

A \$15 Million Financial Gain for an Already Profitable New Jersey Manufacturer

ASC Partners implemented a capital structure developed and continually refined since 1996, generating \$13.4 million in additional after-tax business cash and \$1.6 million in employee retirement benefits over eight years. The \$15 million total economic benefit was achieved while the owners retained full ownership and control of their New Jersey manufacturing company.

CUMULATIVE RESULT / EIGHT YEARS

\$15.0M

TOTAL ECONOMIC BENEFIT

\$13.4M MORE BUSINESS CASH

+ \$1.6M EMPLOYEE BENEFITS

WITH ASC PARTNERS

\$53.3M

WITHOUT ASC PARTNERS

\$39.9M

THE BUSINESS AND STRUCTURAL CONTEXT

A successful New Jersey manufacturing company was generating more than \$7.1 million in annual taxable business profits and incurring nearly \$2.9 million in annual business income taxes. The owners had no desire to sell their company. They wanted to retain more of the company's earnings and create stronger incentives for employees to contribute to its success.

ASC Partners recognized an opportunity to substantially improve the manufacturer's cash flow without requiring higher sales, increased operating profits, or the sale of any interest in the company.

ASC Partners implemented Strategic Capital Architecture™, a unique methodology developed and continually refined since 1996. Successfully applied in more than 280 transactions, the restructuring enabled the manufacturer to recapture more than half of its annual income taxes on an ongoing basis. The owners retained full ownership and control of their company, with no dilution of their equity.

In the first year alone, the company retained \$1.4 million in additional after-tax cash, net of taxes and fees.

IMMEDIATE IMPACT

\$1.4M ADDITIONAL FIRST-YEAR BUSINESS CASH, NET OF TAXES AND FEES

IMPLEMENTATION AND ECONOMIC RESULTS

The additional cash gave the manufacturer more money for working capital, equipment purchases, expansion, acquisitions, and other business needs.

By the end of year eight, cumulative after-tax business cash reached \$53.3 million with ASC Partners, compared with \$39.9 million without ASC Partners. The difference represented \$13.4 million in additional after-tax business cash, approximately 34 percent more over the eight-year period.

The restructuring also generated \$1.6 million in additional employee retirement benefits, on top of the company's existing 401(k) and profit-sharing programs. Employees received these benefits without contributing any of their own money, creating a stronger financial incentive to help the company succeed. Combined with the additional after-tax business cash, the total economic benefit reached \$15 million over eight years.

CUMULATIVE AFTER-TAX BUSINESS CASH

WITH ASC PARTNERS

\$53.3M

WITHOUT ASC PARTNERS

\$39.9M

+\$13.4M

ADDITIONAL BUSINESS CASH / APPROXIMATELY 34% MORE

SHOULD YOUR BUSINESS BE RETAINING MORE OF ITS EARNINGS?

If your business generates substantial taxable profits, ASC Partners can evaluate whether Strategic Capital Architecture™ would substantially increase your after-tax cash, reduce your income-tax burden, and provide meaningful employee benefits while preserving your ownership and control.

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Illustrative case study based on an actual ASC Partners implementation. Certain identifying and background facts have been modified to preserve confidentiality. Figures reflect cumulative results 8 years after initial restructuring.