

ESOP Candidate Profile Checklist

Is an ESOP for you? If most of the following describes your company, the answer may be "yes".

- | Yes | No | |
|--------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | A corporation ('C' Corp. or 'S' Corp.). (Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation has unused debt capacity (not heavily in debt). (Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation is profitable and can easily cash flow additional ESOP acquisition debt. (Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation pays taxes at or near the top marginal bracket. (Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation has been doing business successfully for at least five years. |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation has payroll of at least \$1,000,000, excluding seller. (Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation producing sales of at least \$5,000,000 annually. (Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation doing business in solid industry. |
| <input type="checkbox"/> | <input type="checkbox"/> | Majority shareholder interested in sharing equity ownership with employees in order to attract, retain and reward productive employees. (Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation with strong secondary management capable of taking over and desiring to do so. (Required) |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation or majority shareholders desirous of buying out minority shareholders on tax-deductible basis. |
| <input type="checkbox"/> | <input type="checkbox"/> | Management interested in making acquisitions or purchasing capital goods on tax-deductible basis. |
| <input type="checkbox"/> | <input type="checkbox"/> | Corporation wanting to refinance existing debt, resulting in the tax-deductibility of both principal and interest on the new debt. |

I acknowledge reading and personally answering each of the above questions:

Name

Title