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SERVICE SIGNS DATA COMM ENERGY TECH CONSTRUCTION

Lemberg Electric Company, Inc. Employee Stock Ownership Plan

Participant: _____

Hire Date: _____

Plan Entry Date: _____

**Provided eligibility requirements are met.*

The ESOP

An ESOP is a tax-deferred retirement benefit plan, similar to a 401(k) or profit sharing plan. However, unlike other retirement plans, the ESOP is invested primarily in Lemberg stock and the company makes all the contributions to the ESOP, not the participants.

An ESOP gives the employee a beneficial ownership interest in the company and is why participants are sometimes referred to as employee owners. “Beneficial Ownership” allows you to receive the fair market value of company stock after you leave Lemberg. Even though you do not directly own the stock-in other words, you benefit from the value of shares held in your account.

The assets in an ESOP are held in a trust and inside the trust there are individual accounts for each participant. The ESOP trustee, who oversees the trust, is considered the legal shareholder and holds all shareholder rights. The trustee has legal obligations; the ESOP participants do not. The fact that the shares are held in trust for the benefits of the plan participants is an important concept. Holding the shares in trust ensures that the value of the shares are allocated to participants and is not taxable until that participant retires or otherwise ends employment with the company.

A Unique Opportunity

With an ESOP, gains in productivity, profits, revenue, repayment of debt and improvements made by you increase the value of all the stock accounts within the trust. The ESOP enables you to share in the rewards of Lemberg’s success, which is an extra incentive for employee owners to help make the company prosperous. Your hard work and dedication have an important impact on the profitability and growth of our business. These factors affect the size of the ESOP retirement benefit. By performing your job well, you can potentially increase your own ESOP account balance.

You can help our company and stock value grow by supporting the company mission and vision, create and maintain excellent internal and external customer relationships, increase profits by controlling jobs and overhead costs, maintain high productivity both in the office and the field, encourage a safe work environment and provide quality, innovative solutions for our customers.

Eligibility and Entry

When do I get into Lemberg's ESOP?

If you are hired as a full or part-time employee (excludes interns and temporary employees) and you completed 12 consecutive months of service with at least 1,000 hours and are age 21, you enter the plan on January 1st of the next year as long as you are still employed on December 31st of the second year that you are employed with Lemberg. Following the eligibility requirement, you will then see a statement in your third year (for the previous year). Statements will usually be dispersed in July/August.

- Example: Age 21+, hired February 10, 2018. Still an employee on December 31, 2018 and has at least 1,000 working hours, the employee will be entered into the plan on February 10, 2019 as long as they are still employed on December 31, 2019. The date will be retro-acted to January 1, 2019 and the employee will receive their ESOP statement in 2020 for the previous year.

Is it Mandatory or Optional to be a Participant in the ESOP?

You may not opt out of the plan, nor would you want to! The ESOP is an employer-sponsored retirement plan that requires no contribution by the employee: it is funded solely by the Lemberg Electric Company Employer contributions and allocations.

What is Stock Valuation?

The law requires an ESOP company to have its stock valued once each year. This typically occurs at the end of the plan year (December 31st), after the year-end accounting has been completed. The ESOP trustee hires an independent financial advisor to help determine "fair market value."

What are ESOP Contributions?

ESOP Contributions are contributions made by the employer. The employer makes these contributions on behalf of the employees. The employer will determine the amount of ESOP contributions after valuation through a detailed formula, it will then be decided as to what the contribution for the plan year will be. The amount to be contributed may be different each year. There may not be any contributions on some years. The total ESOP contribution for the plan year is divided (allocated) among the members who are eligible to share in the allocation for the year. Contributions may be made in cash, stock of the company or a combination of both.

What must I do to Receive a Contribution?

In order to receive your share of the discretionary ESOP contribution, you must work at least 1000 hours during the year and be employed on the last business day of the year for which the contribution is made. If you leave due to normal retirement (age 65+), death or disability, you (or beneficiary if payout is due to death) will receive any contribution owed, even if you are not employed on the last business day of the year.

How is my Portion of the Contribution Determined?

Discretionary ESOP contributions will be allocated to your ESOP account pro rata to your eligible compensation (includes bonuses).

Vesting

What is Vesting?

Vesting refers to the portion of your account you are entitled to receive when you leave the company. You earn a "period of service" for each 12 months of service with the company that you work 1,000 hours for. Vesting is based on reaching your anniversary dates. Vesting over time rewards our long-term employees for their dedication to the company.

Vesting Schedule:

Years of Service	Percentage Vested
Less than 1 year	0%
1 year anniversary	0%
2 year anniversary	20%
3 year anniversary	40%
4 year anniversary	60%
5 year anniversary	80%
6 year anniversary	100%

If you leave before you are 100% vested, the unvested portion of your account will be forfeited.

Are there Exceptions to the Vesting Schedule?

Regardless of your periods of service, you automatically become 100% vested if, while employed, you die or become permanently disabled, attain normal retirement age (65) or reach early retirement age (55) with 10 years of service in the ESOP.

How are Forfeitures Handled?

The unvested portion of former employee's accounts will be forfeited and either used to pay plan expenses or added to the company contributions to be allocated among the remaining participants in the plan. If you are rehired, forfeitures may be restored under certain circumstances.

Distributions

When do I Receive the Money from my ESOP Account?

Generally, you will not receive a distribution of your account until you leave the company. The rules for paying distributions differ depending upon the reason your employment ends. A distribution of your ESOP account is determined by a number of factors. The ESOP committee has established a distribution policy which may be modified from time to time.

General Rules are Provided Below:

- If you retire on or after the age of 65 or become permanently disabled while employed, your distribution will begin as soon as practicable once the valuation process is completed for the annual period in which you left.

- If the balance is less than $1,000, the vested balance will be paid directly to you minus any taxes.

- If the balance is between $1,001 and $5,000, the balance will be distributed and rolled into an

Individual Retirement Account (IRA). You will not be taxed on the distribution until you withdraw from the IRA.

- If your vested account balance is greater than $5,000, your vested account balance will be distributed to you in a series of installments over no more than 5 years.

Will I have to Pay Taxes when I Receive my Distribution from the ESOP?

When you receive a distribution from the ESOP, you may continue to defer taxes by electing a direct rollover to an IRA or other qualified retirement plan. If you elect to keep the cash, you will pay taxes and may be subject to a 10% early withdrawal penalty if you are not 59½ years of age.

Voting Shares

Do I get to Vote the Shares in my Account?

In general, the ESOP trustees will vote all shares held in the plan. However, you will have the right to direct the trustee with respect to the shares in your account if the vote relates to a corporate merger, consolidation, recapitalization, reclassification, liquidation, dissolution or sale of substantially all assets of the company. You will be informed should a participant direction be required.

Diversification

What about Diversifying into other Investments?

Statutory Diversification – Legally required statutory rules require us to offer you the opportunity to diversify a portion of your ESOP account balance that is invested in company stock, if you are an active employee who meets two requirements:

1. Age – you must be at least 55 years of age or older.
2. Plan Participation – you must have at least 10 years of participation in the ESOP.

For 5 years after you satisfy these requirements, you may elect to diversify up to 25% of your account balance to the 401(k) plan or to an IRA. In the 6th final year, you may diversify up to 50%. These percentages are cumulative limits – shares you previously diversified, including early diversification are subtracted from future eligible amounts.