

**EXHIBIT**  
Tax Cost of Interest-Free Loans to Shareholders

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>\$10,000 of forgone interest. The shareholder:</b>	<b>Shareholder tax cost (maximum bracket)</b>	<b>Corporate cost if marginal tax rate is 35%</b>	<b>Net cost</b>	<b>Corporate cost if MTR is 15%</b>	<b>Net cost</b>	<b>Corporate cost if NOL exists</b>	<b>Net cost</b>
<b>Case A</b> Uses the loan for personal purposes.	\$1,500	\$3,500	\$5,000	\$1,500	\$3,000	-0-	\$1,500
<b>Case B</b> Uses the loan for investment purposes but has no other investment income.	-0-	\$3,500	\$3,500	\$1,500	\$1,500	-0-	-0-
<b>Case C</b> Uses the loan for investment purposes and has other investment income.	(\$2,000)	\$3,500	\$1,500	\$1,500	(\$500)	-0-	(\$2,000)
<b>Case D</b> Shareholder loan is acquisition cost for personal residence.	(\$2,000)	\$3,500	\$1,500	\$1,500	(\$500)	-0-	(\$2,000)