



Outsourcing, Consulting and Corporate Training for Equity Compensation

November 1, 2011

Here is a *short description of our IRS Section 6039 Web-based Solution*

Re "FRS 3921-22 EXPRESS": The "FRS 3921-22 EXPRESS" is a web-based solution to automatically merge your software reports onto pre-programmed IRS Forms 3921 and 3922 and pre-programmed electronic formats that allow FRS to easily e-file to the IRS and send out compliant Statements to your employees.

Major points:

FRS will file the Forms 3921 and 3922 electronically to the IRS for you!

FRS will mail the Substitute Forms to the Employee!

Full audit process and Company approvals every step of the way!

No need for the IT Dept.

All you do is run a few reports for us! Leave the headache to us! We can do every step of the process for you.

About Us

FRS Equity Strategies, a full-service outsourcing, staffing, consulting and corporate training corporation.

FRS (previously know as FatRabbit Services) is a privately-held corporation established in 2000. Our motto is Compliance, Accuracy and Customer Service! Our primary business is ensuring that companies stay compliant under the many regulations and laws that govern equity compensation. Our staff of certified equity professionals (CEPs) and accountants will hand-hold your company in the administration and management of your employee equity benefit plans. We have all been practitioners so we know what you need!

Details of service for comparison purposes

The FRS process will include:

1. Reports accepted from EASi, Equity Edge, Transcitive, eProsper, Corporate Focus, Merrill Lynch, MSSB, Scwab, OptionEase, and even Excel. (We are already aware of all the newly-programmed 6039 reports from the software vendors.)
2. FRS will set-up your web-based, secure, encrypted FRS "Secure Site" account for processing and transferring files.
3. FRS will provide an audit and approval process for the Company.
4. Test your Software Reports onto the "FRS 3921-22 Express" Application.
5. We will file under our TCC and PIN.

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6. Test a trial run of your Forms 3921 and 3922 on the IRS "FIRE" system.
7. Provide a sample of the "Substitute Forms" and the Cover Letter that will be prepared for the employee. Your software reports need customization to meet the IRS requirements for Employee Substitute Forms.
8. File the Forms 3921 and 3922 electronically (the preferred method) to the IRS.
9. Print, stuff and mail the Employee and Ex-employee Substitute Forms required for the calendar year 2010 with a Cover Letter.
10. All processes performed well before the deadlines.
11. Provide a narrative of the process and methods used for this entire process for SOX and/or audit purposes.

Fees:

- For any public or private company: \$250 set-up fee, \$0.75 / form, min \$500 per company for the electronic filing.
- Discounts available for high number of transactions.
- Mailing service for the employee forms at a low cost plus out-of-pocket.

Other notes:

- FRS accepts reports from all software apps and Excel.
- Yes, we will actually file the IRS Forms and receive proof back for the company.
- Yes, FRS will provide substitute forms to employees and these will be mailed out by Jan 31, the deadline.

Please contact us to line up this service for your company:

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