only. The average number of years needed for full grant vesting was consistent across salary groups, industry divisions, and establishment size classes.

How long is the period between the time the options were granted and the time the options expire?[10] Table 9 shows averages and selected distributions for the number of years between grant and expiration. Overall, 8.9 years was the average period before grant expiration. For all employees, 10 years was identified almost 75 percent of the time as the number of years before grant expiration. More than 25 percent of all employees had grants that expired in less than 10 years. Although there were small overall differences between executives and nonexecutives in the average years before grant expiration (9.2 years and 8.8 years, respectively) and in their representation in the 10-year vesting category (79.7 percent and 74.2 percent), the number of years between the granting and expiration of options trended higher for higher-salaried employees and executives.

Which department is responsible for recordkeeping for the stock option plan? Human resources departments did plan administration for nearly 62 percent of all employees. (See table 10.) Finance and accounting staff (44.4 percent) was listed as the second most common locus for recordkeeping. The legal department was responsible for recordkeeping for 10.8 percent of all employees receiving stock options grants in 1999. (Establishments were asked to identify all departments involved, so responses could total more than 100 percent.)

How will the establishment account for the cost of the 1999 grants in its financial reports (either in the statement itself or as a footnote)? The Financial Accounting Standards Board[11] requires that companies use a financial model to determine cost estimates of stock option grants in their accounting statements.[12] The cost estimates must be listed either directly in financial statements or as a footnote in financial reports. The above question was asked to find out how prevalent the Black-Scholes[13] model was in determining grant costs.

The Black-Scholes model was used by establishments with 58.4 percent of the employees getting after-hire grants in 1999. (See table 11.) Other financial models covered 14 percent of employees.

If your establishment is publicly held, does it expect to buy back shares on the open market or set aside new shares to fulfill the 1999 grants? Establishments that grant stock options must be able to allocate shares for the employee to exercise those grants. Generally, companies will either repurchase shares on the open market when employees exercise option grants or create new shares for use in current or future stock option grants.

Table 12 shows that stock option grant shares for 67.7 percent of employees in publicly held establishments will come from shares set aside for option exercise. Share buybacks or repurchases will be a source of stock option grant shares for 32.6 percent of employees. Data for goods-producing industries showed that repurchased shares would be used for 53.6 percent of employees receiving after-hire grants, while service-producing industries would buy back shares for about 20 percent of all such employees. Differences occurred in the buyback share category by establishment size, with 9.3 percent of workers in establishments with 100 employees or fewer receiving repurchased shares, compared with 41.2 percent of those in establishments with more than 100 employees. Multiple responses were allowed for this question. No response was given on the options grant source for 21.9 percent of all employees.

How many shares were awarded under grants in 1999? What was the grant price of shares awarded in 1999? Overall, the average number of shares granted in 1999 (per employee who received shares) was 2,931. According to table 13, executives received approximately 7.9 times the number of grant shares that nonexecutives did. Perhaps even more noteworthy is the large difference between grants for executives and those for the less-than-$35,000 salary group: executives received more than 49 times as many grant shares as did the less-than-$35,000 salary group employees.

The average number of shares granted also differed widely by establishment size. Average shares granted by establishments with more than 100 employees were 2.3 times the size of grants from establishments with 100 or fewer employees. On a regional basis, the West showed the highest level of average stock grants (5,636 shares).

For executives, the average allocation value[14] of grants was close to 8.5 times the value of nonexecutive stock option grants in 1999. The average allocation value was obtained by multiplying the average weighted number of shares in the category by the weighted average grant share price. In terms of average allocation value, executive grants were valued at approximately 80 times those for employees in the less-than-$35,000 category.

Of course, the actual value of the grants is unknown until shares are exercised and sold. The price of shares may increase more or less than the value assumed in the calculation. Grants may expire before some or any shares are exercised, particularly if the market price falls below the grant price. Employees may leave their companies before their grants are vested. The average allocation value calculated here simply gives a means of comparison at the time of the grant.

One of the study goals was to gather data on the breadth and depth of stock option grants within the organization. This analysis addresses those issues. These results, in addition to incidence levels, will be used during cost research to provide insight into the potential impact of adding stock options to NCS.

Where does NCS go from here?

While the initial BLS stock option research dealt with the incidence and provisions of those plans in the private sector economy, the next part of the research will focus on stock options as a compensation cost to employers. Changes in compensation costs are measured by the quarterly Employment Cost Index (ECI), a principal Federal economic indicator for which data are collected from the NCS sample. The Employer Costs for Employee Compensation series reweights the ECI cost data to publish levels of compensation costs annually.

Costing stock options poses some fundamental challenges within the NCS framework. NCS collects cost data for benefits ranging from paid holidays to health insurance to workers' compensation. The goal during data collection is to obtain the average cost per employee by occupation for each benefit plan.[15]

It is usually easy to ascertain what data need to be collected for most benefits; for example, employee health insurance is provided either by a third-party insurer or by the self-insuring employer. In the case of a third party, NCS attempts to obtain the most recent premium paid by the employer for each worker in the occupation being sampled. When multiple plans are offered, NCS tries to determine the plan chosen by each employee, and its associated cost.[16] If the premium rate for each employee is not available, the total annual expenditure by the employer for the insurance is collected. For self-insured establishments, the total payments for the most recent annual period are obtained.

The procedures that are clear for health insurance are not so obvious for stock options. There is no premium payment or other direct employer outlay of cash for stock options. So when is their cost incurred? Is it at the time the option is granted, at the time vesting occurs, at the time an employee exercises his or her options, at the time the grant expires, or at some other point? Once the appropriate time is identified, some costs need to be measured. With no actual cash outlay to measure, is it appropriate to use accounting reports compiled for financial or tax purposes to develop a stock options cost for employee compensation?

Assuming BLS is able to resolve these, and other, conceptual issues, the practicalities of data collection will then have to be addressed. Is it possible to obtain a cost by occupation? Data that relate to multiple occupations in the establishment might not accurately represent the cost for specific occupations, given what the test study revealed about the sizes of grants by salary. What data can and will establishments provide so that BLS can develop a cost for employee compensation?

BLS hopes to obtain answers to all of these questions in the next part of its stock options testing, which will consist of research to determine how and if NCS can collect cost data for stock options. BLS will consult with outside experts for help in resolving the theoretical and practical issues involved in determining the employer cost of stock options. BLS will also be conducting data collection tests aimed at answering some of the practical questions about the availability of data from establishments. These will probably be a series of tests involving only a few establishments at a time. The results from one test will be used to refine the questions and approach taken in the following tests. BLS will have the chance to make adjustments throughout the testing, so that the most effective collection procedures result.

NCS will continue to collect stock option incidence information as an emerging benefit in the 2001 collection. Concurrently, NCS will continue research and testing on stock option costing methods. Should BLS decide that NCS will attempt to collect stock option cost information regularly, the next step will be to determine the most appropriate method and timing for inclusion of the data in the NCS series. ■

[1] A feasibility study was conducted in 1999. Its purpose was to test the use of a mail questionnaire to obtain the needed data on stock options. The test was limited to 100 companies previously identified as having stock options. Information collected in the test was used to make revisions to the questionnaire for the incidence and provisions test described in this article. See Beth Levin Crimmel and Jeffrey L. Schildkraut, "National Compensation Survey Collects Test Data on Stock Option Plans," *Compensation and Working Conditions*, winter 1999, pp. 17-20.

[2] The database from which the sample was selected, the Longitudinal Database, does not indicate whether an establishment is for profit or not. This information was obtained during data collection, however.

[3] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[4] For survey purposes, a plan is defined as having the same basic characteristics, such as grant type, vesting schedule, and expiration time.

[5] Under the Internal Revenue Code, a nonqualified (or nonstatutory) stock option (NSO) is taxable as wages (and deductible by the employer) when exercised by the employee. The employee generally does not recognize taxable income at the time that the stock option is granted. NSOs can be issued with an exercise price below the fair market value of the stock. When the NSO is exercised, the spread (difference between fair market value and exercise price) is taxed. After the NSO is exercised, any future appreciation will be taxed as a capital gain when the stock is sold.

[6] Under the Internal Revenue Code, an incentive (or statutory) stock option (ISO) is not taxable to the employee or deductible by the employer either when granted or exercised. The employee is taxed when the stock acquired under the option is sold, exchanged, or transferred by bequest or inheritance. An ISO cannot be issued with an exercise price below the fair market value of the stock; but after the stock appreciates, the option can be exercised without being subject to tax on the spread (difference between fair market value and exercise price). When the stock is sold, if the sales price is higher than the exercise price, this profit is taxed as a capital gain.

[7] Survey respondents were asked to select one of the following primary grant factor criteria: Equal size grants for all, different size grants based on individual performance, different size grants based on salary/pay grade, different size grants based on occupational type, or other.

[8] Vesting here refers to the amount of time employees must work, after the grant, to be able to exercise their options. Until an employee becomes vested in part or all of his options, he or she cannot purchase any shares awarded under the grant.

[9] Some stock option grants place restrictions, known as claw-backs, on employees even after they are vested. According to George B. Paulin, President, Frederick W. Cook & Co., "(t)he way a claw-back provision works is that when employees are granted options, they agree to reimburse the company for any profits from exercises within a specific period of leaving to go to work for a competitor. The typical claw-back is 6 to 18 months, although there are many variations." See George W. Paulin, "Using Stock to Retain Key Employees," *World at Work Journal*, third quarter 2000, p. 50.

[10] When options are granted, an employee is given a limited number of years to purchase shares awarded under the grant. The options are said to "expire" if the employee does not purchase the shares by the deadline.

[11] The Financial Accounting Standards Board is a nongovernment agency that establishes generally accepted U.S. accounting principles for reporting financial information.

[12] At the time of a stock option grant, an estimate of the fair value of the grant can be made using a financial model such as Black-Scholes.

[13] The Black-Scholes Model is an option pricing model used to calculate the value of an option by considering the stock price, grant price and expiration date, risk-free return, and standard deviation of the stock's return.

[14] Average allocation value is equal to the weighted average number of shares at grant time multiplied by the weighted average grant price per share. According to the National Center for Employee Ownership, the allocation amount "produces a dollar value that can be compared across companies." See R. Weeden, E. Carberry, and S. Rodrick, *Current Practices in Stock Option Plan Design* (Oakland, CA, National Center for Employee Ownership, 1999), p. 24. For example, for an employee with an average allocation value of $10,000, a 10-percent increase above the stock option grant price, upon exercise, would result in double the option value when compared with a $5,000 allocation value. Please note that average allocation value represents a method of making only a quick comparison between stock option grants, because the actual value of grants is unknown until shares are exercised or expired.

[15] All data from the regular NCS sample—wage and benefit costs, incidence, and provisions—are collected for selected occupations (based on probability proportionate to size) within each establishment.

[16] In the case of health insurance, the plan could be a health maintenance organization program, a fee-for-service program, or some other type of plan. Workers also may have coverage for themselves only or some type of family coverage.

Table 1. **Percent of employees in all private industry establishments with a stock option grant, by salary group, industry division, establishment size, and region, 1999**

Characteristic	Total[1]	After-hire grants[2]
All employees	1.7	1.6
Salary group		
Executives	4.6	4.5
All employees, excluding executives	1.6	1.5
Less than $35,000	.7	–
$35,000 to $49,999	1.5	1.5
$50,000 to $74,999	4.2	4.0
$75,000 and above	12.9	12.5
Industry division		
Goods producing[3]	2.5	2.3
Manufacturing	3.2	3.0
Durables	5.3	4.9
Nondurables	.2	–
Service producing	1.4	1.4
Transportation and public utilities	2.6	–
Wholesale and retail trade	1.1	–
Finance, insurance, and real estate	5.1	–
Services	.7	.7
Establishment size		
100 employees or fewer	.9	–
More than 100 employees	2.5	2.4
Region[4]		
Northeast	1.1	1.1
South	1.5	1.4
Midwest	2.0	–
West	2.1	2.0

[1] Total includes after-hire grants plus signing-bonus stock options, which are not shown separately.

[2] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[3] Goods producing includes industries not shown separately.

[4] The regional coverage is as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

NOTE: Dash indicates that no data were reported or that data did not meet publication criteria.

Table 2. **Percent of employees in all private industry and publicly held[1] establishments receiving stock option grants, by salary group, industry division, establishment size, and region, 1999**

Characteristic	Total	Publicly held
All employees	1.7	5.3
Salary group		
Executives	4.6	19.6
All employees, excluding executives	1.6	5.0
Less than $35,000	.7	2.2
$35,000 to $49,999	1.5	4.9
$50,000 to $74,999	4.2	10.2
$75,000 and above	12.9	26.8
Industry division		
Goods producing[2]	2.5	7.6
Manufacturing	3.2	7.6
Durables	5.3	14.0
Nondurables	.2	.3
Service producing	1.4	4.4
Transportation and public utilities	2.6	6.4
Wholesale and retail trade	1.1	2.3
Finance, insurance, and real estate	5.1	13.9
Services	.7	3.1
Establishment size		
100 employees or fewer	.9	3.7
More than 100 employees	2.5	6.2
Region[3]		
Northeast	1.1	3.8
South	1.5	5.8
Midwest	2.0	4.8
West	2.1	6.6

[1] A publicly held company is one whose stock is traded on an exchange and that meets certain requirements under the law to report its financial position to the Securities and Exchange Commission (SEC).

[2] Goods producing includes industries not shown separately.

[3] The regional coverage is as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Table 3. **Percent of private industry and publicly held[1] establishments offering stock options,[2] by industry division, establishment size, and region, 1999**

Characteristic	Total	Publicly held
Total	2.4	22.1
Industry division		
Goods producing[3]	1.7	29.0
Manufacturing	3.2	23.2
Durables	4.4	30.9
Nondurables	1.5	11.3
Service producing	2.6	21.3
Transportation and public utilities	3.6	17.0
Wholesale and retail trade	4.8	26.6
Finance, insurance, and real estate	3.1	33.9
Services	.4	5.5
Establishment size		
100 employees or fewer	2.1	21.0
More than 100 employees	10.1	30.5
Region[4]		
Northeast	–	–
South	1.6	16.3
Midwest	1.7	15.7
West	1.9	16.2

[1] A publicly held establishment is a company whose stock is traded on an exchange and that meets certain requirements under the law to report its financial position to the Securities and Exchange Commission (SEC).

[2] To qualify as providing a stock option, an establishment had to grant an option to at least one employee, who was not an owner, in 1999.

[3] Goods producing includes industries not shown separately.

[4] The regional coverage is as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

NOTE: Dash indicates that no data were reported or that data did not meet publication criteria.

Table 4. **Percent of private industry establishments offering selected equity compensation plans, by industry division, establishment size, and region, 1999**

Characteristic	Stock options [1]	Stock purchase plans [2]	Restricted stock [3]	Employee stock ownership plans [4]	Stock bonus plans [5]	Phantom or shadow stock [6]	Stock appreciation rights [7]
Total	2.4	4.5	.2	1.1	.6	.2	.1
Industry division							
Goods producing[8]	1.7	1.4	.2	.4	.2	([9])	.1
Manufacturing	3.2	4.0	.4	1.0	.4	.1	.2
Durables	4.4	3.2	.5	.9	.5	.2	.2
Nondurables	1.5	5.1	–	–	–	–	–
Service producing	2.6	5.1	.2	1.2	.7	.2	.1
Transportation and public utilities	3.6	7.8	1.6	3.2	2.3	–	1.0
Wholesale and retail trade	4.8	6.7	–	2.1	1.4	–	–
Finance, insurance, and real estate	3.1	2.3	–	.9	–	–	–
Services	.4	–	([9])	.3	.2	–	–
Establishment size							
100 employees or fewer	2.1	4.1	.1	.9	.6	–	.1
More than 100 employees	10.1	13.9	2.2	6.1	2.3	.8	1.0
Region[10]							
Northeast	–	7.7	.2	.7	–	–	–
South	1.6	–	.1	.6	.5	–	.1
Midwest	1.7	1.6	.6	.8	.4	([9])	.1
West	1.9	2.9	.1	2.6	1.3	–	–

[1] To qualify as providing a stock option, an establishment had to grant an option to at least one employee, who was not an owner, in 1999. For the other forms of equity compensation in this table, the establishment was asked if the program was offered to its employees, without regard to period or to type of employee.

[2] Stock purchase plans are programs under which employees buy shares in the company's stock. A qualified plan is a program that meets the IRS statutory requirements and results in a more favorable benefits and tax treatment for the employee and company. Stock may be offered at a fixed price (usually below market) and paid for in full by employees. A nonqualified plan does not qualify for favorable tax treatment and may include any terms.

[3] A restricted stock plan is one in which stock is given (or sold at a discount) to an employee, who is restricted from selling or transferring it for a specified period (usually 3 to 5 years). The employee receives dividends, but must forfeit the stock if he or she terminates employment before the restriction period ends. If the employee remains in the employ of the company through the restricted period, the shares vest, irrespective of employee or company performance.

[4] An employee stock ownership plan is a defined contribution plan in which the employer contributes to a fund that invests primarily in company stock and makes distributions in stock or cash.

[5] A stock bonus plan is a defined contribution plan financed solely by the employer, or jointly by the employer and employee. Contributions are placed in a separate trust fund that invests in securities, including those of the employing company. When eligible employees retire or separate from the company, proceeds from the trust fund are paid out to them in the form of company stock or cash.

[6] Phantom stock plans give an employee many of the benefits of stock ownership without actually giving them any company stock. Instead of giving an employee stock or stock options, the company adopts a phantom stock plan and credits the employee with a number of "units" of phantom stock. Each "unit" increases in value as the company's shares of common stock increase and as dividends are declared on the stock.

[7] Stock appreciation rights are contractual rights granted to an individual by which the recipient has the right to receive an amount equal to the appreciation on a specified number of shares of stock over a specified period. Generally, the recipient controls the timing of exercise of the right, which may be payable in cash or stock of the corporation.

[8] Goods producing includes industries not shown separately.

[9] Less than 0.05 percent.

[10] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

NOTE: Dash indicates that no data were reported or that data did not meet publication criteria.

Table 5. **Percent of employees receiving after-hire grants[1] in 1999, by type of grant**

Characteristic	Incentive stock options[2]	Nonqualified stock options[3]
All employees	31.2	78.0
Salary group		
Executives	54.8	69.2
All employees, excluding executives	29.4	78.6
Less than $35,000	–	80.1
$35,000 to $49,999	26.8	79.3
$50,000 to $74,999	30.2	80.6
$75,000 and above	37.5	75.2
Industry division		
Goods producing[4]	32.5	78.6
Manufacturing	28.8	79.2
Durables	28.7	79.2
Nondurables	35.2	83.3
Service producing	30.6	77.6
Transportation and public utilities	15.1	98.4
Wholesale and retail trade	63.2	41.4
Finance, insurance, and real estate	13.1	90.3
Services	26.9	89.3
Establishment size		
100 employees or fewer	46.9	63.4
More than 100 employees	24.1	84.6
Region[5]		
Northeast	24.6	83.9
Midwest	–	76.2
South	30.0	70.1
West	44.0	84.8

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] Under the Internal Revenue Code, an incentive (or statutory) stock option (ISO) is not taxable to the employee or deductible by the employer either when granted or exercised. The employee is taxed when the stock acquired under the option is sold, exchanged, or transferred by bequest or inheritance. An ISO cannot be issued with an exercise price below the fair market value of the stock but, after the stock appreciates, the option can be exercised without being subject to tax on the spread (difference between fair market value and exercise price). If the sales price is higher than the exercise price, this profit is taxed as a capital gain.

[3] Under the Internal Revenue Code, a nonqualified (or nonstatutory) stock option (NSO) is taxable as wages (and deductible by the employer) when exercised by the employee. The employee generally does not recognize taxable income at the time that the stock option is granted. NSOs can be issued with an exercise price below the fair market value of the stock. When the NSO is exercised, the spread (difference between fair market value and exercise price) is taxed. After the NSO is exercised, any future appreciation will be taxed as a capital gain when the stock is sold.

[4] Goods producing includes industries not shown separately.

[5] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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Table 6. **Percent of employees receiving after-hire grants[1] in 1999, by one-time grant or ongoing plan[2]**

Characteristic	One-time grant	Ongoing plan
All employees	12.6	87.1
Salary group		
Executives	11.6	85.5
All employees, excluding executives	12.6	87.2
Less than $35,000	13.5	86.5
$35,000 to $49,999	12.0	88.0
$50,000 to $74,999	12.5	87.2
$75,000 and above	12.2	87.4
Industry division		
Goods producing[3]	3.8	96.2
Manufacturing	–	97.9
Durables	–	98.1
Nondurables	–	87.4
Service producing	17.2	82.2
Transportation and public utilities	–	67.4
Wholesale and retail trade	27.8	71.3
Finance, insurance, and real estate	–	100.0
Services	–	79.0
Establishment size		
100 employees or fewer	12.0	87.5
More than 100 employees	12.8	86.9
Region[4]		
Northeast	43.9	53.6
Midwest	–	89.9
South	3.4	96.6
West	7.5	92.5

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] For survey purposes, a plan is defined as having the same basic characteristics such as grant type, vesting schedule, and expiration time.

[3] Goods producing includes industries not shown separately.

[4] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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Table 7. **Percent of employees receiving after-hire grants[1] in 1999, by criteria for grant**

Characteristic	Individual performance	Salary or pay grade	Occupational type	Other[2]
All employees	14.4	52.4	7.9	25.3
Salary group				
Executives	49.8	22.7	12.2	15.3
All employees, excluding executives	11.7	54.6	7.5	26.1
Less than $35,000	–	74.5	1.3	9.3
$35,000 to $49,999	4.9	61.9	9.3	24.0
$50,000 to $74,999	9.1	45.0	8.1	37.8
$75,000 and above	14.7	36.3	12.5	36.5
Industry division				
Goods producing[3]	9.2	35.4	5.8	49.5
Manufacturing	–	37.4	4.3	52.3
Durables	–	37.7	3.9	52.9
Nondurables	25.4	23.7	–	–
Service producing	17.2	61.4	8.9	12.5
Transportation and public utilities	8.2	85.0	–	.3
Wholesale and retail trade	–	32.6	15.3	–
Finance, insurance, and real estate	5.4	89.4	–	3.2
Services	–	39.5	13.1	40.0
Establishment size				
100 employees or fewer	–	48.9	10.2	13.4
More than 100 employees	8.6	53.9	6.8	30.7
Region[4]				
Northeast	16.9	62.2	–	3.4
Midwest	–	21.3	2.5	55.8
South	7.9	76.9	8.3	–
West	12.3	61.1	8.8	17.8

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] Includes a combination of criteria or other factors such as company performance.

[3] Goods producing includes industries not shown separately.

[4] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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Table 8. **After-hire stock option grants[1] in 1999: Average number of years and percent distribution of employees by years needed for full vesting[2]**

Characteristic	Average years needed for full vesting	Less than 2 years	2 years	3 years	4 years	More than 4 years
All employees	3.0	11.4	16.1	42.3	15.5	14.7
Salary group						
Executives	2.4	39.6	1.0	33.7	12.7	13.1
All employees, excluding executives	3.0	9.2	17.2	43.0	15.7	14.8
Less than $35,000	2.8	–	2.4	58.0	10.7	–
$35,000 to $49,999	3.2	7.7	9.5	55.6	14.3	13.0
$50,000 to $74,999	3.0	–	31.1	36.9	14.9	13.6
$75,000 and above	3.2	6.4	27.4	23.6	22.6	20.0
Industry division						
Goods producing[3]	3.0	–	44.6	19.1	–	18.0
Manufacturing	3.0	–	47.1	18.3	–	19.1
Durables	3.0	–	48.2	18.2	–	18.8
Nondurables	4.3	–	–	20.3	47.7	–
Service producing	3.0	15.0	.9	54.7	16.5	12.9
Transportation and public utilities	3.0	–	–	83.6	.3	–
Wholesale and retail trade	2.0	–	2.8	19.8	25.1	5.9
Finance, insurance, and real estate	3.5	–	–	74.9	–	23.8
Services	3.6	–	–	48.2	41.0	9.2
Establishment size						
100 employees or fewer	2.6	–	1.6	41.1	16.7	–
More than 100 employees	3.2	3.5	22.6	42.9	15.0	16.1
Region[4]						
Northeast	3.2	6.8	–	67.2	–	7.5
Midwest	2.1	–	46.9	30.6	2.0	2.1
South	3.8	–	1.1	43.9	–	35.5
West	3.3	10.9	–	41.6	33.7	13.5

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] Vesting here refers to the amount of time employees must work, after the grant, before being able to exercise their options. Until an employee becomes vested in part or all of his options, he or she cannot purchase any shares awarded under the grant.

[3] Goods producing includes industries not shown separately.

[4] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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Table 9. **After-hire stock option grants[1] in 1999: Average number of years and percent distribution of employees by years before grant expires[2]**

Characteristic	Average years before grant expiration	Less than 10 years	10 years
All employees	8.9	25.4	74.6
Salary group			
Executives	9.2	20.2	79.7
All employees, excluding executives	8.8	25.8	74.2
Less than $35,000	8.1	40.6	59.4
$35,000 to $49,999	8.5	36.3	63.7
$50,000 to $74,999	9.2	17.3	82.7
$75,000 and above	9.6	8.9	91.1
Industry division			
Goods producing[3]	9.6	–	87.6
Manufacturing	9.6	–	86.9
Durables	9.6	–	86.7
Nondurables	9.9	–	97.4
Service producing	8.5	32.5	67.5
Transportation and public utilities	9.8	–	94.4
Wholesale and retail trade	9.6	7.6	92.4
Finance, insurance, and real estate	6.4	71.9	28.1
Services	9.4	–	80.1
Establishment size			
100 employees or fewer	8.2	35.8	64.2
More than 100 employees	9.1	21.0	79.0
Region[4]			
Northeast	8.9	–	66.9
Midwest	9.5	–	86.5
South	8.2	36.7	63.3
West	8.7	–	74.7

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] When options are granted, an employee is given a limited number of years to purchase shares awarded under the grant. The options are said to "expire" if the employee does not purchase the shares by the deadline.

[3] Goods producing includes industries not shown separately.

[4] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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Table 10. **Percent of employees receiving after-hire grants[1] in 1999, by department responsible for record keeping**

Characteristic	Human resources	Finance or accounting	Legal	Other department	No response
All employees	61.8	44.4	10.8	6.4	10.3
Industry division					
Goods producing[2]	65.1	66.0	–	9.1	2.3
Manufacturing	63.6	65.9	–	9.6	2.4
Durables	64.1	66.2	–	9.6	2.4
Nondurables	–	55.9	–	–	–
Service producing	60.1	32.9	9.2	5.0	14.6
Transportation and public utilities	–	–	.2	–	–
Wholesale and retail trade	32.5	65.4	–	7.0	–
Finance, insurance, and real estate	94.6	12.2	–	–	–
Services	43.6	44.9	–	–	–
Establishment size					
100 employees or fewer	56.9	41.2	–	1.5	1.8
More than 100 employees	64.0	45.9	13.6	8.6	14.2
Region[3]					
Northeast	48.6	32.8	3.9	6.8	–
Midwest	67.5	72.1	2.3	4.9	–
South	73.3	37.5	16.8	–	2.2
West	50.4	23.1	–	–	13.9

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] Goods producing includes industries not shown separately.

[3] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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Table 11. **Percent of employees receiving after-hire grants[1] in 1999, by financial reporting model used**

Characteristic	Black-Scholes model[2]	Other financial model	No model
All employees	58.4	14.0	14.4
Industry division			
Goods producing[3]	77.1	–	–
Manufacturing	79.8	–	–
Durables	79.6	–	–
Nondurables	91.4	–	–
Service producing[4]	48.4	14.0	20.1
Wholesale and retail trade	32.9	–	–
Finance, insurance, and real estate	67.2	29.9	–
Services	32.1	–	–
Establishment size			
100 employees or fewer	40.7	27.7	–
More than 100 employees	66.4	–	10.6
Region[5]			
Northeast	22.4	–	–
Midwest	62.8	–	–
South	64.1	28.3	5.4
West	66.9	–	9.4

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] The Black-Scholes model is an option pricing model used to calculate the value of an option by considering the stock price, grant price and expiration date, risk-free return, and the standard deviation of the stock's return.

[3] Goods producing includes industries not shown separately.

[4] Service producing includes industries not shown separately.

[5] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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Table 12. **Percent of employees receiving after-hire grants[1] in 1999, by source of shares in publicly held[2] establishments**

Characteristic	Buy back shares	Set aside new shares	Other	No response
All employees	32.6	67.7	–	21.9
Industry division				
Goods producing[3]	53.6	79.0	3.9	–
Manufacturing	52.9	79.4	4.1	–
Durables	53.9	79.8	4.2	–
Nondurables	–	63.3	–	–
Service producing[4]	20.2	61.1	–	25.1
Wholesale and retail trade	25.8	54.4	–	30.2
Finance, insurance, and real estate	9.2	91.4	–	–
Services	–	–	–	49.6
Establishment size				
100 employees or fewer	9.3	69.7	–	11.2
More than 100 employees	41.2	67.0	2.0	25.9
Region[5]				
Northeast	25.4	46.3	–	37.0
Midwest	62.7	69.7	4.1	22.5
South	12.6	91.7	–	5.6
West	25.0	54.1	–	29.1

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] A publicly held company is one whose stock is traded on an exchange and that meets certain requirements under the law to report its financial position to the Securities and Exchange Commission (SEC).

[3] Goods producing includes industries not shown separately.

[4] Service producing includes industries not shown separately.

[5] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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Table 13. **After-hire stock option grants[1] in 1999: Average number of shares at grant, average grant price per share, and average allocation value**

Characteristic	Average number of shares at grant	Average grant price per share	Average allocation value[2] (column 1 x column 2)
All employees	2,931	$33.58	$98,423
Salary group			
Executives	15,533	35.05	544,432
All employees, excluding executives	1,967	32.70	64,321
Less than $35,000	315	21.56	6,791
$35,000 to $49,999	534	19.42	10,370
$50,000 to $74,999	1,693	10.28	17,404
$75,000 and above	4,825	40.23	194,110
Industry division			
Goods producing[3]	2,870	35.25	101,168
Manufacturing	2,190	21.23	46,494
Durables	2,152	20.72	44,589
Nondurables	3,839	33.76	129,605
Service producing	2,963	32.73	96,979
Transportation and public utilities	3,429	34.76	119,192
Wholesale and retail trade	4,858	–	–
Finance, insurance, and real estate	938	53.54	50,221
Services	3,337	10.45	34,872
Establishment size			
100 employees or fewer	1,566	23.61	36,973
More than 100 employees	3,546	35.57	126,131
Region[4]			
Northeast	2,541	44.79	113,811
Midwest	720	18.77	13,514
South	3,201	–	–
West	5,636	33.92	191,173

[1] After-hire grants are stock options granted during an employee's normal tenure on the job. These are options that are given after the initial hiring (or signing) phase of employment.

[2] Average allocation value is equal to average number of shares at grant times average grant price per share.

[3] Goods producing includes industries not shown separately.

[4] The regional coverage is as follows: *Northeast*—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; *Midwest*—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; *South*—Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and *West*—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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