

ELDORADO ARTESIAN SPRINGS, INC.

**OFFER TO REPURCHASE
ITS ISSUED AND OUTSTANDING
SHARES OF COMMON STOCK**

September 27, 2016

**THIS REPURCHASE OFFER IS CONDITIONED ON THE BOARD EFFECTING THE
REVERSE STOCK SPLIT AND WILL EXPIRE ON OCTOBER 24, 2016
AT 12:01 A.M., LOUISVILLE, CO TIME**

Eldorado Artesian Springs, Inc., a Colorado corporation (“Eldorado,” the “Company,” “we,” “us,” or “our”), hereby offers to repurchase for cash all of its issued and outstanding shares of stock, par value \$0.001 per share (the “Shares”), at a price of \$1.25 per share (the “Repurchase Price”), less any applicable withholding taxes and without interest, upon the terms and subject to the conditions set forth in this offer to repurchase (the “Repurchase Offer”). The Repurchase Offer will expire at 12:01 a.m., Louisville, Colorado time, on October 24, 2016 (the “Repurchase Expiration Date”), unless extended.

This Repurchase Offer is being made to all shareholders of the Company (“Shareholders”) and is not conditioned upon any minimum number of Shares being repurchased. OUR BOARD OF DIRECTORS HAS APPROVED THE REPURCHASE OFFER. HOWEVER, NONE OF THE COMPANY, OUR BOARD OF DIRECTORS, NOR THE DEPOSITARY MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER YOU SHOULD TENDER OR REFRAIN FROM TENDERING YOUR SHARES IN THIS REPURCHASE ORDER. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO TENDER YOUR SHARES. IN SO DOING, YOU SHOULD READ CAREFULLY ALL OF THE INFORMATION IN THIS REPURCHASE OFFER, AND IN THE OTHER REPURCHASE OFFER MATERIALS, INCLUDING OUR REASONS FOR MAKING THE REPURCHASE OFFER.

THIS REPURCHASE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED, BUT IS SUBJECT TO OTHER CONDITIONS. SEE SECTION 7.

Neither the Securities and Exchange Commission (the “Commission”) nor any state securities commission has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this Repurchase Offer. Any representation to the contrary is a criminal offense.

IMPORTANT

Questions and requests for assistance may be directed to Corporate Stock Transfer, Inc., the depository (“Depository”) at 3200 Cherry Creek Drive South, #430, Denver, CO 80209. You may request additional copies of this Repurchase Offer and other related materials from the Depository or from the Company at 1783 Dogwood Street, Louisville, CO 80027, c/o Cathleen M. Shoenfeld, (303) 604-3014, cathys@eldoradosprings.com. Shareholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Repurchase Offer.

If you want to tender all or some of your shares, you must do one of the following before the Repurchase Expiration Date:

- if your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact such nominee and have such nominee tender your shares for you;
- if you hold certificates in your own name, complete and sign a Letter of Transmittal, provided herewith, according to its instructions and deliver it, together with any required signature guarantees, the certificates for your shares and any other documents required by the Letter of Transmittal, to the Depositary, at its address shown on the Letter of Transmittal; or
- if you are an institution participating in The Depositary Trust Company (“DTC”), which we call the “Book-Entry Transfer Facility” in this Repurchase Offer, tender your shares according to the procedure for book-entry transfer described in Section 5 of this Repurchase Offer.

Beneficial owners should be aware that their broker, dealer, commercial bank, trust company or other nominee may establish its own earlier deadline for participation in the Repurchase Offer. Accordingly, beneficial owners wishing to participate in the Repurchase Offer should contact their broker, dealer, commercial bank, trust company or other nominee as soon as possible in order to determine the times by which such owner must take action in order to participate in the Repurchase Offer.

If you want to tender your shares but your certificates for the shares are not immediately available or cannot be delivered to the Depositary within the required time or you cannot comply with the procedures for book-entry transfer, or your other required documents cannot be delivered to the Depositary by the Repurchase Expiration Date, you may still tender your shares if you comply with the guaranteed delivery procedure described in Section 5 of this Repurchase Offer.

TO TENDER SHARES PROPERLY, OTHER THAN SHARES REGISTERED IN THE NAME OF A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE, YOU MUST PROPERLY COMPLETE AND DULY EXECUTE THE LETTER OF TRANSMITTAL.

DELIVERY OF THIS REPURCHASE OFFER SHALL NOT UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS REPURCHASE OFFER IS CORRECT AS OF ANY TIME AFTER THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION INCLUDED OR INCORPORATED BY REFERENCE HEREIN OR IN OUR AFFAIRS SINCE THE DATE HEREOF.

WE HAVE NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE REPURCHASE OFFER OTHER THAN THOSE CONTAINED HEREIN AND IN THE LETTER OF TRANSMITTAL. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY ON THAT RECOMMENDATION, REPRESENTATION, OR INFORMATION AS HAVING BEEN AUTHORIZED BY THE COMPANY.

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Cautionary Statement Concerning Forward-Looking Statements

This Repurchase Offer, the documents incorporated by reference and the documents to which we refer you contain certain forward-looking information about the Company. These statements may be made directly in this document or may be incorporated into this document by reference to other documents. Representatives of the Company may also make forward-looking statements. All statements other than statements of historical information are forward-looking statements. The forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the continued expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, availability of debt and equity financing, ability to purchase additional water rights, interest rate fluctuations, labor and marketing costs, operating costs, packaging costs, competition, legal claims and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved. The Company undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

THE REPURCHASE OFFER

1. Background.

This Repurchase Offer is sent to the Shareholders in connection with that certain Proxy Statement dated the date hereof ("Proxy Statement") which seeks shareholder approval for, among other things, a reverse stock split. The Proxy Statement sets forth the background for the reverse stock split and the Repurchase Offer, gives information about the holdings of our officers and directors, and other related transactions. You should read the Proxy Statement in conjunction with this Repurchase Offer.

2. Number of Shares.

Upon the terms and subject to the conditions of the Repurchase Offer, we hereby offer to repurchase all of the issued and outstanding whole shares of common stock in the Company remaining after the reverse stock split, which are tendered and not withdrawn prior to the Repurchase Expiration Date. The Company has established a record date of September 8, 2016 ("Record Date") for identifying shareholders eligible to receive Repurchase Offer materials.

This Repurchase Offer is being made to all Shareholders of the Company as of the Record Date and is not conditioned upon any minimum number of Shares being repurchased. If any Shares are properly tendered and not withdrawn prior to the Repurchase Expiration Date, the Company will, upon the terms and conditions of the Repurchase Offer, purchase all Shares so tendered.

As of the Record Date, 6,036,091 Shares were issued and outstanding. The Company does not anticipate that the number of Shares as of the Repurchase Expiration Date will be materially different, except for the proportional reduction that will occur upon the effectiveness of the reverse stock split.

3. Purchase Price.

The Repurchase Price of the Shares will be \$1.25 per Share, less any applicable withholding taxes and without interest. The repurchase price of the Shares is the same price per Share that (in each case after giving effect to the proportional increase resulting from the reverse stock split) Shareholders owning fractions of shares after the reverse stock split will receive in cash payment, as well as the same price per Share that Company co-founder Kevin M. Sipple and Chief Financial Officer (“CFO”) Cathleen M. Shoenfeld will receive under individual repurchase agreements. The price per Share offered to tendering Shareholders, fractional Shareholders, and the Company’s co-founder and CFO is based on a valuation by Quist Financial Inc. (“Quist”), the independent valuation consultants retained by the Company. Quist’s valuation followed Internal Revenue Service guidelines for valuing privately held companies and considered the following factors in establishing the Company’s value:

- the general history of the Company and nature of the business;
- the general economic conditions and the outlook for the bottled water production industry;
- the book value and financial condition of the Company;
- the earning capacity of the Company;
- the risk associated with investment in the Company;
- the ownership structure of the Company and rights accorded to shareholders of the Company;
- prior sales of the Company’s stock and the size of the block of stock being valued;
- the dividend capacity and dividend policy of the Company;
- the goodwill and intangible assets of the Company;
- the stock price of corporations with stock actively traded in a free and open market in the same or a similar line of business; and
- the liquidity of an investment in the Company.

Quist determined that the marketable minority value of the Company’s total equity as of March 31, 2016 was \$10,000,000. Including a 25% discount for lack of marketability Quist concluded that the non-marketable minority value of the Company’s equity was \$7,500,000 or \$1.25 per share based on 6,036,091 shares outstanding. The market price of the Shares can and does fluctuate. As of September 22, 2016 the twelve-month average sales price per share of the Company’s common stock was \$1.245. The 52-week low was \$1.00 and the 52-week high was \$1.60. Accordingly, on the Repurchase Expiration Date, the market price of the Shares may be above or below the Company’s offered price per Share.

4. Purpose of Repurchase Offer; Certain Effects of Repurchase Offer

Purpose of Repurchase Offer. In lieu of issuing fractional Shares, the Company will be making cash payments to Shareholders holding fractional Shares as a result of the reverse stock split. Further, the Company will be purchasing Shares from a founding shareholder and an executive officer at the same price. The Company desires to offer all of its Shareholders the opportunity to liquidate their holdings in the Company on the same terms. The Repurchase Offer will permit all tendering Shareholders to liquidate all or a portion of their Shares.

Certain Effects of Repurchase Offer. The Repurchase Offer will reduce the number of shares outstanding and is likely to reduce the number of our shareholders. These reductions may reduce the volume of trading in our shares and may result in lower stock prices and reduced liquidity in the trading of our shares following completion of the Repurchase Offer. In addition, the Repurchase Offer will increase the proportional ownership of any shareholder who does not participate or participates only in part in the Repurchase Offer. We currently intend to cancel and retire shares purchased pursuant to the Repurchase Offer. Such shares will return to the status of authorized and unissued shares and will be available for us to issue without further shareholder action for all purposes except as required by applicable law and regulation. We have no current plans for the issuance of shares purchased in this Repurchase Offer.

5. Procedures for Tendering Shares.

For shares to be tendered properly pursuant to the Repurchase Offer, the certificates for the shares or confirmation of receipt of the shares under the procedure for book-entry transfer set forth below, together with a properly completed and duly executed Letter of Transmittal, including any required signature guarantees, or an Agent's Message (as defined below) in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal, must be received prior to 12:01 a.m., Colorado time, on the Repurchase Expiration Date by the Depositary at its address set forth in the Letter of Transmittal.

Notwithstanding any other provisions hereof, payment for shares tendered and accepted for payment pursuant to the Repurchase Offer will be made only after timely receipt by the Depositary of all the items set forth above.

Book-Entry Delivery. For purposes of this repurchase offer, the Depositary has established an account with respect to the Shares at The Depositary Trust Company (referred to as the "DTC" or the "Book-Entry Transfer Facility") for purposes of the repurchase offer, and any financial institution that is a participant in the system of the Book-Entry Transfer Facility may make delivery of Shares by causing the Book-Entry Transfer Facility to transfer such Shares into the Depositary's account in accordance with the procedures of the Book-Entry Transfer Facility. However, although delivery of Shares may be effected through book-entry transfer, a properly completed and duly executed Letter of Transmittal together with any required signature guarantees or an Agent's Message and any other required documents must, in any case, be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase by the end of the day on the Expiration Date, or the guaranteed delivery procedures described below must be complied with. Delivery of the Letter of Transmittal and any other required documents to the Company or the Information Agent or Book-Entry Transfer Facility does not constitute delivery to the Depositary.

The term "Agent's Message" means a message transmitted by the Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of the book-entry confirmation, stating that the Book-Entry Transfer Facility has received an express acknowledgment from the participant tendering Shares through the Book-Entry Transfer Facility that the participant has received and agrees to be bound by the terms of the Letter of Transmittal and that we may enforce that agreement against that participant.

Method of Delivery. The method of delivery of all documents, including share certificates, is at the election and risk of the tendering shareholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. Shares will be deemed delivered only when actually received by the Depositary (including in the case of a book-entry transfer, by book-entry confirmation). In all cases, sufficient time should be allowed to ensure timely delivery.

Guaranteed Delivery. If a shareholder desires to tender Shares pursuant to the repurchase offer and cannot deliver such Shares and all other required documents to the Depositary by the Expiration Date or such shareholder cannot complete the procedure for delivery by book-entry on a timely basis, such Shares may nevertheless be tendered if all of the following conditions are met:

- such tender is made by or through an Eligible Institution;
- a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by us is received by the Depositary (as provided below) by the end of the day on the Expiration Date; and
- a confirmation of a book-entry transfer of such Shares into the Depositary's account at the Book-Entry Transfer Facility (or any certificates for such Shares), together with a properly completed and duly executed Letter of Transmittal with any required signature guarantee or an Agent's Message and any other documents required by the Letter of Transmittal, are received by the Depositary within three business days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in such Notice.

Tender Constitutes an Agreement. The tender of shares pursuant to any one of the procedures described above will constitute the tendering shareholder's acceptance of the terms and conditions of the Repurchase Offer and an agreement between the tendering shareholder and us upon the terms and subject to the conditions of the Repurchase Offer, which agreement will be governed by, and construed in accordance with the laws of the State of Colorado. In addition, the tender of shares pursuant to any one of the procedures described above will constitute the tendering shareholder's representation and warranty to us that: (1) the shareholder has a "net long position" in the shares or equivalent securities at least equal to the shares tendered within the meaning of Rule 14e-4 promulgated by the Commission under the Exchange Act; (2) the tender of shares complies with Rule 14e-4 under the Exchange Act; and (3) the tendered shares are not currently subject to any contractual or other restriction.

Shareholders should review the Letter of Transmittal for further information concerning the procedural requirements for tendering shares.

SHAREHOLDERS WHO HOLD SHARES THROUGH BROKERS, DEALERS, COMMERCIAL BANKS, TRUST COMPANIES OR OTHER NOMINEES ARE URGED TO CONSULT THEIR BROKERS, DEALERS, COMMERCIAL BANKS, TRUST COMPANIES OR OTHER NOMINEES AS IT IS LIKELY THAT—FOR ADMINISTRATIVE REASONS—THEY HAVE AN EARLIER DEADLINE FOR YOU TO ACT TO INSTRUCT THEM TO ACCEPT THE REPURCHASE OFFER ON YOUR BEHALF SO THAT THEY CAN MEET THE ABOVE REQUIREMENTS ON A TIMELY BASIS. IN ADDITION, YOU MAY WISH TO DETERMINE WHETHER TRANSACTION COSTS ARE APPLICABLE IF YOU TENDER SHARES THROUGH A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE.

6. Withdrawal or Modification of Repurchase of Shares

Shares tendered pursuant to the Repurchase Offer may be withdrawn at any time prior to the Repurchase Expiration Date. Thereafter, such tenders are irrevocable.

For a withdrawal to be effective, a written telegraphic, or facsimile notice of withdrawal or notice of modification, as applicable, must be timely received by the Depository. Such notice must specify the name of the person who executed the particular Letter of Transmittal or Notice of Guaranteed Delivery, the number of Shares to be withdrawn or the modified number of Shares to be tendered and, if certificates have been delivered or otherwise identified to the Depository, the name of the holder of record and the serial numbers of the certificates representing such Shares. If Shares have been delivered pursuant to the procedure for book-entry delivery as set forth in Section 5, any notice of withdrawal or notice of modification, as applicable, also must specify the name and the number of the account at DTC to be debited or credited with such Shares (which must be the same name and number from which the Shares were tendered), and must otherwise comply with DTC's procedures.

All questions as to the form and validity, including time of receipt, of notice of withdrawals or notices of modification, as applicable, will be determined by the Company, in its sole discretion, whose determination will be final and binding. None of the Company, the Depository or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or notice of modification, as applicable, or to incur any liability for failure to give any such notification. Any Shares timely and properly withdrawn will be deemed not duly tendered for the purposes of the Repurchase Offer.

7. Purchase of Shares and Payment of Purchase Price.

Subject to the terms and conditions of the Repurchase Offer, the Company will accept for payment, and will pay for, Shares validly tendered on or before the Repurchase Request Deadline and not properly withdrawn, as soon as practicable after the Repurchase Expiration Date. The Company expressly reserves the right, in its sole discretion, to delay the acceptance for payment of, or payment for, Shares in order to comply in whole or in part with any applicable law.

The per-Share consideration paid to any Shareholder pursuant to the Repurchase Offer will be the same per-Share consideration paid to any other Shareholder during the Repurchase Offer. In all cases, payment for Shares tendered and accepted for payment pursuant to the Repurchase Offer will be made only after timely receipt by the Depository of certificates for such Shares (or confirmation of the book-entry transfer of such Shares), a properly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal. Payment for Shares properly tendered pursuant to the Repurchase Offer will be made by deposit of the Purchase Price with the Depository, which will act as agent for the tendering Shareholders for purposes of receiving payment from the Company and transmitting payment to the tendering Shareholders. UNDER NO CIRCUMSTANCES WILL THE COMPANY PAY INTEREST ON THE PURCHASE PRICE OF THE SHARES TO BE PAID BY THE COMPANY, REGARDLESS OF ANY DELAY IN MAKING SUCH PAYMENT.

If any tendered Shares are not paid for because of an invalid tender, or if certificates are submitted for more Shares than are tendered, certificates for such unpurchased Shares will be returned, without expense to the tendering Shareholders, as soon as practicable following the Repurchase Expiration Date. Shares delivered by book-entry transfer into the Depository's account at DTC which are to be returned will be credited on an account maintained within DTC.

If the Company is delayed in its payment for Shares, or is unable to accept for payment or pay for Shares pursuant to the Repurchase Offer for any reason, then, without prejudice to the Company's rights under this Repurchase Offer, the Depository may, nevertheless, on behalf of the Company, retain tendered Shares, and such Shares may not be withdrawn unless and except to the extent tendering Shareholders are entitled to withdrawal rights as described in Section 6.

ANY TENDERING SHAREHOLDER OR OTHER PAYEE WHO FAILS TO COMPLETE FULLY, SIGN AND RETURN TO THE DEPOSITARY THE FORM W-9 INCLUDED WITH THE LETTER OF TRANSMITTAL OR AN APPLICABLE FORM W-8 MAY BE SUBJECT TO U.S. FEDERAL INCOME TAX BACKUP WITHHOLDING ON THE GROSS PROCEEDS PAID TO THE SHAREHOLDER OR OTHER PAYEE PURSUANT TO THE REPURCHASE OFFER.

8. Conditions of the Repurchase Offer.

The Repurchase Offer is conditioned on the consummation of the reverse stock split. If the reverse stock split is not effected by October 25, 2016, then all Shares tendered in this Repurchase Offer will be returned without expense to the tendering Shareholders, as soon as practicable following such date. Shares delivered by book-entry transfer into the Depository's account at DTC which are to be returned will be credited on an account maintained within DTC.

9. Source and Amount of Funds.

The actual cost to the Company of the Repurchase Offer cannot be determined at this time because the number of Shares to be purchased will depend on the number tendered. If all outstanding shares are tendered, the approximate price would be \$1,814,743.

The Company has entered into binding agreements with CoBiz Bank of Denver, Colorado to provide financing for the purchase of the shares tendered in the Repurchase Offer. The funds being provided to the Company to fund the Repurchase Offer are a part of a larger, fully secured loan package that will provide the Company with up to \$9,075,000 of funding through four separate credit facilities, including a \$750,000 line of credit that may be drawn upon repeatedly as needed over the term of the line. The lending package is to be secured by essentially all assets of the Company, and Douglas Larson and Jeremy Martin will be providing limited personal guaranties on up to \$2,250,000 of the borrowings. In addition to their personal guaranties, Messrs. Larson and Martin, and two other key employees, have agreed to pledge Company stock that collectively represents at least a majority of the Company's outstanding common stock as collateral to secure repayment of up to \$2,250,000 of the loan package that will be used to fund the Stock Repurchase. In addition to the funds that are to be used for the Stock Repurchase, management plans to use proceeds from the loan package to retire the Company's existing loan and line of credit with ANB Bank, for working capital, and to acquire new and used equipment as needed for expanded operations.

10. Available Information.

Incorporation by Reference. The rules of the Commission allow us to "incorporate by reference" important disclosure information to this Repurchase Offer by referring you to other documents filed separately with the Commission. As such, we incorporate by reference the following documents:

<u>SEC Filings</u>	<u>Period or Date of Report</u>
Eldorado Artesian Springs, Inc. Annual Report on Form 10-K	Year ended March 31, 2015
Eldorado Artesian Springs, Inc. Quarterly Report on Form 10-Q	Quarter ended Dec. 31, 2014
Eldorado Artesian Springs, Inc. Current Report on Form 8-K	April 20, 2015

You can obtain the described documents and any of the documents incorporated by reference in this Repurchase Offer from the Commission's website at www.sec.gov.

Additionally, the Company has made available its audited financial statements for the fiscal year ended March 31, 2016 and unaudited financial results for the first fiscal quarter ended June 30, 2016 by attaching such documents to the Proxy Statement. You can obtain information about the Company and any of the above referenced documents by contacting Chief Financial Officer Cathleen M. Shoenfeld at cathys@eldoradosprings.com or by referencing the Company's related press releases available at www.eldoradosprings.com/2016shareholdermeeting.

11. Legal Matters; Regulatory Approvals.

We are not aware of the applicability of any anti-trust laws or any license or regulatory permit that appears material to our business that might be adversely affected by our acquisition of the shares as contemplated by the Repurchase Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic, foreign or supranational, that would be required for our acquisition or ownership of the shares as contemplated by the repurchase offer. Should any such approval or other action be required, we presently contemplate that we will seek that approval or other action. We are unable to predict whether we will be required to delay the acceptance for payment of or payment for shares tendered pursuant to the Repurchase Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business and financial condition. Our obligations under the Repurchase Offer to accept Shares for payment and pay for Shares is subject to conditions set forth in Section 8.

12. Certain U.S. Federal Income Tax Consequences.

The following discussion is a general summary of certain U.S. federal income tax consequences of a sale of shares pursuant to the repurchase offer. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury regulations promulgated thereunder, rulings and administrative pronouncements and judicial decisions, changes in which could affect the tax consequences described herein and could occur on a retroactive basis.

THIS TAX DISCUSSION IS INCLUDED FOR GENERAL INFORMATION ONLY. EACH HOLDER IS URGED TO CONSULT SUCH HOLDER'S OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO HIM OR HER OF THE REPURCHASE OFFER, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND FOREIGN TAX LAWS.

This discussion deals only with shares held as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment), deals only with the tax treatment of U.S. Holders (as defined below) and does not deal with all U.S. federal income tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special U.S. federal income tax rules (such as, for example, dealers or brokers in securities or commodities, traders in securities who elect to apply a mark-to-market method of accounting, U.S. Holders (as defined below) whose "functional currency" is not the U.S. dollar, financial institutions or insurance companies, tax-exempt organizations, pension plans, regulated investment companies or real estate investment trusts, former citizens or residents of the United States, U.S. expatriates, partnerships or other pass-through entities or persons who hold shares as part of a hedge, appreciated financial position, straddle, conversion or other risk reduction transaction). In particular, different rules may apply to shares acquired as compensation. This discussion does not

consider the effect of any alternative minimum taxes, any state, local or foreign tax laws or any U.S. tax considerations (e.g., estate or gift tax), other than U.S. federal income tax considerations, that may be applicable to holders of shares, nor does it address any aspects of the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

Holders should consult their own tax advisors regarding the tax consequences of a sale of shares pursuant to the repurchase offer, as well as the effects of state and local tax laws. See also Section 5, "Procedures for Tendering Shares" and the discussion below concerning potential U.S. federal income tax withholding.

We have not sought, and we do not expect to seek, any ruling from the IRS with respect to the matters discussed below. There can be no assurances that the IRS will not take a different position concerning the tax consequences of the sale of shares pursuant to the repurchase offer or that any such position would be sustained.

As used herein, a "U.S. Holder" means a beneficial owner of shares that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident alien of the United States, (ii) a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust that (A) is subject to primary supervision of a court within the United States where one or more U.S. persons have the authority to control all substantial decisions of the trust, or (B) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. As used herein, a "Non-U.S. Holder" means a beneficial owner of shares that is neither a U.S. Holder nor an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a person that is a partner of an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds our shares generally will depend on the status of the partner and the activities of the partnership. Partners in such partnerships holding our shares should consult their tax advisors about the U.S. federal income tax consequences of a sale of shares pursuant to the repurchase offer.

The sale of shares by a U.S. Holder pursuant to the repurchase offer will generally be treated (a) as a "sale or exchange" for U.S. federal income tax purposes subject to capital gain or loss treatment or (b) under certain circumstances, as a "dividend" subject to ordinary income treatment. Under Section 302(b) of the Code (Distributions in Redemption of Stock), a sale of shares pursuant to the repurchase offer generally will be treated as a "sale or exchange" if the receipt of cash: (i) results in a "complete termination" of the holder's interest in the Company, (ii) is "substantially disproportionate" with respect to the holder or (iii) is "not essentially equivalent to a dividend" with respect to the holder. In determining whether any of these tests has been met, shares actually owned, as well as shares considered to be owned by the holder by reason of certain constructive ownership rules set forth in Section 318 of the Code, generally must be taken into account. The sale of shares pursuant to the repurchase offer generally will result in a "substantially disproportionate" redemption with respect to a holder if the percentage of the Company's voting stock owned by the holder immediately after the sale is less than 80% of the percentage of the Company's voting stock owned by the holder determined immediately before the sale. The sale of shares pursuant to the repurchase offer generally will be treated as "not essentially equivalent to a dividend" with respect to a holder if the reduction in the holder's proportionate interest in the Company's stock as a result of the Company's purchase of shares constitutes a "meaningful reduction" of the holder's interest. Generally, even a small reduction in the percentage ownership interest of a holder whose relative stock interest in a publicly held corporation (such as the Company) is minimal and who exercises no control over the corporation's business should constitute a meaningful reduction. If any of these three tests for "sale or exchange"

treatment is met, a U.S. Holder will recognize gain or loss equal to the difference between the amount of cash received pursuant to the repurchase offer and the adjusted tax basis of the shares sold. The gain or loss will be a capital gain or loss. In general, capital gain or loss with respect to shares sold will be long-term capital gain or loss if the holding period for such shares is more than one year. The ability to deduct capital losses is subject to limitations. Under the "wash sale" rules of the Code, recognition of a loss on shares sold pursuant to the repurchase offer will ordinarily be disallowed to the extent a holder acquires substantially identical shares within 30 days before or after the date the shares are purchased by the Company pursuant to the repurchase offer. In that event, the basis and holding period of the shares acquired by the holder will be adjusted to reflect the disallowed loss and any difference between the Repurchase Price and the price of the substantially identical shares.

If none of the tests set forth in Section 302(b) of the Code is met, amounts received by a U.S. Holder who sells shares pursuant to the repurchase offer will be taxable to the holder as a "dividend" to the extent of such holder's allocable share of the Company's current or accumulated earnings and profits, and the excess of such amounts received over the portion that is taxable as a dividend will constitute a non-taxable return of capital (to the extent of the holder's tax basis in the shares sold pursuant to the repurchase offer). Any amounts received in excess of the holder's tax basis in such case will constitute taxable gain. If the amounts received by a tendering U.S. Holder are treated as a "dividend," the tax basis (after an adjustment for non-taxable return of capital discussed above) in the shares tendered to the Company will be transferred to any remaining shares held by such holder.

In addition, if a tender of shares is treated as a "dividend" to a tendering Shareholder, the IRS may take the position that a constructive distribution under Section 305(c) of the Code may result to a holder whose proportionate interest in the earnings and assets of the Company has been increased by such tender. Holders are urged to consult their own tax advisors regarding the possibility of deemed distributions resulting from the sale of shares pursuant to the repurchase offer.

The Company or the Depositary may be required to withhold 28% of the gross proceeds paid to a U.S. Holder or other payee pursuant to the repurchase offer unless the U.S. Holder has completed and submitted to the Company a Form W-9 providing the U.S. Holder's taxpayer identification number, and certifying under penalties of perjury that: (a) such number is correct (or the U.S. Holder is waiting for a number to be issued); (b) either (i) the U.S. Holder is exempt from backup withholding, (ii) the U.S. Holder has not been notified by the IRS that the U.S. Holder is subject to backup withholding as a result of an under-reporting of interest or dividends, or (iii) the IRS has notified the U.S. Holder that the U.S. Holder is no longer subject to backup withholding; and (c) the U.S. Holder is a U.S. citizen or other U.S. person.

Even though the Company may have received a completed W-9 from a U.S. Holder, the Company may nevertheless be required to backup withhold if it receives a notice from the IRS to the effect that backup withholding is required.

For U.S. federal tax purposes, a Non-U.S. Holder is generally not subject to these backup withholding rules. To establish its exemption from backup withholding, such Non-U.S. Holder must submit an appropriate and properly completed IRS Form W-8, signed under penalties of perjury attesting to such exempt status. The appropriate Form W-8 may be obtained from the Depositary or the IRS at its website: www.irs.gov. Please consult your accountant or tax advisor for further guidance as to the proper Form W-8 to complete and return to claim exemption from backup withholding.

13. Fees and Expenses.

The Company will not pay to any broker or dealer, commercial bank, trust company or other person any solicitation fee for any Shares purchased pursuant to the Repurchase Offer. The Company will

reimburse such persons for customary handling and mailing expenses incurred in forwarding the Repurchase Offer. No such broker, dealer, commercial bank or trust company has been authorized to act as the agent of the Company for purposes of the Repurchase Offer.

The Company has retained Corporate Stock Transfer to act as the Depository. The Depository will receive reasonable and customary compensation for their services and will also be reimbursed for certain out-of-pocket expenses and indemnified against certain liabilities.

14. Miscellaneous.

We are not aware of any jurisdiction where the making of this Repurchase Offer is not in compliance with applicable law and regulation. If we become aware of any jurisdiction where the making of the Repurchase Offer or the acceptance of shares pursuant thereto is not in compliance with applicable law and regulation, we will make a good faith effort to comply with the applicable law and regulation. If, after such good faith effort, we cannot comply with the applicable law and regulation, the Repurchase Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of shares in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Repurchase Offer to be made by a licensed broker or dealer, the Repurchase Offer shall be deemed to be made on our behalf by one or more registered brokers or dealers licensed under the laws of that jurisdiction.