



Understanding Share Value: What Drives It?

Determining share value of the Ames ESOP is a critical process because it affects the value we accumulate in our ownership stake. Let's look at how share value is determined, why it matters to you, and what you can do to help influence it.

Why does share value matter?

Your ESOP account grows based on the number of shares you own and the value of those shares. When shares increase in value, your account balance grows faster, helping you build your retirement benefit. Share value is updated annually after the valuation process is complete, and you'll see the new value on your ESOP statement, which is delivered around July 1 each year.

Who determines share value?

Unlike publicly traded companies—where market supply and demand determine stock price—ESOP companies like Ames are privately held. This means there is no public market to establish value. Instead, federal law requires that the fair market value of an ESOP company be determined annually by an independent, qualified valuation firm.

The Ames ESOP Trustee, GreatBanc Trust Co., hires a third-party firm to complete the valuation. This firm works exclusively for the ESOP Trustee, not Ames Construction or the Board of Directors.



How is share value calculated?

The valuation firm uses a combination of two methods:

- 1. Discounted cash flow:** Calculates the value of Ames' future expected earnings in today's dollars. This includes a five-year projection and factors such as our backlog quality, margins, cost control, and historic performance.
- 2. Market approach:** Compares Ames to publicly traded heavy civil construction companies to determine a comparable market value.

Quick facts

WHEN IS SHARE VALUE DETERMINED?

Annually, after year-end financials are finalized.

DOES THE BOARD SET SHARE VALUE?

No. The independent valuation firm and ESOP Trustee handle this process.

External factors such as industry trends and the overall U.S. economic outlook also play a role. Once the analysis is complete, the Trustee uses the information to set the per-share value of the ESOP stock. You can be confident this is a fair, consistent, and regulated process.

What happens if share value changes?

If share value increases: Your ESOP account increases in value, and you also accumulate more shares each year.

If share value decreases: Your account balance may decrease, but you still accumulate more shares each year with future potential growth.

How can you impact share value?

While individuals can't control every factor, your efforts matter. Actions that help drive value include:

- Completing projects safely and on time.
- Managing costs effectively.
- Winning new work and maintaining strong client relationships.
- Promoting Ames' reputation for quality and reliability.

Do you have other questions?

Check out this [Overview & FAQs](#) sheet and explore additional [ESOP resources](#) on SharePoint.