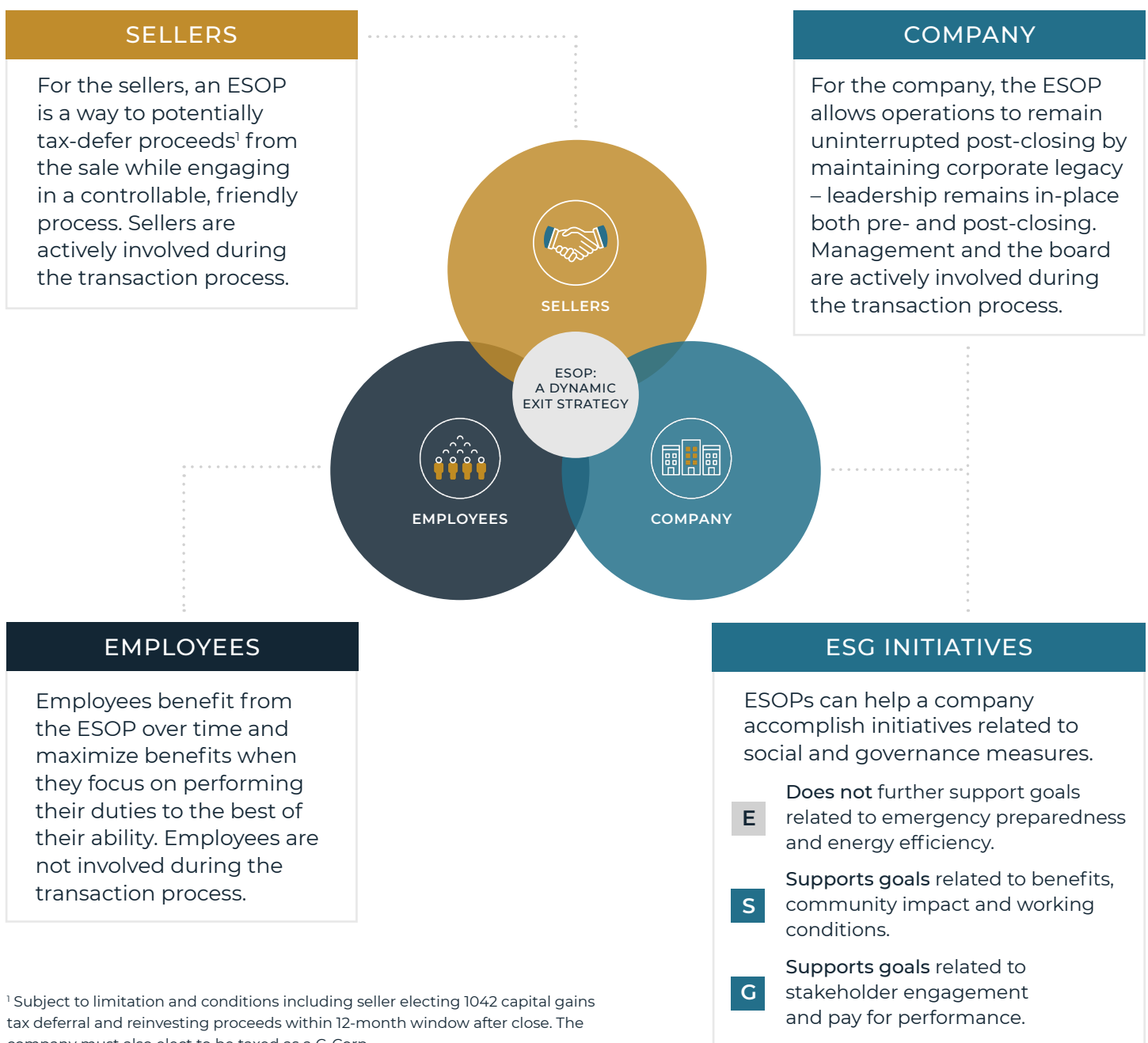


ESOP Benefits

WHO BENEFITS IN AN ESOP TRANSACTION?

Sellers and the company receive meaningful benefits from the structure, with employees benefiting fairly and broadly by design. As a flexible buyer, the ESOP is indifferent to the amount of equity it acquires (one percent or 100 percent), which can be particularly attractive for ownership groups with varying exit horizons.



¹ Subject to limitation and conditions including seller electing 1042 capital gains tax deferral and reinvesting proceeds within 12-month window after close. The company must also elect to be taxed as a C-Corp.

ESOP BENEFITS BY STAKEHOLDER

To highlight the ESOP's power, we have identified a few key benefits by stakeholder. While each stakeholder benefits differently, the power of the ESOP lies in its flexibility as it is designed to meet the company's unique set of needs.

SELLERS	Potential Tax Deferrals		Attractive Relative Value
	Controllable process	Friendly, controllable strategy	Maintain legacy
COMPANY	Deductibility of Annual Contributions (100% S-Corp ESOPs as Federally Tax-Exempt)		Improved Retention and Hiring Tool
	Helps accomplish social and governance objectives	Limits scope of due diligence	Un-interrupted business continuity
EMPLOYEES	100% Employer Contributed, Broadly Allocated Benefit		Enhanced Culture of Ownership
	Job loss rates less than 25% non-ESOP companies ¹	2.6x higher contributions ² employer	12.1% average CAGR return for S-Corp ESOP Employees ³

¹ Rutgers University and The Employee Ownership Foundation –Employee- Owned Firms In the Covid-19 Pandemic Study

² Nancy Wiefek and Nate Nicholson Measuring the Impact of Ownership Structure on Resiliency in Crisis," 20212

³ Ernst & Young. "Contribution of S ESOPs to participant's retirement security and employee-owner benefits." 2022

For further information on who should sell to an ESOP, please refer to the "Employee Stock Ownership (ESOP) Checklist."

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