

Employee stock options

Cashless exercise



Wealth
Management

Taking advantage of your options

Employee stock option plans provide a convenient method for investing in your company's stock enabling you to grow with the company and realize a direct benefit from its success. Taking advantage of your company's employee stock option program may be one of the wisest investment decisions you can make. But how do you go about it?

Exercising your employee stock options doesn't have to be complicated. In fact, RBC Wealth Management can handle the entire transaction for you, including financing your initial purchase. In addition, we'll contact your company before we conduct any transactions to ensure that your company's employee stock option exercise procedures are followed.

Once the exercise is complete, you can sell your shares immediately or hold your shares and sell them at a later date.* Your RBC Wealth Management financial advisor can also advise you on reinvestment opportunities.

What are employee stock options?

Public companies often reward employees with the option of buying company stock. When you receive your options, a pre-determined exercise price and expiration is set. This price is often times lower

than the current market value.

Any time you wish to exercise your stock purchase option, you pay the predetermined price, regardless of the current market value.

"Cashless" exercise of your employee stock options

In 1987, the Federal Reserve Board amended lending regulations allowing employees to exercise stock options with no personal outlay of cash. RBC Wealth Management is able to offer you financing* for your employee stock option exercise at competitive rates. Instead of borrowing money from a bank or other lending institution, RBC Wealth Management can loan you the funds to exercise your employee stock option.* And in many cases our rates may be lower than those of our competitors.

We will lead you through the process of exercising your options and loan you the funds by selling either all or part of your stock to cover the cost of your employee stock option exercise.

Here's how it's done

- Your company will provide you with an Employee Exercise Notice and a Letter of Intent stating that after your employee stock options are exercised, your shares will be delivered to your RBC Wealth Management account.
- You will set up an RBC Wealth Management account to which your shares will be delivered, and

sign a margin account agreement,* cashless letter and (if needed) a stock power, which will allow RBC Wealth Management to process the stock.

- RBC Wealth Management will sell your stock and wait until the shares are delivered from your company to your RBC Wealth Management account. In doing so, RBC Wealth Management provides you with a loan by issuing a check payable to your employer for the amount of your employee stock options. You will be charged interest from the date of payment until your shares are delivered or through settlement date.
- Your RBC Wealth Management financial advisor will let you know when your stock has been deposited in your account.

Why RBC Wealth Management?

RBC Wealth Management's dedicated team of professionals is backed by the expertise of equity traders, NYSE floor brokers, listed traders and institutional equity sales professionals. When you decide to sell your stock, RBC Wealth Management will act promptly to efficiently process your stock option exercise, making sure that the sale of your stock complies with SEC Rule 144 if applicable. And if you'd like to reinvest your sale proceeds, RBC Wealth Management has the experience and knowledge to assist you.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

For complete investment services, including the exercising of employee stock options, your RBC Wealth Management financial advisor is there to answer your questions, provide step-by-step service and to help you meet your financial goals. Because at RBC Wealth Management, we make it a point to know our clients and their needs, and provide personalized, ongoing attention to their individual situation and goals.

* Purchasing securities on margin may not be suitable for all investors. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as to issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account. Before you sign a Margin Agreement, it is important that you read and fully understand the Margin Disclosure Statement, which describes additional risks involved in trading securities on margin.