

Restricted Stock/ Restricted Stock Units



Quick tip

This quick tip highlights important information about Restricted Stock and Restricted Stock Unit (RSU) awards. (Please refer to your official plan documents for the specific terms of your award.)

What you get

Restricted Stock

- Actual shares of your company stock recorded in your name in company stockholder records.
- Generally, voting rights for your shares and dividends when or if declared by your company for payment to stockholders.

Restricted Stock Units

- An unsecured promise from your company to deliver company stock at a future date.
- Restricted Stock Units are not actual shares of company stock, and therefore they do not carry voting rights or provide dividends.

How they work

- Generally subject to employment and vesting criteria. The vesting period is often referred to as the restriction period. Shares/units may not be sold, pledged, transferred or assigned during this period.
- You do not have to purchase these shares. You receive your shares, net of any withheld for taxes, in your Merrill Lynch brokerage account automatically when the restriction period ends and vesting conditions are met. If vesting conditions are not met, the awards may be forfeited.

Lifecycle of restricted awards

Grant date	Restriction (vesting) period	Restriction lapse (vesting) date	Share deposit
<ul style="list-style-type: none">• Awards are granted; restriction (vesting) period begins	<ul style="list-style-type: none">• Waiting period before stock can be received• Merrill Lynch brokerage account (LIIA/IIA) opened	<ul style="list-style-type: none">• Tax obligation met	<ul style="list-style-type: none">• Net shares are generally deposited to your brokerage account within 72 hours, though this may vary

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Investment products:

Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value

Taxes

- Generally, awards are taxed as ordinary income under U.S. tax law, based on their total fair market value on the restriction lapse (vesting) date. Taxes are generally due on that date. In non-U.S. locations tax implications may vary.¹
- Your tax obligation may be satisfied through share withholding or cash payment, depending on the terms of your plan.
 - **Share withholding** — Some of your awarded shares are withheld for taxes and you receive the net shares.
 - **Cash payment** — You pay taxes in cash and keep all of your awarded stock.

Restricted Stock/RSU award example*

Jonathan receives a Restricted Stock/RSU award in February as follows:

Restricted Stock/RSUs granted	100
Company stock price at time of grant	\$10
Grant value	\$1,000 [100 × \$10]
Vesting period	3 years

If Jonathan continues to work at the company, he will receive 100 shares of company stock at the prevailing market price at the end of the vesting period.**

Pre-tax value of stock received at end of the vesting period, assuming stock price is \$20	\$2,000 [100 × \$20]
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* For illustrative purposes only

** Actual shares received may be minus any shares withheld for applicable taxes

Modeling your awards

You can model your awards and receive an estimate of your taxes on Benefits OnLine® at www.benefits.ml.com.



My Accounts > Equity Plan > Model/Exercise > Model Only

What you need to do

You need to open a Merrill Lynch brokerage account before you can receive your net shares. The account you need to open is a Limited Individual Investor Account (LIIA), which is a self-directed, limited, non-interest-bearing brokerage account used primarily to hold and sell shares received through your company's equity awards.² In addition, you may need to accept the terms and conditions of your grant before you receive your shares. You can accept your awards on Benefits OnLine at www.benefits.ml.com.



Learn more

The Equity Awards Education Center on Benefits OnLine features a series of videos to help you understand your awards. You'll also find a library of "Quick Tips" to help you manage and monitor your awards, a series of articles on equity award topics, and more. Visit now — go.ml.com/equityed

For information about your awards and the fees and commissions associated with your Merrill Lynch brokerage account, please refer to your equity awards brochure available at www.benefits.ml.com in the **Document Library** under **Equity Plan**.

¹ Neither Merrill Lynch (or any of its affiliates or financial advisors) nor your company provides tax advice. You should consult your legal and/or tax advisor before making any financial decisions.

² Directors, executive officers, associates and other persons subject to Rule 144 or Section 16 of the Securities Exchange Act of 1934, as amended, must open an Individual Investor Account (IIA), which is also a self-directed, limited, non-interest-bearing brokerage account. These persons have inquiry access only to Benefits OnLine and must open their account through the Merrill Lynch financial advisor team assigned to their company's plan.