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CONFIDENTIAL

Succession Planning Questionnaire

INTRODUCTION

This form should be filled out as completely as possible and forwarded to **Francis Brown** for review prior to a personal conference. Although reasonable value approximations are acceptable, it is important that all corporate papers and information be as accurate and current as possible. The form provides for some personal information that may need to be disclosed to other shareholders during negotiations. However, please note that all information provided in this questionnaire is protected by the attorney/client privilege.

I/We understand that this questionnaire is designed to provide **DAVIS & ASSOCIATES** with important information for succession planning purposes and that the firm's ability to advise clients with respect to lifetime and testamentary disposition of business, with minimization of adverse tax consequences, depends on the accuracy of such information. I/We hereby confirm that such information is substantially correct.

Form Completed
by: _____

Dated: _____

THROUGHOUT THIS FORM PLEASE USE FULL NAMES AND COMPLETE ADDRESSES.

PART I - GENERAL INFORMATION

| | | | |
|---|---------------------|---------------------------------|--------------|
| Company Name | | | |
| Address | | | |
| Mailing Address, if different | | | |
| Telephone Number | | () | |
| Fax Number | | () | |
| E-mail Address | | | |
| Web site | | www. | |
| Employer Tax Identification # | | | |
| Fiscal Year | | To | |
| Registered agent (if any) | | | |
| State of Incorporation & date created: | | | |
| Type of Business (circle one) | | C-Corp | S-Corp |
| | | LLP | Partnership |
| | | Venture | LLC |
| | | | Joint |
| Nature of Business | | | |
| Affiliated Entities: | Subsidiaries | Real estate Partnerships | Other |
| | | | |
| | | | |
| | | | |

| | | | | | | | |
|--|---|--|--|--|--|--|--|
| History of Company | | | | | | | |
| Information about industry or profession | | | | | | | |
| Officers President Vice President Treasurer | | | | | | | |
| Directors | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"> </td></tr> <tr><td style="height: 20px;"> </td></tr> <tr><td style="height: 20px;"> </td></tr> <tr><td style="height: 20px;"> </td></tr> <tr><td style="height: 20px;"> </td></tr> <tr><td style="height: 20px;"> </td></tr> </table> | | | | | | |
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PART II - ADDITIONAL INFORMATION TO BE PROVIDED

- | | Date
Provided |
|---|------------------|
| A. Minute Book, including Bylaws, Articles of Organization, Stock Ledger | _____ |
| B. Company Mission Statement and Creed, if any | _____ |
| C. Organizational charts and job description | _____ |
| D. Business Succession Plan, if any, now in effect | _____ |
| E. Manufacturer, Franchiser, Distributor Agreements, and Succession Limitations | _____ |
| F. Retirement Plan, e.g., Profit-sharing Plans, 401(k) Plans | _____ |

G. Deferred Compensation Agreement

H. Employee Census

| Owner/ Key Employee | Birth Date | Hired Date | Annual Salary Bonuses | Stock Ownership | Stock Options |
|----------------------------|-------------------|-------------------|------------------------------|------------------------|----------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

I. Shareholder Buy/Sell Agreements currently in effect

J. Descriptions of Company real estate and leases

| Property Address | Valuations | Appraisals | Own/ Lease | How Value Would Be Determined |
|-------------------------|-------------------|-------------------|-------------------|--------------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

K. Formal valuation or appraisal of the Company, if any, and explanation of how value of business would be determined

L. Principal competitors and leading companies in the same type of business

M. Potential purchasers

1. _____

2. _____

3. _____

N. Children

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Name | | | | | |
| Birth Date | | | | | |
| Academic Background | | | | | |
| Employment Status | | | | | |
| Experience INSIDE the Company | | | | | |
| Experience OUTSIDE the Company | | | | | |
| Relationship to Employees | | | | | |
| Relationship to OTHER Children | | | | | |
| Marital Status | | | | | |
| Spouse's Name | | | | | |
| Spouse's Birth Date | | | | | |
| Spouse's academic Background | | | | | |
| Does spouse have a role in the Company? | Y / N | Y / N | Y / N | Y / N | Y / N |

P. Non-family key employees

| | | | | | |
|------------------------------------|--|--|--|--|--|
| Name | | | | | |
| Strengths | | | | | |
| Weaknesses | | | | | |
| Future Prospects in Company | | | | | |

Q. Outside Advisors

| | Accountant | Attorney | Banker | Investment Manager | |
|--------------------------|-------------------|-----------------|---------------|---------------------------|--|
| Name | | | | | |
| Company Name | | | | | |
| Address (Mailing) | | | | | |
| Telephone No. | | | | | |
| E-mail address | | | | | |

R. Insurance payable on death of shareholders or employees to be used to fund buyout or key employee replacement

| Employee/Shareholder Name | Policy Face Value | Insured | Company | Type of Insurance | Annual Premium |
|----------------------------------|--------------------------|----------------|----------------|--------------------------|-----------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

S. Insurance payable to employees as executive benefit

| Employee/ Shareholder Name | Policy Face Value | Insured | Company | Type of Insurance | Annual Premium |
|----------------------------------|-------------------------|---------|---------|----------------------|-------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

T. Bank relationship. Lead bank, additional banks, lines of credit, security, and personal guaranties.

U. Is Company a member of any trade associations: If so, which ones?

V. Owner's succession objectives: Who among family members or key employees are likely to manage and/or own the Company in the future?

PART III - COMPANY ISSUES

A. Do you envision the Company growing? Yes No

If yes, do you see the growth coming from additional locations, new product lines, etc.? Yes No

Specify _____

B. Do you hope that your children will become involved in an aspect of the business that does not currently exist such as complementary line or new location? Yes No

Do you envision employing them at one of the current locations? Yes No

C. Do you see the Company using its future profits to finance that growth? Yes No

Or, do you see the Company borrowing that money?

Yes No

Alternatively, do you believe the current shareholders would invest new money in the Company?

Yes No

D. Do you feel the current salaries are in line with the industry standard? Yes No

E. Do you feel you are adequately compensated? Yes No

Are there other employees or stockholders you feel are under or over compensated?

Yes No

Name _____ Over Under

Name _____ Over Under

Name _____ Over Under

Name _____ Over Under

F. Do you feel that you or others were not adequately compensated in the past? Yes No

Should you and others be entitled to recover past deficiencies with deferred compensation payable in the future?

Yes No

G. Would you like the Company to distribute dividends to shareholders? Yes No

Would you rather that the profits be reinvested inside the Company for future growth? Yes No

H. If you sold your stock in the Company, would you retain the real estate and derive rental income from that real estate? Yes No

I. Is there any equipment or software you could retain and lease or license to the Company? Yes No

J. Do you feel it is acceptable for parties who are not shareholders of the operating Company to own interest in the real estate and equipment partnerships? Yes No

K. Are there other lines of business that should be explored for growth? Yes No

If so, which ones?

- L. Are there joint venture partners that might be considered for future growth opportunities for the Company?
Yes No

If so, which ones?

- M. If you were to sell the Company in the near future, what method or formula would you use to determine the price you would ask?

Is there an industry standard valuation technique or formula?
Yes No

- M. If you were to sell the business, who would be the most likely to purchase it?

Competitors Yes No
If yes, possible names

Present employees? Yes No
If yes, possible names

PART IV - INDIVIDUAL GOALS

- A. Do you envision retiring in the future? Yes
No
If yes, what age or how many years?

Do you feel the Company should have a mandatory retirement age? Yes No

At retirement or disability, do you feel a stockholder should be obligated to sell their stock to the Company? Yes No

Do you feel that the stock should pass to family members who are active in the Company? Yes No

B. How much pretax annual income do you believe you will need for your retirement?

C. To what extent will income be available to you from sources independent of the family business and partnerships?

D. How much income is projected to come from the Company retirement plans?

E. Do you anticipate selling your stock and real estate interest of the Company at some time in the future? Yes No

Would you prefer to pass your ownership by current gift or inheritance to your children? Yes No

PART V - NEXT GENERATION GOALS

- A. Who, among your family members, their spouses, and key employees do you feel will manage and/or own the Company in the future?

How do you feel about in-laws coming into the business?

- B. What are the capabilities of your children?

How do you think the **other family members** view your children and the possibility of their coming into the business?

How do you think **key employees** view your children and the possibility of their coming into the business?

How do you think **managers** view your children and the possibility of their coming into the business?

C. What experience, if any, have your children had in working for the Company, or other work experience that might prepare them for work with the Company?

D. How might future leaders of the Company get experience in the industry?

Manufacturer of your product? Yes No

Work for another Company similar to yours?
Yes No

Would you be able to use your contacts to line up the opportunity?
Yes No

E. What is your spouse's knowledge of the Company?

What is his or her interest in involvement in management, or employment in the Company?

Does he or she have any related experience in or out of the Company?