



EQUITY AWARDS

A guide to Performance Awards

Benefits OnLine® benefits.ml.com

When you're granted Performance Awards, the payment you might receive from your awards is based on the achievement of specific corporate goals established by your company. Use this guide to become familiar with your awards and how to take important actions related to Performance Awards on Benefits OnLine®.

Please read your grant agreement or other plan documents provided by your company for details on the specific terms and conditions of your award. For more information, contact your company.

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Investment products:



Download the free [Benefits OnLine app](#) to stay on top of your equity awards.†

Be sure to turn on app notifications to receive important updates.

Choose a topic

Understanding Performance Awards

- What they are
- How they work

Taxes and required actions

- Taxes
- What you need to do

Modeling your Performance Awards

Helpful resources

- **New!** Step-by-step demos
- Education Events Center
- Visit the Education Center

Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value

Understanding Performance Awards

Any Performance Shares or Units must be earned based on the attainment of company performance goals over a given performance period. You do not have to purchase these shares or units.

What they are

Performance Shares

- Actual shares of your company stock recorded in your name in company stockholder records. These shares are subject to restrictions on transferability and are forfeitable upon certain events.
- Even during the vesting period, these shares may carry voting rights and provide dividends when or if paid by your company.

Performance Units

- An unsecured promise from your company to deliver company stock or cash at a future date.
- Performance Units are not actual shares of company stock and do not carry voting rights or provide dividends; however, they may provide for dividend equivalents.

How they work

- You generally do not purchase the shares underlying these awards. You will receive the vested, transferable shares (or cash, if applicable) when the performance conditions are met and the vesting period ends. If the performance/vesting conditions are not met, the award may be forfeited. Tax withholding generally applies at the time the award vests. Your vested, transferable shares will be delivered to your Merrill brokerage account.
- Performance Shares/Units may not be sold, pledged, transferred or assigned during the performance period.

Lifecycle of Performance Awards

Award date

Date awards are granted¹

Performance period

Period during which performance criteria are measured

Tax requirement

Tax withholding obligation (see next page) to be met as specified by your plan (or, if applicable, as chosen by you)

Vesting date

Date the performance period ends. Tax withholding obligation met.²

Payment date

Shares (or cash, if applicable) are deposited to your brokerage account according to your company's schedule

¹The award date may not be the same date that the performance period for your award begins. Review your grant agreement for details.

²The vesting date may not be the same date that your award payment is made. The payment date may be subject to additional approval from your company. Review your grant agreement for details.

Taxes and required actions

Taxes

- Awards are generally taxed as ordinary income under federal U.S. tax law based on their total fair market value on the vesting date. Withholding taxes are generally due on that date. In non-U.S. locations, tax implications may vary.³
- Your withholding taxes may be satisfied through one of the following methods, depending on the terms of your plan.
 - **Share withholding** — Some of your awarded shares are withheld for taxes and you receive the net shares (no sale of shares takes place).
 - **Cash payment** — You pay withholding taxes in cash and keep all of your awarded stock. Funds to cover taxes must be in your account, sent by check or wired to Merrill before the vesting date.
 - **Sell to cover** — Some of your awarded shares are sold to cover withholding taxes and you receive the net shares.

What you need to do

Open your LIIA

You need to open a Merrill Limited Individual Investor Account (LIIA), a limited, self-directed, non-interest-bearing brokerage account, before you can receive payments from your awards.⁴

To open your account, follow these instructions:

[For U.S. citizens/U.S. resident aliens](#)

[For non-U.S. citizens/non-resident aliens](#)

Complete your tax certification

When you open your LIIA, you'll need to complete your Form W-9 (U.S. citizens/ U.S. resident aliens) or Form W-8BEN (non-U.S. citizens/non-resident aliens) tax certification. Otherwise, you may face additional U.S. federal backup tax withholding on your award transactions.

International

If you're an international participant using Form W-8BEN to certify your tax status, you'll need to complete a new form every three years, or more often if your country of residence changes. [View these instructions](#) for more information.

Accept your award

You may need to accept the terms and conditions of your award, and you can do so on Benefits OnLine by following these [instructions](#).



Rule 144 or Section 16 persons

If you are a director, executive officer, associate or other person subject to Rule 144 or Section 16 of the Securities Exchange Act of 1934, as amended ("Section 16 persons"), you will work directly with your plan's financial advisor team to open your brokerage account and conduct transactions. You will still enjoy the convenience of online access to your award and account information as well as other helpful resources.

³ **Merrill, its affiliates, and financial advisors do not provide legal, tax, or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.**

⁴ 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 limited, self-directed, non-interest-bearing brokerage account. These persons have inquiry access only to Benefits OnLine and must open their account through the Merrill financial advisor team assigned to their company's plan.

Modeling your Performance Awards

You can model your awards on the [Benefits OnLine](#) website and app. From the website's **Home** page, select your plan name and the **Exercise** tab and follow the instructions below.

If you're using the app... go to the **Actions** tab, select **Model/Exercise**, and follow the prompts. Note: the steps may be different for the app and the website.

Merrill Lynch
A BANK OF AMERICA COMPANY

Language preference: English

Home Accounts Financial Wellness Education Center Communication Center Profile & Settings

ABC Company
Estimated plan value: USD \$20,581.76
Upcoming activities: Jan XX, 20XX

As of XX/XX/20XX

Summary **Exercise** Documents Activity Brokerage/Sell Shares

1 Model grants 2 Enter order 3 Review and submit

Select Symbol: ABC Brokerage Account: ABC12345

ABC - ABC Company \$83.07 Refresh

2 What type of transaction would you like to make?

Performance Award (Model Only) ✓

Performance awards are a type of award tied to the achievement of certain company performance goals.

3 Select grants and quantity to model

All dates are displayed in MM/DD/YYYY format

Grant Date	Grant Type	Grant Code	Target Units/Shares
02/09/20XX	Performance Units	ABC	537.00
<input checked="" type="checkbox"/> Performance: Begin Date 12/31/20XX	Performance: End Date 12/31/20XX	Target Units 537.00	Performance: % 100.00
02/07/20XX	Performance Units	SVA	311.00

1 Choose your preferred currency (optional)

Select **Currency preference** at the top right to model the value of your Performance Awards in your preferred currency.

Unless specifically displayed in a selected currency, all amounts that have a "\$" represented are displayed as \$U.S. Dollars. All converted values are displayed in your selected currency. Foreign exchange rate provided by third party vendor at date and time disclosed based on bid/ask spread reported to vendor prior to receipt by Merrill.

2 Select transaction type

Select **Performance Award** to display your awards.

3 Select awards and enter a performance percentage to model

Select the awards you want to model. Enter a performance percentage. Adjust the percentage higher or lower to model different performance scenarios.

Modeling (continued)

Modeling Results

[View your complete tax profile](#)

Modeling Criteria

4

Price to Model

83.07

5

Federal Tax Rate (%) (Enter Rate up to 100%)

22

5

Select Tax Payment Method:

☐ Withhold Shares for Taxes

☐ Cash Payment for Taxes

☐ Sell Shares for Taxes

6

Calculate results

Clear

You can view Modeling Results after you enter Modeling Criteria.

All amounts shown are displayed in \$US dollars.

4 Enter modeling criteria

Enter the estimated market price to model. The last price of the stock is provided for your information. A default federal tax rate appears. Adjust the percentage to model a different tax rate.

5 Select tax payment method

Select a withholding tax payment method (see page 3). This is for modeling purposes only.

6 Calculate results

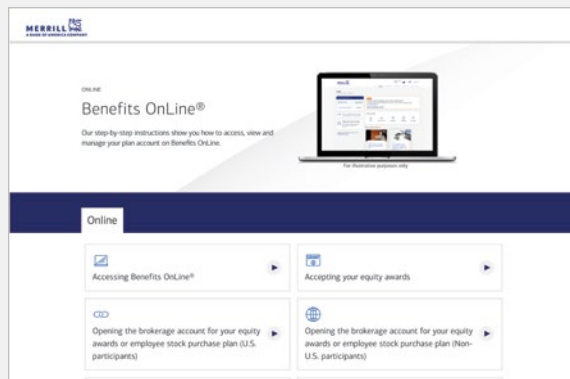
Select **Calculate results** to see the modeling results.
Note: These are estimates only.

Helpful resources

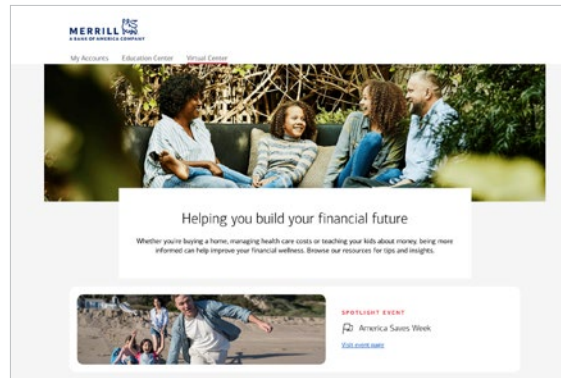
New! Step-by-step demos

go.ml.com/BenefitsOnLine-how-to

Learn how to manage your awards easily with these interactive step-by-step demos.



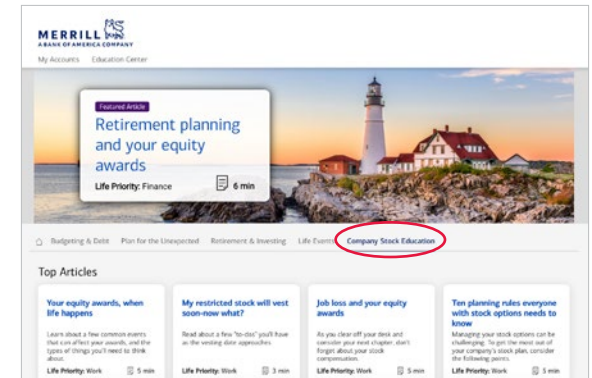
For illustrative purposes only.



Education Events Center

go.ml.com/events

It's easy to access financial education—all in one place. Join live broadcasts, register for upcoming webinars, and explore the on-demand library of seminars and audiocasts on the Education Events Center.



Visit the Education Center

education.ml.com

Explore videos, guides and articles to help you strengthen your financial wellness. And check out the [Company Stock](#) section for resources on understanding, managing and monitoring equity awards.

*The app is designed to work with most mobile devices in most countries. The mobile feature, Erica, is only available in the English language. Carrier fees may apply.

When you use the QRC feature, certain information is collected from your mobile device for business purposes.

Any transactions in connection with your plan in your Merrill brokerage account are subject to the terms and conditions of that account. This brochure does not constitute an offer or invitation to buy any securities. Any offer to buy securities from your company would be made only by a prospectus in accordance with the Securities Act of 1933 as amended, and all applicable laws.

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