

Employee Ownership Update

This is an exciting time to be an Ames employee-owner. As we embark on our journey as both business partners and owners, there is no better time to start educating our employee-owners on how the Ames Employee Stock Ownership Plan (ESOP) will work. This is the first in a series of monthly updates on our new ownership model.

As employee-owners you will benefit from our ESOP in three main ways. First, you will gain retirement benefits. Secondly, you should feel an enhanced sense of job security. Lastly, you should feel energized, engaged, and committed to our company's success. It is a true win-win-win.

The Ames team is positioned for success in an environment where Ames can stay Ames with the people we know and love. **We are Ames, and we are Fueled by Family.**

What is an ESOP?

An ESOP is an employee benefit plan that enables us as employee-owners to own 100% of Ames Construction. ESOPs are most commonly used to facilitate succession planning, allowing the owners to sell their shares and transition out of the business.

An ESOP:

- Helps keep the business—and its jobs—in the community.
- Helps provide job security for employees. The latest national research on ESOPs shows that companies with employee stock ownership are 7.3 times less likely to lay off employees than conventionally owned firms.
- Enhances honesty and ethical conduct across the organization. Because of the ESOP, we recognize our shared responsibility for doing what is right for our clients, partners, people, and communities.
- Provides continuity for customers, who continue to interact with the same individuals they know and trust.
- Provides business continuity. The employees who best know the business stay in place, ensuring continuity in operations.



Unique retirement plan

ESOPs are tax qualified retirement plans authorized and encouraged by federal tax and pension laws.

Unlike most retirement plans, ESOPs:

- Are required by law to invest primarily in the shares of stock of the sponsoring employer.
- Are trusts that hold shares of the business for employees, making them beneficial owners of the company that employs them.

With an ESOP ownership structure, the company provides stock ownership to employees at no cost to them. As the company's value—its stock—grows, employee accounts grow in value. ESOP plans are federally governed under retirement legislation similar to 401(k)s.

Unlike 401(k)s, the Ames ESOP does not require out-of-pocket contributions from employees. A recent Pew study found that less than half of all non-government employees participate in a retirement plan at work. And 35 percent of private sector employees are not even offered an employer-sponsored retirement plan. By contrast, Ames provides employees multiple retirement plans.

Employee ownership incentive

At Ames, our ESOP means our employees can grow their retirement balance based on the work they do every day. This is the most unique retirement benefit Ames can offer, because our employee-owners directly affect the growth in their own retirement savings, and it's a great supplement to the 401(k) plan.

In addition to the financial and tax incentives, most companies establishing an ESOP have a keen desire to provide an employee ownership incentive and benefit. In fact, at Ames, the ownership and benefit incentive is the primary reason for the ESOP. Research has shown that giving workers a significant stake in the company that employs them improves employee attitudes toward the company. These improved attitudes translate into improvement of the company's bottom line.

Conclusion

As you will see over the next several updates, the ESOP is the most powerful tool in business today for building long-term financial security and growing wealth for employee-owners. However, no one can accomplish this goal by themselves. This is a team effort, and we all must pull together. We must all be responsible for and to each other. That means accountability across the organization because in the end, it is all our money. The responsibility for every dollar gained, saved, or spent goes directly back to us as employee-owners.

We have the best business partners. Just look to your left and right. We don't have outside investors who may not care about



our business or people; we are not owned by a larger company that treats people like cogs in a machine; we are not owned by a hedge fund that just wants to build value and sell at a higher price. We are owned by the people of Ames who show up each and every day and pour their heart and soul into our success.

While there is no success without sacrifice, the level of teamwork, effort, and sacrifice will dictate our success. Now it's up to all of us to make that happen for our Ames family of employee-owners.

