Memo to Board

From: Jim Myers and Rob Miller

At our last meeting, we discussed the option, that in lieu of making a substantial dividend payment prior to December 31, 2012, to distribute $5 million in subordinated debentures as an alternative. Below is our analysis.

● Purpose: 1) To take advantage of the current structure of 15% tax on capital gains and dividends;

2) Retain a significant portion of available working capital for future investments; and

3) Maintain our current dividend policy and Strategic Plan.

● Plan: 1) Distribute to the Shareholders, proportionate to their interest in the Company, “Subordinated Debentures” equal to $5 million prior to December 31, 2012;

2) Make a special distribution of $1 million to provide funds for the payment of the taxes due to the distribution of the debentures;

3) Repay the $5 million debentures over the next 5 years; and

4) Continue to pay the current dividend throughout the rest of the 2012/2013 fiscal year.

Should you have any questions, please do not hesitate to contact either one of us.

Rob and Jim