

Ohio Employee Ownership Center

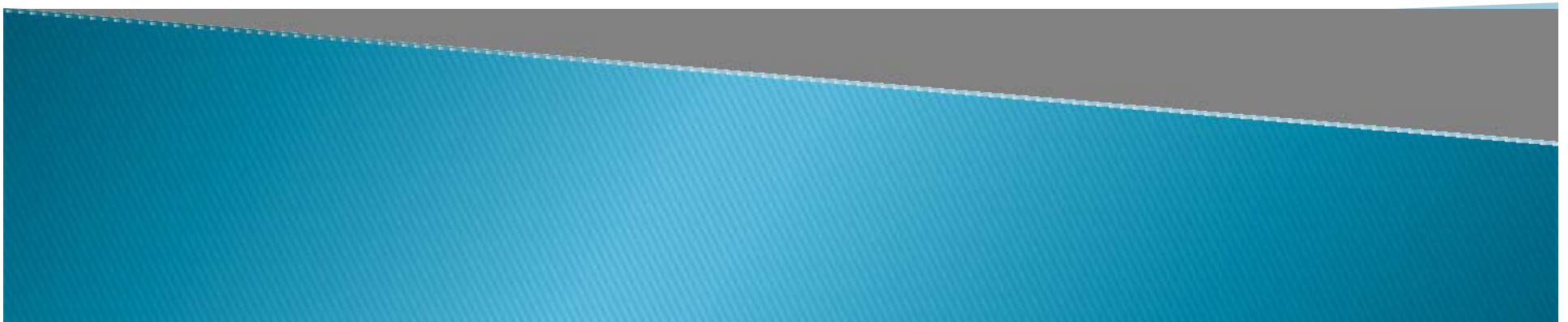
23rd Annual Meeting

April 17, 2009

ESOP FIDUCIARY RESPONSIBILITY

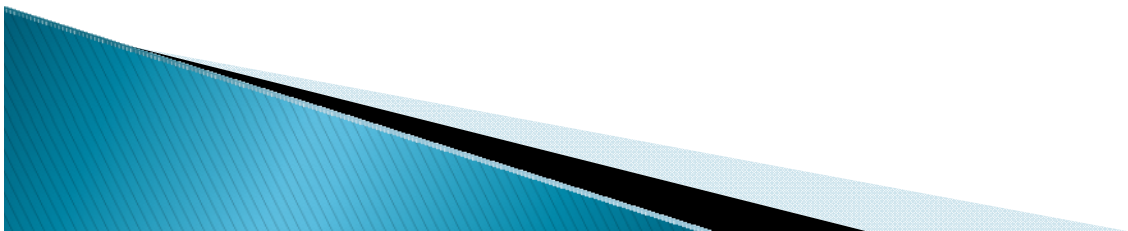
Merri E. Ash

First Bankers Trust Services, Inc.



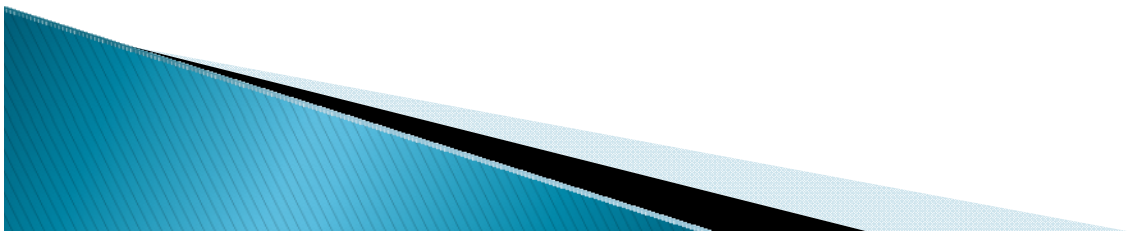
Economic Conditions

- ▶ Reduced cash flow
- ▶ Financing issues
 - Less favorable rates
 - Inability to obtain financing
- ▶ Reduction in the number of Employee Owners
 - Layoffs
 - Early retirement
 - Possible automatic vesting



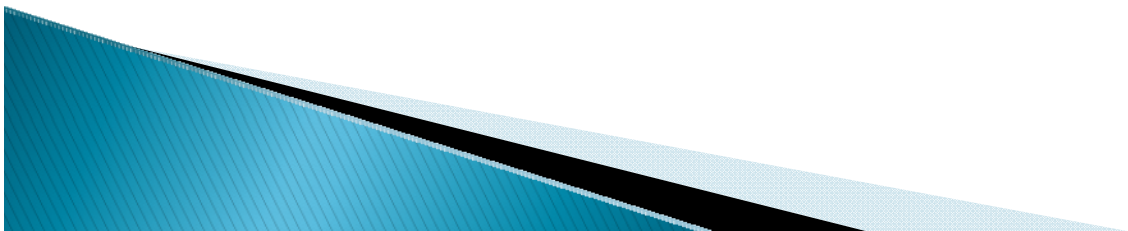
Share Value Determination

- ▶ Forecasting future cash flows
- ▶ Valuation Company
- ▶ Comparables
- ▶ Underlying strength of the company



Share Value Determination

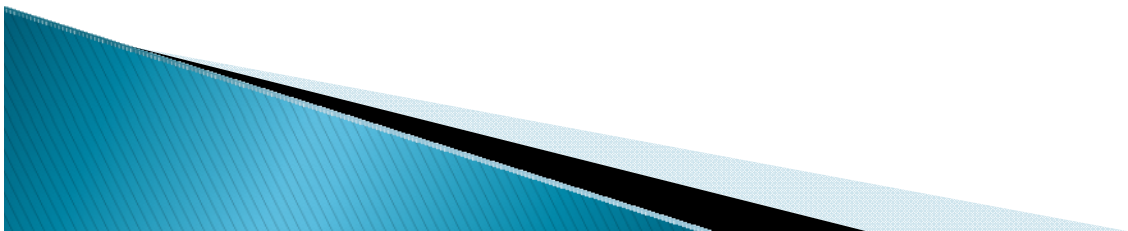
- ▶ Separation of duties
 - Are there particular issues in hard times for “internal trustees?”
 - How to communicate real problems without creating more issues?



Share Value Determination

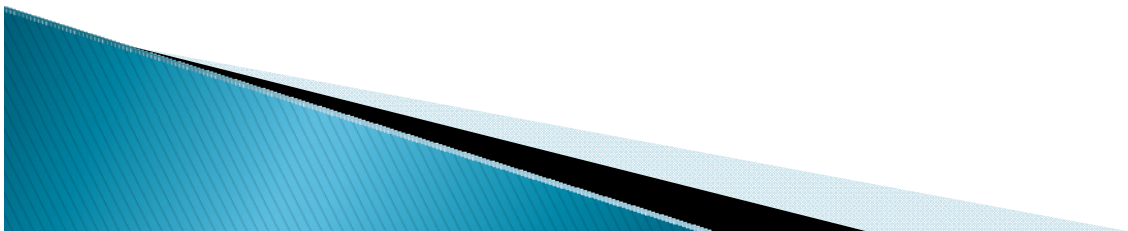
▶ External Trustee Issues

- What are the concerns being heard in the industry?
- What kinds of pressures are there to maintain value?
- What is going on inside the trustee conferences?



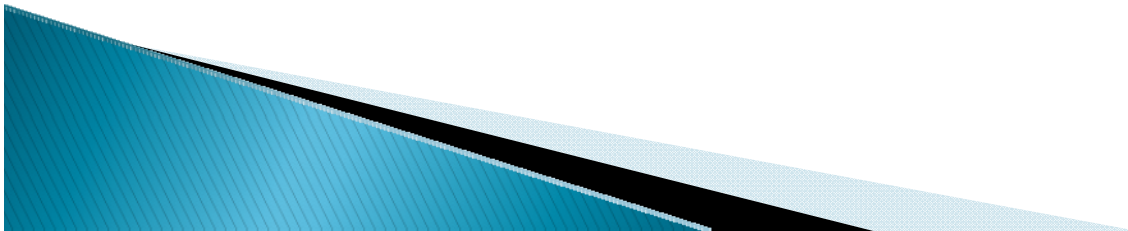
Communication to Employees

- ▶ Regular communication is best.
- ▶ Provide basic financial training.
- ▶ Keep it simple.
- ▶ Follow a logical process from the financial results of the company to the industry on to the share value.
- ▶ Most employees, like conservative bankers, do not like surprises.



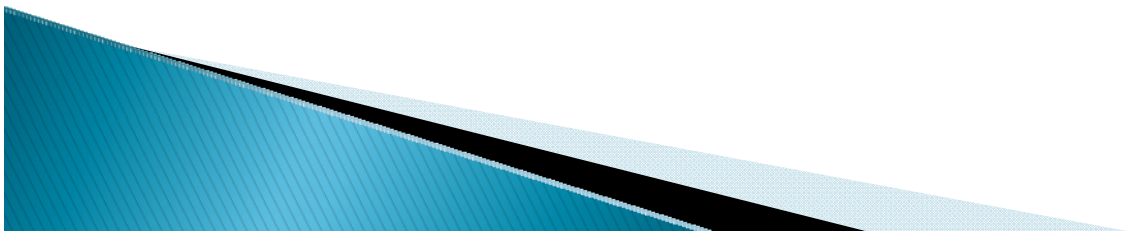
Communication to Employees

- ▶ Role of external trustee
 - Bring the trustee in to discuss valuation
 - Get an overview of the company and what is happening generally in the ESOP world
 - Keep communication channels open



Look for the Positive Aspects

- ▶ Employee turnover
 - Reduced during weak economic times.
- ▶ Improved cross-training
 - Less people to perform all function
- ▶ Opportunities for acquisitions
- ▶ Repurchase obligation
 - Significant reduction in short-term liability.
- ▶ Diversification reality
 - Reduction in cash flow.



Thank you!

Merri E. Ash

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