

SUBORDINATED DEBENTURE PROPOSAL

	2012	2013	2014	2015	2016	2017	Total	Taxes	Effective Tax Rate
Regular Dividend	\$600,000.00		\$477,839.00	\$555,970.00	\$638,009.00	\$724,148.00	\$2,995,966.00	\$660,239.00	22%
Special dividend	\$1,000,000.00						\$1,000,000.00	\$150,000.00	15%
Taxes on Debentures								\$750,000.00	15%
Interest on Debenture		\$148,636.00	\$117,754.00	\$85,852.00	\$52,898.00	\$18,858.00	\$423,998.00	\$181,471.14	43%
Principle on Debenture		\$936,163.00	\$967,045.00	\$998,947.00	\$1,031,901.00	\$1,065,942.00	\$4,999,998.00	\$0.00	0%
Total	\$1,600,000.00	\$1,084,799.00	\$1,562,638.00	\$1,640,769.00	\$1,722,808.00	\$1,808,948.00	\$9,419,962.00	\$1,741,710.14	18%
Free Cash Flow	\$1,378,214.00	\$2,041,655.00	\$3,125,276.00	\$3,281,539.80	\$3,445,616.79	\$3,617,897.63	\$16,890,199.22		
Percentage of Distribution to Free Cash Flow	116%	53%	50%	50%	50%	50%	56%		
Total Cash	\$6,238,343.00	\$7,195,199.00	\$8,757,837.00	\$10,398,607.80	\$12,121,416.59	\$13,930,366.22			

Assumptions:

- 1) Interest Rate is 3.5%
- 2) Free Cash Flow for the 2015/2016 fiscal year is based on an increase of 5% over the 2014/2015 fiscal year's free Cash Flow.
- 3) Effective Tax Rate is on Federal Tax only
no state or local taxes are figured in this.