

# Employee stock options

## Frequently used terms



Wealth  
Management

### Affiliate

The term used under Rule 144 for a control person of a company (i.e., director, executive officer or controlling stockholder).

### Cash exercise program

A program in which employee stock option shares are exercised and not simultaneously sold. The cost of the employee stock option shares plus any required tax withholding is paid by your personal check.

### Exercise

The purchase of employee stock option shares.

### Grant date

The date on which the grant is made and the price is determined.

### Grant price (or exercise price)

The price per share at which the employee stock option shares can be exercised.

### Incentive stock option (ISO)

An employee stock option granted only to employees of the Company. Tax withholding on the gain is not required at the time of exercise.

### Non-qualified stock option (NQSO)

An employee stock option granted to employees and non-employees of the company. Tax withholding on the gain is required at the time of exercise.

### Employee stock option shares

The specific number of employee stock option shares granted.

### Cashless exercise program same-day sale

A program in which employee stock option shares are simultaneously exercised and sold. The sale proceeds are used to pay the cost of the employee stock option plus any required tax withholding.

### Settlement date

Three business days following the day shares are sold on the open market.

### Employee stock option

The right to purchase a specific number of shares of the company's stock at a pre-determined price over a specified period of time.

### Taxable compensation

The amount reported by your company on the W-2/1099 as ordinary income.

### Vesting schedule

The set schedule at which granted employee stock option shares become available for exercise.

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