

# FAQ

## Frequently Asked Questions 2013 Stock Dividend



**ECOSPHERE**  
TECHNOLOGIES INC.

## FAQ

# Frequently Asked Questions

### What is a stock dividend?

The company is issuing additional shares that are issued to shareholders in proportion to their current holdings. In this case, a 5% stock dividend means that a shareholder will receive 5 additional shares for each 100 shares owned. Many investors are familiar with the concept of a "stock split", where for each share owned a shareholder gets additional shares or a fractional share; if there was a 100% stock dividend, a shareholder receives 1 share for each share owned. Our dividend is an equivalent process, but in different proportion (1 share for each 20 owned).

### Is this a cash dividend?

No, shareholders receive only new shares. If you own 100 shares on the record date, after the record date you will own 105 shares.

### Is this dilutive to current shareholders?

There will be more common shares outstanding after the dividend, but because each shareholder receives shares in proportion to the current holdings, the percentage of the company owned remains unchanged and therefore not dilutive.

### Is the dividend taxable?

The company has been advised that, under the Internal Revenue Code and the regulations thereunder, as presently in effect, the receipt of one additional share for each 20 shares held on June 15, 2013 will not constitute taxable income to shareholders for U.S. Federal tax purposes; that the tax cost basis for each share held by a shareholder on June 15, 2013 will be allocated equally between each additional share received as the result of the stock dividend and each share held on June 15, 2013; and that the holding period of each new share, for purposes of determining long-term capital gain treatment, will include the holding period of the old shares on which the distribution was made.

### How will I receive the new shares?

The company's transfer agent expects to pay the stock dividend on about June 28, 2013. If your shares are held in a brokerage account, they will be deposited automatically by your broker. If you own paper certificates, the company will mail an additional certificate to the mailing address we have on file. If you believe your address may be out of date, please contact us at 772.287.4846.

### Who is entitled to the stock dividend?

If you own Ecosphere shares as of the close of trading on June 14, you are entitled to receive the new shares since June 15th (a Saturday) is the record date.

### I invested in Ultrastrip and still have those shares.

#### Am I entitled to the stock dividend?

Ultrastrip changed its name to Ecosphere Technologies, Inc. If you hold Ultrastrip share certificates, you are an Ecosphere shareholder and will receive the stock dividend.

### Why is the stock being split?

Ecosphere CEO Dennis McGuire recently commented, "We are pleased to announce a stock dividend to reward our shareholders for their continued loyalty. In recent years, Ecosphere has made significant strides in reducing debt and generating positive cash flow for the Company. We positioned Ecosphere to be a leading developer of innovative, patented solutions for some of the world's toughest challenges and have been recognized by leading industry peers. The Board of Directors joins me in thanking our shareholders for their continued support."

### Where can I get more information?

Please call or email our investor relations representative at ICR. You should call or email Gary Dvorchak, CFA at +1 (310) 954-1123 or [gary.dvorchak@icrinc.com](mailto:gary.dvorchak@icrinc.com).



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