

## SOLUTIONS FOR CORPORATE EXECUTIVES



RAYMOND JAMES®

---

## While You are Busy Managing Your Company's Future, Who is Taking Care of Yours?

Executives at publicly traded companies face unique challenges when creating and managing their personal financial plans. Issues such as stock option planning, regulatory and company trading restrictions, and concentrations in company stock are very common.

Some of the strategies unique to executives can be complicated, requiring navigation through various legal, tax and estate planning concepts. Many times, executives are so dedicated to performing their duties at work, they do not apply the same attention to their personal planning.

Raymond James financial advisors have the expertise to help determine which planning techniques and strategies can be implemented to achieve long-term financial objectives.

---

As a corporate executive, you face many complex challenges. Often, the demands of your job leave you little time to focus on your personal financial plan. The professionals at Raymond James understand these complexities and have the expertise to combine many issues into a comprehensive strategy designed to help achieve your short-term and long-term financial goals.

Our consultative approach spans the entire spectrum of issues affecting corporate executives while taking into account the challenges of balancing personal and corporate objectives. Our process involves evaluating each case individually and tailoring solutions around clients' unique circumstances.

## Individual Solutions

The information that follows is designed to identify some of the common issues affecting corporate executives. Every situation is different, so we invite you to review your specific circumstances with your financial advisor. A removable questionnaire is included at the end of this document and is a great starting point in working toward the development of a plan designed to help meet your financial goals for years to come. The specific corporate executive solutions presented in this material include:

- | Stock Option Planning,
- | Concentrated Equity Strategies,
- | Restricted Stock Sales,
- | Affiliate Transaction Plans,
- | Cash Management & Lending Solutions and
- | Net Unrealized Appreciation.

## Corporate Solutions

Many senior executives face similar challenges when making decisions at the corporate level. Issues such as the design and administration of various corporate benefit plans, management of cash on the balance sheet, or executing a corporate repurchase program can add another layer of time-consuming analysis and decision-making for these individuals. Raymond James has a full array of corporate solutions available to you through your financial advisor, and can help you in weighing the pros and cons of various topics including:

- | Benefit Plan Design & Administration,
- | Share Repurchases,
- | Institutional Marketing,
- | Investment Banking Services,
- | Corporate Lending and
- | Additional Services.

*Your Raymond James financial advisor can incorporate these solutions into an overall financial plan unique to your circumstances.*

## Individual Solutions

### Stock Option Planning

Corporate executives often receive a significant portion of their compensation in the form of stock options. Stock options entitle the holder to purchase a specified number of shares of company stock at a pre-determined price (the strike price) on or before the expiration date. There are two types of employer stock options (ESOs): incentive stock options (ISOs) and non-qualified stock options (NQSOs). ISOs are sometimes called “qualified” stock options. If strict rules regarding the granting, exercising and subsequent holding of ISOs are followed, they carry special tax treatment. NQSOs do not have to meet the same requirements as ISOs and, therefore, are much more flexible than ISOs for employers and employees.

ISOs may receive favorable tax treatment. If certain conditions are met, they are not taxed in the regular tax system until the stock positions are actually sold. No tax is incurred upon grant or exercise of the options, and when the stock is eventually sold, long-term capital gains tax rates will apply.

NQSOs are not subject to the same requirements as ISOs. As such, NQSOs are taxable to the holder upon exercise. When an NQSO is exercised, the difference between the current market price and the exercise price is taxable as compensation, or ordinary income. Any appreciation in the stock price that may occur after exercise is taxable at long- or short-term capital gains rates, depending on the holding period.

Planning for the exercise of your ESOs can be complicated. Your Raymond James financial advisor can help you develop a plan that fits your needs. This may include funding for an exercise in cash or with borrowed funds,\* a cashless exercise, or stock swap. There are also tax issues to consider including the timing of taxable events and possible exposure to the alternative minimum tax (AMT).

### Process for Stock Option Analysis



\* See disclosure on page 4.

## Restricted Stock Sales

“Restricted stock” refers to shares that are unregistered or shares held by corporate insiders, whether or not such shares are registered. Restrictions can take several forms including regulatory, contractual or corporate.

Regulatory restrictions typically apply to unregistered securities or shares owned by corporate affiliates. An affiliate is generally defined as a person who controls or is controlled by a company. Officers, directors and beneficial owners of more than 10% of the outstanding shares are usually assumed to be affiliates. Owners of stock covered by regulatory restrictions must follow certain guidelines when transacting in company stock. These guidelines are primarily given by Rule 144 of the Securities Act of 1933 and Section 16 under the Securities Exchange Act of 1934.

Contractual restrictions are secured between a shareholder and the company and/or the underwriter associated with a public or private securities offering, corporate reorganization, or merger.

Corporate restrictions refer to blackout windows and trading policies specific to each company that govern when insiders can transact in their company shares and what transactions are and are not allowed.

Your Raymond James financial advisor and available specialists can help you navigate the various requirements of Rule 144 and Section 16 if you decide to transact in restricted securities.

## Rule 144 Requirements

Holding Period	Unregistered shares must be beneficially owned for at least six months before they may be sold or hedged; registered shares held by insiders do not have this holding period requirement
Public Information	There must be adequate current public information available on this company
Volume Limitations	During any three-month period, the amount of stock that can be sold or hedged is the greater of the average weekly trading volume during the prior four calendar weeks or 1% of the outstanding shares
Manner of Sale	Shares may only be sold through brokers' transactions or a market maker in the stock; buy interest may only be solicited through natural buyers that have approached the broker or seller within the past 10 business days
Notice of Sale	Form 144 must be sent to the SEC at or prior to the time an order to sell is entered

## Affiliate Transaction Plans

Affiliate transaction plans (10b5-1 plans) offer a valuable solution for executives who often find they are prohibited from executing trades in their employers stock for as many as nine months of the year.

Rule 10b5-1 creates an affirmative defense to charges of insider trading for an executive transacting in his or her company's stock. Rule 10b5-1 says that, so long as the plan is adopted at a time when the executive has no material, nonpublic information, the executive is protected from insider trading liability even if he or she has material, nonpublic information at the time the transaction actually occurs.

Rule 10b5-1 plans can be used to buy or sell stock, exercise stock options, or facilitate other transactions in the executive's stock including certain hedging and monetization strategies. One of the key features of these plans is that they can be tailored to each individual's specific set of circumstances. This allows the executive to define the number of shares or dollar values, prices at which executions can occur, and the timing of transactions over the course of the plan.

Raymond James has several plan templates that can be used for various transactions by corporate insiders. Your financial advisor can help you determine the inputs that best fit your objectives and facilitate the execution of a 10b5-1 plan.

## Cash Management & Lending Solutions

Corporate executives often need access to quick and easy liquidity. For instance, cash from a loan against your existing investments (a margin\* loan) may be used to fund an option exercise. Raymond James offers a variety of lending solutions at competitive rates. In addition, we can provide the products you need for your personal day-to-day cash management such as check writing, debit cards, ATM access, electronic bill payment and credit cards with rewards.

A Rule 10b5-1 plan must be adopted at a time when the executive is not aware of any material, nonpublic information and the company trading window is open. The program must specify the amount, price, and date of the transactions or formulas that determine those variables.

\*A margin account may not be suitable for all investors. Borrowing on margin and using securities as collateral may involve a high degree of risk and may not be appropriate for all investors. Market conditions can magnify any potential for loss. If the market turns against the investor, he or she may be required to deposit additional securities and/or cash in the account. The securities in the account may be sold to meet the margin call, and the firm can sell the investor's securities without contacting them. The interest rates charged are determined by the amount borrowed.

## Net Unrealized Appreciation (NUA)

Corporate executives frequently hold large amounts of their employers' stock inside qualified retirement plans, such as 401(k)s or ESOPs. While these shares are held inside their retirement plans, there are no tax consequences. Only when the time comes to transfer the shares out of the plans do taxes become an issue.

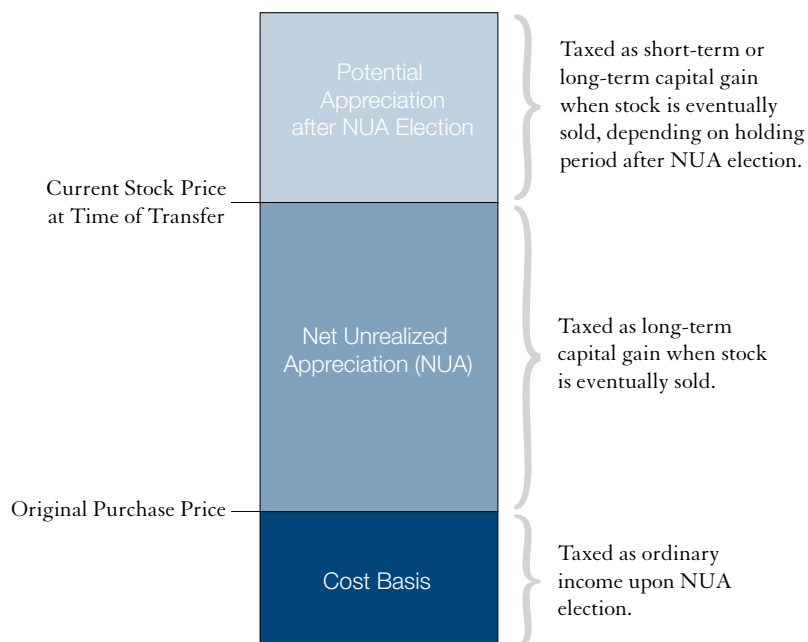
Often, it seems the best option is to roll the shares into a self-directed traditional IRA, because this is a tax-free transaction. In this scenario, no tax is incurred until a distribution is taken from the IRA. At that time, the whole distribution is taxed at ordinary income tax rates.

Individuals who hold substantial amounts of employer stock in qualified plans may be able to benefit from the net unrealized appreciation (NUA) of that stock. For example, if an individual chooses to take a lump-sum

distribution from his or her qualified plan and deposits the employer stock in a regular brokerage account, he or she may ultimately pay less in taxes. Here's why: only the cost basis of the stock is taxed at ordinary rates upon transfer. The value between the cost basis and the fair market value at the time of the transfer (the NUA) is not taxed until the position is sold. At that time, it is taxed at preferential capital gains rates.

This strategy makes the most sense when the cost basis is relatively low compared to the total value of the stock position. Your Raymond James financial advisor can work with your tax professional to evaluate your situation and determine if NUA is appropriate for you.

This graphic illustrates the tax treatment of an employer stock position for which NUA treatment is elected.



# Comprehensive Planning

## Concentrated Equity

The strategies highlighted previously in this material fit into broader planning issues. One common to corporate executives is having a concentration in employer stock. While this can be an issue for many investors, executives who work for the companies in which they own concentrations have to consider additional factors when balancing their personal financial plans with their responsibilities to company shareholders. These factors include ownership of low cost-basis shares, stock options and shares owned in retirement plans; the fact that their company salaries are a primary source of income; and that many times their families' health insurance and other benefits are subsidized by their companies.

If a company were to experience an unexpected collapse in fundamentals and/or share price, the impact on an executive is magnified due to the broad array of exposure included in his or her concentration.

There are a variety of solutions available to address a concentration in company stock. These can be grouped into four general categories based on what they are designed to achieve for you:

- | Hedging,
- | Monetization,
- | Tax-Efficient Diversification and
- | Tax-Efficient Gifting.

Your Raymond James financial advisor can review various solutions to address a concentration in your company stock including techniques to manage the impact of the public disclosure of certain activities within the company's existing shareholder base.





Your Raymond James financial advisor will work to build a wealth management plan targeting your long-term goals. This plan may include one or more of the topics discussed in this material along with broader issues such as:

## Investment Management

From high-quality individual stock and bond analysis to various asset management programs, Raymond James can facilitate a multitude of investing strategies. Your Raymond James financial advisor can provide you institutional-level investment capabilities including forward-looking asset allocation models, extensive outside manager diligence, award-winning equity research commentary and access to varied alternative investments\* such as structured products, hedge funds, managed futures and private equity offerings.

## Estate Planning Strategies

Every individual and family has unique goals. Creating an estate plan that meets those goals requires careful consideration and expertise to ensure that the tools and strategies employed accomplish your objectives in the most efficient manner. An improperly structured estate plan can have unintended consequences such as higher taxes, assets not going to intended heirs or not having the liquidity needed to pay estate taxes – leaving your loved ones having to sell assets possibly at an inopportune time.

Whether an existing plan needs to be reviewed or better incorporated into your overall financial plan, your Raymond James financial advisor can assist in this process.

## Trust Services

Peace of mind comes with choosing the right trustee to protect and administer the assets that you have worked a lifetime to accumulate. Family members and friends may not be effective trustees due to a variety of reasons including emotional distress and lack of investment experience.

Raymond James Trust N.A. is a wholly owned subsidiary of Raymond James Financial, Inc. Naming an independent trustee, such as Raymond James Trust, eliminates the technical difficulties and emotional perils often involved with family and friends. It also ensures that your wishes are fulfilled as mandated by your trust documents.

## Philanthropic Strategies

Many times, individuals who are fortunate enough to generate substantial amounts of wealth over their lifetimes have a desire to develop lasting impacts on their communities through charitable endeavors. Raymond James can help you define your philanthropic goals and execute a long-term giving strategy designed to maximize the value of your gifts while minimizing the tax impact on you and your estate.

\*Alternative investments involve specific risks that may be greater than those associated with traditional investments and may be offered only to clients who meet specific suitability requirements, including minimum-net-worth tests. You should consider the special risks with alternative investments including limited liquidity, tax considerations, incentive fee structures, potentially speculative investment strategies, and different regulatory and reporting requirements. You should only invest in hedge funds, managed futures or other similar strategies if you do not require a liquid investment and can bear the risk of substantial losses. There can be no assurance that any investment will meet its performance objectives or that substantial losses will be avoided.

## The Value of Professional Advice

The issues discussed in this material involve many complicated variables. Seeking the advice of a professional financial advisor is imperative to ensure you achieve your long-term financial goals. Professional advisors bring a disciplined, unbiased perspective to your decision-making process that can help you avoid some of the mistakes commonly made by individual investors. Your Raymond James financial advisor will work in combination with other professionals, such as your CPA, attorney, your company's counsel and the experts at the Raymond James home office, to construct a customized plan targeting your specific objectives.



## Corporate Solutions

In addition to the individual solutions discussed previously in this material, many executives must make decisions related to corporate-level strategies. Through your relationship with your financial advisor, you have access to the full services available at Raymond James including consultants focused on corporate solutions such as those that follow. These specialists are available to design and execute strategies, including plan initiation or providing an independent analysis of the programs you currently have in place.

### Benefit Plan Design & Administration

Offering a competitive employee benefits package is a key component to retaining your most valued employees. A variety of benefit plans can be provided to employees ranging from employee- or employer-funded, tax-advantaged retirement plans to plans that provide ownership in the company through either the ability to purchase stock at a discount or through stock option grants. Another example is a non-qualified deferred compensation plan, commonly funded through corporate-owned life insurance. Your Raymond James financial advisor has the tools and resources available to assist your company with defined benefit plans, defined contribution plans, stock option plan administration and insurance solutions.

### Share Repurchases

In periods of depressed stock prices, some companies elect to repurchase their stock on the secondary market through a variety of techniques including 10b-18 opportunistic repurchases or consistent corporate 10b5-1 plans. Implementation of a buyback plan can be an accretive strategy for existing shareholders. Raymond James has a dedicated team of corporate trading consultants available to work with your company in assessing and executing the best structure for a repurchase program.

### Institutional Marketing

Maintaining active communication with the institutional shareholder community is a key function for company management. Raymond James' institutional marketing team leverages our strong relationships with more than 1,800 domestic and international institutional investors to assist in this effort. Through our Corporate Access program, we offer a variety of solutions to facilitate management interaction with investors including non-deal roadshows, field trips, and one-on-one meetings or conference calls.

## Investment Banking Services

Raymond James' broad range of investment banking services includes debt, equity and equity-linked capital-raising services through public and private offerings; merger and acquisition advisory services including sales and divestitures, tender offers, leveraged buyouts, takeover defenses, fairness opinions, and valuations; and corporate restructuring and reorganization.

Raymond James' Investment Banking division has eight industry-specific teams that facilitate a variety of capital market solutions. Additionally, there are three specialized transaction teams that work across all industries.

### Industries of Focus:

- | Business, Financial & Technology Services
- | Consumer & Retail
- | Energy
- | Financial Institutions
- | Healthcare
- | Industrial Growth
- | Real Estate
- | Technology & Communications

### Transaction Groups:

- | Financial Sponsors
- | Mergers & Acquisitions
- | Recapitalization & Restructuring

## Corporate Lending

Raymond James Bank,\* a wholly owned subsidiary of Raymond James Financial, Inc., offers an array of corporate, real estate and high-net-worth lending programs designed to suit a variety of business needs in all 50 states. The bank's capabilities primarily include business lines of credit to fund working capital requirements, commercial real estate and construction financing, and securities-backed products such as collateralized loans and standby letters of credit. Additionally, the bank joins with many large financial institutions as a participant in national bank loan syndications. Raymond James Bank is committed to strict loan underwriting standards and conservative growth, reflecting the prudent management philosophy that characterizes its parent company.

Experts from Raymond James, including your financial advisor and other specialists, are available to consult in several capacities. These can include educating your corporate board of directors on a variety of topics, hosting employee seminars on benefit plans and providing financial advice to senior management that incorporates sensitivity to the company's perspective. Because we value every client relationship, your decision to work with Raymond James provides you access to these additional levels of service.

\*Raymond James & Associates, Inc. and Raymond James Financial Services, Inc. are affiliated with Raymond James Bank, a federally chartered savings bank. Products, terms and conditions subject to change. Subject to standard credit criteria. Property insurance required. Flood insurance may be required.



## Corporate Executive Questionnaire

Name: \_\_\_\_\_

Raymond James Financial Advisor: \_\_\_\_\_

Company Name and Stock Symbol: \_\_\_\_\_

Role at Company: \_\_\_\_\_

Are you considered a control person for filing purposes? Yes \_\_\_\_\_ No \_\_\_\_\_ Unknown \_\_\_\_\_

Does your company require a minimum ownership stake in stock? Yes \_\_\_\_\_ No \_\_\_\_\_

Does your company prohibit any specific transactions in the stock? Yes \_\_\_\_ No \_\_\_\_ Unknown \_\_\_\_

If so, please list anything explicitly prohibited by the corporate trading policy:

\_\_\_\_\_

### Your Direct Ownership in the Stock

Outright Shares: \_\_\_\_\_

Option Shares: \_\_\_\_\_

Other Incentive-Based Stock: \_\_\_\_\_

Do any of your benefit plans own company stock? Yes \_\_\_\_\_ No \_\_\_\_\_ Unknown \_\_\_\_\_

Do you have an existing 10b5-1 plan in place or have you used one previously? Yes \_\_\_\_ No \_\_\_\_

Have you bought or sold company stock within the past six months? Yes \_\_\_\_\_ No \_\_\_\_\_

If so, how many shares in total? shares bought: \_\_\_\_\_ shares sold: \_\_\_\_\_

Do you have any foreseeable liquidity or income needs over a short-, medium-, or long-term time frame? Yes \_\_\_\_\_ No \_\_\_\_\_

If so, please provide details: \_\_\_\_\_

What is the risk tolerance for your overall investment strategy?

\_\_\_\_ High Risk \_\_\_\_ Medium-High Risk \_\_\_\_ Medium Risk \_\_\_\_ Medium-Low Risk \_\_\_\_ Low Risk

What percentage of your overall investable assets does your company stock account for? \_\_\_\_\_ %

Are you charitably inclined or do you have long-term philanthropic goals? Yes \_\_\_\_\_ No \_\_\_\_\_

*Please answer the questions below if you are involved in decisions made at the corporate level. If you are not involved in those decisions, please add any additional comments and review the documents to bring to your next meeting.*

Has your company executed a corporate share repurchase in the past?		
Yes _____	No _____	Unknown _____
Does company management regularly interact with current and prospective institutional shareholders?		
Yes _____	No _____	Unknown _____
Does your company utilize any executive benefit plans, such as non-qualified deferred compensation?		
Yes _____	No _____	Unknown _____
Does your company have existing qualified plans and, if so, what type of plans and what company handles the plan administration?		
Yes _____	No _____	Unknown _____
Administrators: _____		
Does your company balance sheet include a significant cash position?		
Yes _____	No _____	Unknown _____
Does your company have any corporate lending needs?		
Yes _____	No _____	Unknown _____
Does your company have any investment banking or advisory needs?		
Yes _____	No _____	Unknown _____

Additional Comments:

---

---

**Items to obtain in preparation for follow-up meeting:**

- 1) Investment Statements – detail of total investments owned
- 2) Personal Option Summary – document summarizing the options you own including grant, vesting and expiration dates; strike prices; share quantities and option type
- 3) Corporate Trading Policy – document describing timing of trading windows and what transactions are allowed and disallowed under company policy
- 4) Benefit Plan Documents – for any corporate benefit plans currently in place at the company
- 5) Contact information for the appropriate professionals (CPA, attorney, corporate counsel, benefit plan administrator, etc.)

.....

**Raymond James Financial** is a diversified financial services holding company whose subsidiaries engage primarily in investment and financial planning including securities and insurance brokerage, investment banking, asset management, banking and cash management, and trust services. Through its four investment firms, Raymond James & Associates, Raymond James Financial Services, Raymond James Ltd. and Raymond James Investment Services, the firm has more than 5,000 financial advisors in 2,200 locations throughout the United States, Canada and abroad, providing service to over 1.9 million individual and institutional accounts with total assets of more than \$170 billion. Established in 1962 and a public company since 1983, Raymond James Financial is listed on the New York Stock Exchange and its shares are owned by more than 13,000 individual and institutional investors.

.....

[raymondjames.com/wealthmanagement](http://raymondjames.com/wealthmanagement)

# RAYMOND JAMES®

Individual solutions from independent advisors

International Headquarters: The Raymond James Financial Center  
880 Carillon Parkway | St. Petersburg, FL 33716  
727-567-1000 | Toll-Free: 800-248-8863 | [raymondjames.com/wealthmanagement](http://raymondjames.com/wealthmanagement)