

| Consideration      | Benefits  | Drawbacks  |
|--------------------|---|--|
| Selling the Assets | <ol style="list-style-type: none"> <li>1. Continuity of business for future tax splitting opportunities between current owners</li> </ol>   | <ol style="list-style-type: none"> <li>1. Cannot take advantage of \$750k (increasing to \$800k in 2014) lifetime capital gains exemption</li> <li>2. Pay more tax</li> <li>3. May have to provide warranties of representation</li> <li>4. Continued professional fees associated with continued ownership</li> </ol> |
| Selling the Shares | <ol style="list-style-type: none"> <li>1. Minimize taxes (use of lifetime capital gains exemption – especially when their ownership is spread between various individuals)</li> <li>2. One quick and clean transaction</li> <li>3. No future liabilities (they are all transferred to the buyer)</li> </ol> | <ol style="list-style-type: none"> <li>1. Loss of entity – so loss of future tax splitting with investments, etc.</li> </ol>   |

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|------------------------------|---|---|
| Buying the Assets            | <ol style="list-style-type: none"> <li>1. Full cost is depreciable</li> <li>2. Can structure purchase to allocate costs to higher depreciating assets</li> <li>3. No liabilities are attached</li> <li>4. Goodwill is depreciable for tax</li> <li>5. Minimized professional fees</li> <li>6. Target the desired assets</li> <li>7. Pay more (represents concession of the seller)</li> </ol> | <ol style="list-style-type: none"> <li>1. Costs associated with ownership / title transfer</li> <li>2. Costs associated with determining fair market value</li> </ol>   |
| Buying the Shares            | <ol style="list-style-type: none"> <li>1. No name change, so probable increased client retention</li> <li>2. Pay less (represents concession of the buyer)</li> </ol>   | <ol style="list-style-type: none"> <li>1. Prior undisclosed / unrecorded liabilities are attached</li> <li>2. Assets are transferred at tax cost</li> <li>3. Possible need to wind down one of the two companies / amalgamate which increases professional fees</li> <li>4. High due diligence costs</li> </ol> |
| Structure of Share Ownership | <ol style="list-style-type: none"> <li>1. Should have ownership spread between adult family members</li> <li>2. Each shareholder should have separate classes of shares for future tax splitting</li> <li>3. Include voting shares, non-voting shares, preferred shares</li> </ol>  |   |
| Use of a Holding Company     | <ol style="list-style-type: none"> <li>1. Keeping all of the major assets in a holding company will limit liability should the operating entity be sued in the future</li> </ol>  | <ol style="list-style-type: none"> <li>1. Increased professional fees</li> </ol>  |