



Schebler

YOUR EMPLOYEE STOCK OWNERSHIP PLAN

ESOP PLAN

The Schebler Company has long provided certainty to our customers—the certainty of long-lasting quality products, the certainty of American manufacturing, and the certainty of industry-leading customer service.

**OUR ESOP ENSURES THE COMPANY
WILL CONTINUE TO PROVIDE CERTAINTY
IN MANY WAYS TO EACH AND EVERY
ONE OF OUR STAKEHOLDERS.**

WHAT IT MEANS TO BE AN OWNER IN AN ESOP COMPANY

If you have some stock in Apple or Amazon, you're legally an owner of the company—but you don't have the usual rights often associated with business ownership, nor can you directly influence the performance of the business. You can't even walk into one of their facilities without an invitation. All you can do is vote for the board of directors, receive dividends if there are any, and sell your stock if you choose to do so.

Ownership through an Employee Stock Ownership Plan (ESOP) is a lot different. **An ESOP enables employees to own the company they work for.** Individual employees accumulate shares in their retirement accounts over time, and they cash in those shares when they retire or leave. Yet the stock they own never costs them a nickel. ESOP participants greatly influence the performance and growth of the company.

They can receive shares and other benefits; however, they can't sell their stock until they retire or leave the company—and even then, they have to sell them back to the company.



HOW DOES AN ESOP WORK?

Here's what happens when a company's owners decide to sell shares to an ESOP:



1

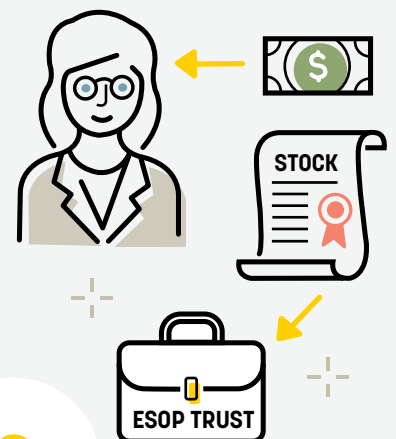
SET UP AN ESOP TRUST.

The trust is a legal entity that will hold shares of stock on behalf of the employees. It is governed by many of the same rules as 401(k) plans, but it is funded entirely by the company.

2

THE TRUST BORROWS MONEY FROM A BANK AND THE SELLER.

This is called a leveraged ESOP.



3

USING THAT MONEY, THE TRUST BUYS ALL OF THE COMPANY'S SHARES FROM THE OWNERS.

The price of the shares is determined by an independent appraiser.

BUT THERE'S ONE MAJOR DIFFERENCE BETWEEN EMPLOYEE OWNERSHIP AND OTHER KINDS OF OWNERSHIP: IN AN ESOP, THE BOARD AND MANAGEMENT ARE DIRECTLY ACCOUNTABLE TO THE TRUST REPRESENTING THE EMPLOYEE OWNERS.

In a company, like Schebler, that is owned by investors, the board and management are accountable to those owners. They have to make big decisions with investors' interests in mind. If laying people off or holding down wages will produce higher profits, they have to give those options serious consideration.

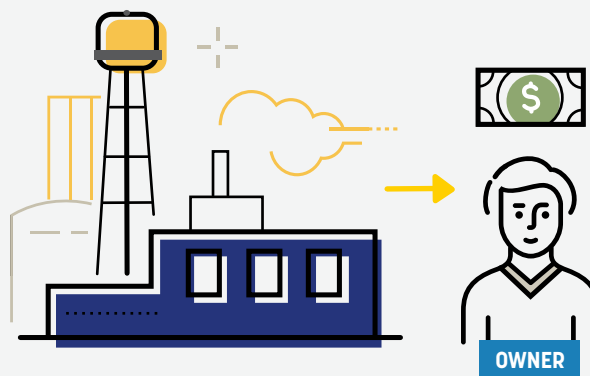
At a company that's wholly owned by an ESOP, the board and management face different incentives. To be sure, they always have to do whatever they believe

will assure a healthy, profitable business. But a layoff, for example, is likely to be the last resort rather than the first. And before they eliminate a product offering or move production outside the community, they would likely explore other possibilities that are good for the employee owners. They are also much more likely to create a culture of ownership, enabling employees to learn about the business and make more of the everyday decisions that determine how the work is done.

Then the trust begins allocating shares to the retirement accounts of employees. In a leveraged ESOP—the kind with the borrowed money—it allocates the shares as it pays back the loans. By law, shares must be distributed according to relative pay or by a formula that results in an equal and fair distribution.

THE EMPLOYEES' ACCOUNTS NOW HAVE STOCK, AND THEY ARE THE OWNERS—WITHOUT HAVING MADE ANY CASH OUTLAY.

4



5

WHEN EMPLOYEES LEAVE THE COMPANY, THEY ARE CASHED OUT. THE ESOP PROVIDES THEM WITH A RETIREMENT BENEFIT.

Beyond individual employees, the ESOP protects jobs by providing ownership continuity and by keeping the company as a going concern. And the owners not only found a buyer for their business while keeping it going, but they can stay involved and ease out in stages if that's the right thing for them and the company.

ESOPs BY THE NUMBERS

ESOPs are far from unusual—with our ESOP, Schebler is joining thousands of other companies in pursuing growth and stability through employee ownership.

There are **6,482 ESOPs** in the United States, covering nearly **14 million participants**.

TOP INDUSTRIES FOR ESOPs



MANUFACTURING

21%



PROFESSIONAL SERVICES

21%



CONSTRUCTION

15%



FINANCE

12%

ESOP PARTICIPANTS BY COMPANY SIZE

36%

Up to 50
employees

23%

101–300
employees

21%

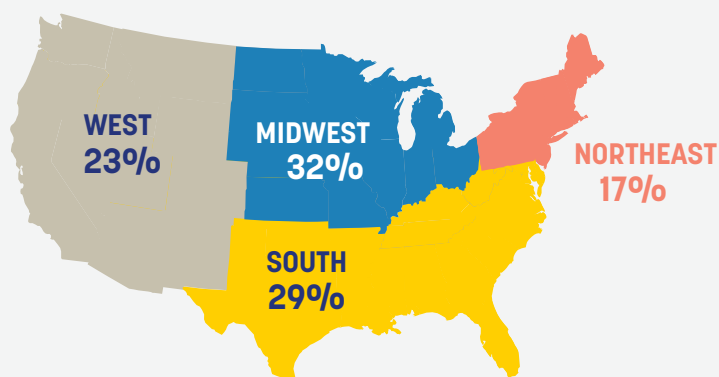
51–100
employees

10%

301–1,000
employees

10%
10,000+
employees

WHERE ARE ESOPs LOCATED?



WITH SCHEBLER'S ESOP, EVERYONE WINS.

EMPLOYEES significantly benefit from their ownership via continued job security and the addition of a substantial retirement wealth benefit.

CUSTOMERS are ensured continued access to Schebler's unparalleled products and services, plus strong customer support from highly motivated employees.

SCHEBLER SUPPLIERS AND THE LOCAL COMMUNITY can have the confidence that Schebler will remain a stable, integral part of the community as our business continues to grow.

EVERYONE benefits from the faster growth ESOP companies experience (compared to traditional companies) due to the leadership team and all employee owners being fully engaged, motivated and working together to drive the company forward.

For more information on ESOPs,
visit The National Center for
Employee Ownership at
nceo.org or **esopinfo.org**