

Employee Stock Ownership Plans Gain Popularity



The number of Employee Stock Ownership Plans (ESOPs) continued to rise with more than 9,500 ESOPs in the United States representing more than 10.5 million participants¹.

Growth of ESOPs

Whether improving business productivity, providing an ownership succession plan (for private ESOPs only), serving as a corporate recapitalization aid, or providing employees with incentives and retirement savings, the benefits of giving employees a stake in the company's future can be virtually endless.

The popularity of these plans can be seen in the numbers. **From 2005 to 2006, the number of employees covered by an ESOP increased by 3.4 percent to 10.5 million, and the number of ESOP plans increased by 4.6 percent to 9,650 plans.**¹ Approximately 2,500 firms were majority-owned and roughly another 1,000 firms were believed to be 100 percent ESOP-owned.²

Employer security plans available include stand-alone ESOPs, ESOPs with separate 401(k) plans, and KSOPs which incorporate ESOP and 401(k) features into one plan. Nearly half (42 companies) of the nation's top 100 majority-owned ESOP companies selected The Principal for their administrative services.³

¹ According to General Social Survey; <http://www.nceo.org/library/widespread.html> as of Feb. 2007.

² www.NCEO.org

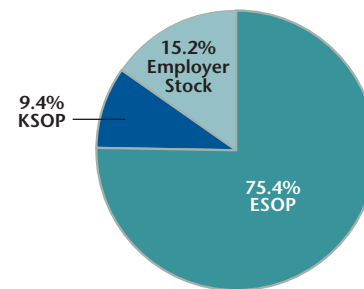
³ Source: as of June 2007, National Center for Employee Ownership Top 100 List and The Principal Financial Group.

Year	Number of Participants	Number of Plans
2006	10,500,000	9,650
2005	10,150,000	9,225
2000	8,500,000	7,700
1990	5,000,000	8,080
1980	3,100,000	4,000
1975	250,000	1,600

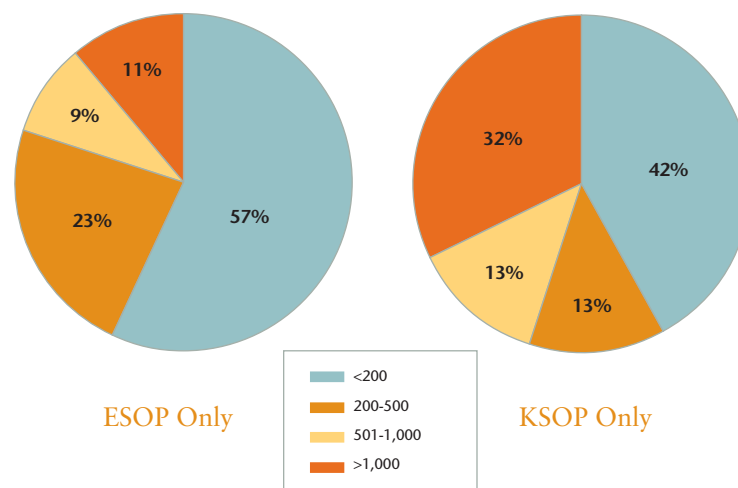
Source: http://www.nceo.org/library/eo_stat.html

More than 75% of the total plans were ESOP plans with services provided by The Principal; 9% were KSOPs; and another 15% were considered other defined contribution plans invested in employer stock.

Employee Stock Type Plans



ESOP Plans and Participants



Fast Fact

By the end of 2006, The Principal provided services to 606 ESOP plans representing more than \$14 billion in assets and more than 300,000 participants.

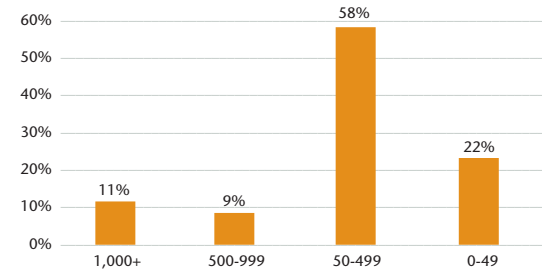
The Principal provided administrative and consulting services to more than 780 ESOPs and KSOPs. The 606 ESOP plans represented more than \$14 billion in assets and more than 300,000 participants. Approximately 20 percent of the ESOP and 40 percent of the KSOP plans that Principal Financial Group provided services for had 500 or more participants.

Similar to 2005, 75 percent of the total plans were ESOP plans with services provided by The Principal, 9 percent were KSOPs, and another 15 percent were considered other defined contribution plans invested in employer stock.

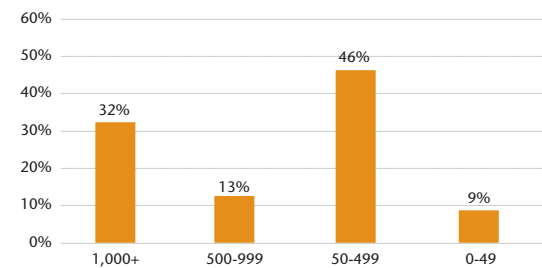
A large majority of the ESOP plans that we provided services for were private plans and roughly 10 percent were public plans. The percent of public ESOP plans served by The Principal was slightly higher than the overall ratio in the market. The corporation type of ESOP plans served by The Principal was nearly evenly split between C-Corporations and S-Corporations, while the KSOP plans were more heavily weighted with C-Corporations.

Approximately 20% of ESOPs and more than 40% of KSOPs served by The Principal covered plans with 500 or more participants.

Percent of Principal ESOP Plans
by plan size (# of participants)



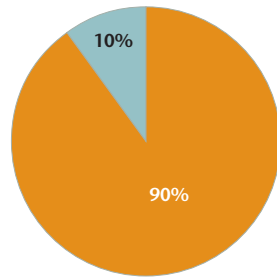
Percent of Principal KSOP Plans
by plan size (# of participants)



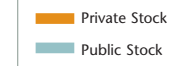
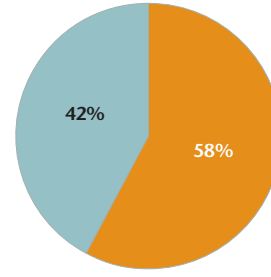
Ninety percent of ESOP plans with services provided by The Principal were invested in privately held company securities.



Percent of ESOP Plans – Private vs. Public Stock



Percent of KSOP – Private vs. Public Stock



More than half of KSOP plans with services provided by The Principal were invested in privately held company securities.

The balance of C-corporations and S-corporations offering ESOPs was nearly even.



Percent of ESOP Plans – C-Corporations vs. S-Corporations

