



Stock option exercise methods: cashless hold



Quick tip

This “quick tip” highlights important information about the cashless hold exercise method and how you can conduct a cashless hold through Merrill Lynch.

What it is

A **cashless hold** is one of the methods you can choose to exercise your stock options after they have become vested and exercisable.

With a cashless hold, you can exercise your stock options (purchase shares of your company’s stock at the specified price) without any initial cash outlay.

How it works

- Merrill Lynch sells enough shares from your exercise to cover all exercise costs, including option cost reimbursement, taxes and fees.
- The net shares are held in your Merrill Lynch brokerage account.
- Consider this method if you prefer to:
 - Receive stock, rather than cash, from your award
 - Pay all exercise costs using cash from the sale of shares from your award

What you need to do

You need to open a Merrill Lynch brokerage account before you can exercise your stock options. The account you will need to open is a Limited Individual Investor Account (LIIA), which is a self-directed, limited, non-interest bearing brokerage account.¹

How to select a cashless hold transaction

Access your account on Benefits OnLine® at www.benefits.ml.com, then select **Equity Plan > Model/Exercise > Model/Exercise** (this will read “Model Only” if you have not yet opened your Merrill Lynch brokerage account).

1. Choose **Cashless Hold** as your transaction type.
2. Select the grants you want to display.
3. Select the specific grants and the number of options you want to model.
4. Adjust the modeling criteria (if you want), then click **Calculate Results**.
5. View the modeling results and select **Continue to Exercise** to proceed with your transaction or **Start Over** to model different criteria.
6. If you select **Continue to Exercise**, you will see a summary of your proposed transaction and will be prompted to choose your sale order type (see next page) and select how you want to receive your cash proceeds.
7. If you select **Continue to Exercise** again, you will be prompted to enter your Benefits OnLine password before you can **Submit** your order.

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Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value

Choosing your sale order type

Before exercising your stock options, you must decide when you want the sale to take place—at the next available sale price (a “market order”) or at a specified price (a “limit order”).

If you want to...	Choose this method	How it works
Sell your shares at the next available sale price	Market order	As soon as market conditions allow, your shares will be sold.
Set the price at which to sell your shares...	Limit order (You must select one of the types below):	If the stock price reaches or exceeds your set limit price, shares are sold subject to market conditions. If the price is not met while the order is in effect, your order is cancelled and the options are available for future exercise.
... on the current trading day	<ul style="list-style-type: none">• Day limit order	Order is in effect for current trading day only. Orders entered after market close will be in effect for the next business day.
... over the next 30 calendar days	<ul style="list-style-type: none">• Good till cancelled limit order	Order is in effect for 30 calendar days following the date of entry. For orders entered after the market close but before 12 midnight (ET), the 30-day count begins two business days after the order is entered.

- Merrill Lynch will execute all sale orders subject to market conditions.
- You may receive partial execution of the sale order you place, resulting in only a portion of your stock options being exercised. Once your exercise has been entered, you should check the exercise confirmation on Benefits OnLine to determine the number of stock options exercised. You may need to re-enter the order for the balance of the options not exercised.

Company blackouts

- Generally, all limit orders related to stock option exercises will be cancelled at the outset of a blackout period (a period set by your company during which purchases and sales of company stock are prohibited). Generally, no stock option exercises will be processed online during a blackout period.
- No new orders related to stock option exercises may be placed online or over the phone during a blackout period.

Any and all blackout periods are determined by your company and are subject to change.

For more information

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

¹ 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 exercise stock options through the Merrill Lynch Financial Advisor team assigned to their company's plan.

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