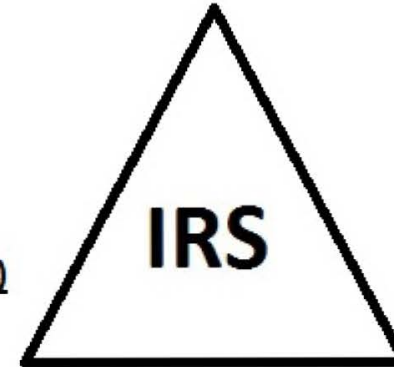


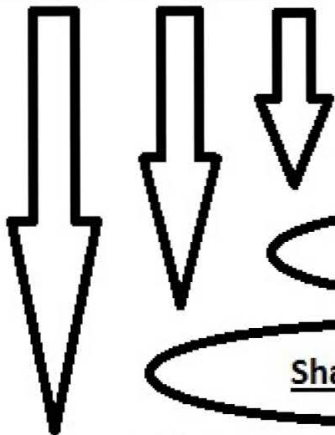
1) S Corp earns income



(S Corp does not pay any taxes on the income before distributing to shareholders)



2) S Corp pays dividends to shareholders



3) Shareholders pay taxes on income to the IRS

