

Building Our Future Together as Ames Employee-Owners



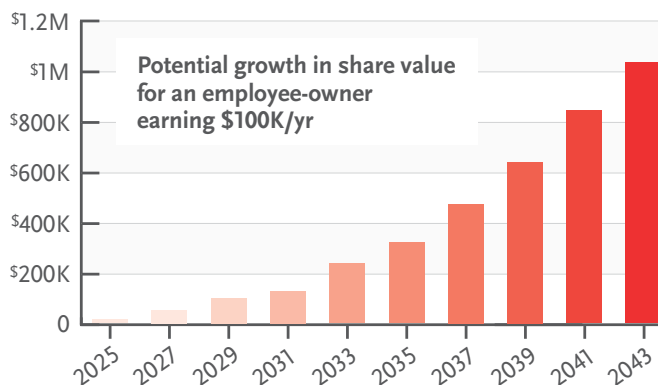
Since December 30, 2024, Ames Construction has been employee-owned through an Employee Stock Ownership Plan, or ESOP. Our future together as employee-owners starts with understanding how this ownership model works.

What is an ESOP?

An ESOP is a retirement plan that buys and holds a company's stock in accounts for the benefit of employees.

How does the Ames ESOP work?

1. Ames created a trust to hold shares of the company on behalf of coworkers. The ESOP trust is the legal owner of the shares, and Ames coworkers have individual accounts in the ESOP trust.
2. Ames allocates shares to individual accounts every year.
3. As Ames grows in revenue and profitability, the shares in your individual account grow in value.
4. When you retire or leave Ames, you receive the value of your shares, either in cash or through a rollover to an IRA.



ESOP account balances shown above are estimates and are subject to both company performance and trustee valuation.

How does the ESOP differ from a 401(k)?

ESOPs and 401(k)s are both qualified retirement plans governed by tax and pension laws, but they are funded differently.

- **401(k):** You fund it. Ames continues to offer a 401(k) and provides a matching contribution of up to 1.5%.
- **ESOP:** Ames allocates shares to your account at no cost to you. You build equity over time without investing your own money. Like a 401(k) plan, you don't pay taxes until you receive a distribution, and you can delay those taxes by rolling the distribution into an IRA.

How is my allocation calculated?

Allocations are calculated annually based on your compensation (base pay plus bonus) divided by the total compensation of all participants multiplied by the total shares released.

Besides retirement benefits, what's in it for me?

- **CAREER GROWTH.** Ames invests in the people who contribute to its success, so your development is a priority.
- **YOU ARE PART OF A TEAM.** Employee ownership fosters collaboration. We all have a stake in Ames' success.
- **STABILITY AND PURPOSE.** ESOP companies outperform non-ESOP companies in employee retention and financial resilience. You can be energized, engaged, and committed to Ames' success because you know you are a part of something that will last.

What's in it for Ames?

- **AMES REMAINS AMES.** The ESOP helps us keep and grow our unique "Fueled by Family" culture. We work together, support each other, and celebrate shared successes.
- **EMPLOYEES WITH AN OWNERSHIP MENTALITY.** ESOP participants think like owners and are empowered to increase productivity, efficiency, and profitability.
- **FINANCIAL ADVANTAGES.** As a 100% ESOP S-corporation, Ames is not taxed at the federal level and usually not at the state level. This allows the company to grow in value quicker.

Where can I get more information?

Learn more about the vesting schedule, distributions, your plan statement, and many other ESOP FAQs:

[Benefits page](#)

We Are Ames, and We Are Fueled by Family!

Frequently Asked Questions

What are the ESOP tax incentives for Ames?

Ames is a 100% ESOP S corporation. As a result, the company is not taxed at the federal level and usually not at the state level. This allows Ames to grow in value quicker.

What are the ESOP tax incentives for me?

You pay no tax until you receive distributions from the ESOP. Like a 401(k), you can further delay taxes by rolling distributions into an IRA.

Who is ineligible to participate?

- Union coworkers. These coworkers are already covered by a union defined benefit pension plan.
- Interns.
- Hourly non-union craft coworkers in any of the following job occupations as identified in the payroll system: blaster, carpenter, cement mason, crane technician, driller, driver haul truck, driver lowboy, foreman, iron worker, laborer, mechanic technician, oiler, operator, painter, parts runner, piledriver, pipelayer, shop labor, traffic control, welder, supervisor, superintendent. These coworkers are already covered by the Ames retirement plan.

Do I have voting rights?

Ames is governed by a board of directors appointed by the ESOP trustee. Legally, the trustee is the shareholder and is responsible for acting in the best interest of all plan participants. There are certain instances where the trustee will obtain a vote from plan participants, but generally, participants do not have voting rights.

What is the role of the ESOP trustee?

The trustee controls the ESOP trust. They represent plan participants and make sure that the plan operates in the best interests of the participants. The trustee also sets the annual price of the stock with the help of a third-party valuation firm and monitor the board.

Can I request financial statements from Ames?

As an ESOP participant, you are not able to request full financial statements. Our plan administrator will provide you with an annual account statement detailing your individual ESOP holdings and their value, but not the company's overall financial performance or total valuation.

How is my allocation calculated?

Your allocation is calculated each year based on your eligible compensation (capped at IRS limits to avoid over accumulation by highly compensated coworkers) divided by total eligible compensation for all participants multiplied by total shares released. The new allocations are in addition to past years' allocations, which helps your account grow over time.

Why can't I sell my ESOP shares any time I want?

The ESOP trust is the legal owner of the shares, not individual participants. You receive the value of your ESOP account only when you receive a distribution from the plan—generally in installments after you leave the company. Why? Because the ESOP is a retirement plan. It is not meant to be a short-term bonus.

How can I track the value of my account over time?

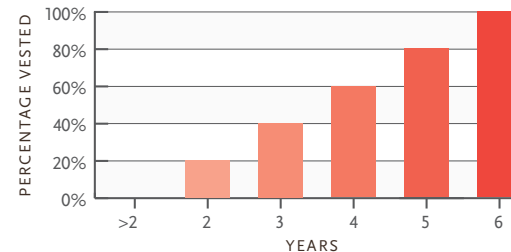
Our third-party administrator will prepare an annual statement outlining the number of shares and the current value of your account.

What compensation is eligible for a contribution?

Eligible compensation includes your base pay plus bonus.

What is the vesting period?

Because this is a new plan, all coworkers start with 0 years of service from a vesting standpoint.



**A participant who retires at age 65 with 5 years of participation in the plan will be 100% vested upon retirement.*

What is defined as a year of service?

1,000 hours worked in a plan year. You must be employed as of 12/31 to receive a contribution.

When are distributions paid?

Once shares are fully allocated, distributions are paid 5 years after separation of employment over a 5-year period. Upon reaching the normal retirement age of 65, distributions will begin in the next plan year.

How is the value of the stock determined?

The value of ESOP shares is determined annually by an independent appraiser who considers various financial factors and market conditions related to the company.

Is the stock value fixed to the price determined in the year it was allocated?

No. Each year when the stock value is determined, all shares allocated to your account will be revalued to determine your total balance.

When will I receive my statement?

Statements will be prepared after the annual valuation is completed and the stock price is determined. This occurs every April-May, with statements being released in June-July.

Can I take a loan against the value in my ESOP account?

Our plan does not allow loans.

How can I influence the value of my ESOP shares?

Studies have shown that ESOP companies outperform non-ESOP companies, particularly during economic downturns. They also foster an "ownership mentality," where ESOP coworkers think like owners and are empowered to increase productivity, efficiency, and profitability.

How often will my ESOP account balance change?

The ESOP account balance will change only once a year. You will receive an annual statement that provides the financial activity for the year, including the updated stock value.