

**DOWNES HOLDING COMPANY, INC.  
EMPLOYEE STOCK OWNERSHIP PLAN**

**Summary Plan Description**

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# INTRODUCTION

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Dear Fellow Employee Owner:

Through your employment with Downes Holding Company, Inc. (the “Company”), you are or shortly will become an employee owner of the Company. This handbook provides an overview of the Downes Holding Company, Inc. Employee Stock Ownership Plan (“ESOP”) and discusses what it means to be an employee owner. This handbook will be a helpful resource to you by providing you with answers to many commonly asked questions about our ESOP, giving you a greater understanding of how the ESOP works, and helping you better understand the importance of your role in an employee-owned company. Where, the context so requires, the term "Company" used in this handbook shall also mean one of the participating employers listed under the heading "Additional Information" in this handbook.

This handbook is intended to be a brief statement and explanation of the major provisions of the ESOP. Please remember that this handbook does not take the place of the actual ESOP, the Downes Holding Company, Inc. Employee Stock Ownership Trust (“Trust”) and other related documents described below. In case of any conflict between the contents of this handbook and the contents of the ESOP, the terms of the ESOP will rule. Copies of these documents and any amendments can be reviewed at the Company. Copies of the ESOP will also be sent to you upon written request. If you have specific questions that are not covered in this handbook, please contact the Plan Administrator.

We’re convinced that the better you understand the Company’s ESOP, the more productive and committed you will be as an employee owner. We hope you will recognize the win-win opportunity that our shared ownership creates.

Sincerely yours,

*DN Patrick*

Downes Holding Company, Inc.

## **EMPLOYEE STOCK OWNERSHIP PLAN**

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### **WHAT IS AN ESOP?**

An ESOP is a tax-qualified retirement plan that is designed to invest primarily in employer stock. Our ESOP is maintained for the exclusive benefit of eligible employees of the Company and their beneficiaries. The purpose of the ESOP is to reward you and other eligible employees for long and loyal service to the Company and provide you with an incentive to increase your productivity by providing you with an ownership interest in the Company and with retirement benefits.

The ESOP is paid for solely by the Company, and the Company makes all of the contributions to the ESOP. You are not required to contribute. All contributions by the Company to the ESOP are deposited in the Trust, the funding vehicle for the ESOP, to be held and invested by the Trustee.

Our ESOP is considered “leveraged” because it borrowed money to purchase Company stock. As a result, each year, the Company makes a contribution to the ESOP Trust. The Trustee then uses these contributions to pay principal and interest on the ESOP’s loan. As the ESOP’s loan is repaid, Company stock that is owned by the ESOP is then allocated to participants’ accounts.

### **WHAT ARE THE ADVANTAGES OF BEING AN EMPLOYEE OWNER AT THE COMPANY?**

As an employee owner, you benefit in many ways from the ESOP:

- ✓ You have beneficial ownership in the Company,
- ✓ You share in the risks and rewards of being an owner of the Company, and
- ✓ Your efforts can influence the future success of the Company.

Our ESOP is not simply about increasing the value of the Company, it is also about how we relate to one another and to our customers, how we work together to share ideas for improvement, develop strategies and set goals, and overall meet or (better yet) exceed our customers’ expectations.

## **ELIGIBILITY**

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### **WHEN AM I ELIGIBLE TO PARTICIPATE IN THE ESOP?**

You become eligible to participate in the ESOP on the entry date immediately following the date you attain age 21 and complete one “Year of Service” (defined as completing at least 1,000 Hours of Service with the Company). The ESOP entry dates are November 1st and May 1st. If you were an employee of the Company on November 1, 2019 (the effective date of the ESOP), you became a participant in the ESOP on that date.

Leased employees, non-resident aliens who receive no earned income from sources within the United States, employees not on the payroll of the Company, and union employees are not eligible to participate in the ESOP.

## **YOUR ESOP ACCOUNT**

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Your ESOP account will have two accounts where Company contributions will be allocated.

The Company Stock Account will hold Company stock contributions.

The Other Investments Account will contain Company cash contributions or cash dividends on Company stock.

Your ESOP account will also have a Transfer Account to which shall be credited all amounts transferred to the ESOP on your behalf from any other tax-qualified retirement plan.

## **CONTRIBUTIONS**

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### **HOW ARE CONTRIBUTIONS TO THE ESOP DETERMINED?**

Each year, the Company may contribute stock and/or cash that is used to buy Company stock. Individual accounts are maintained within the Trust for each ESOP participant. Unlike a 401(k) plan, participants do not contribute to an ESOP.

The determination of the amount of the Company's contributions for a plan year is dependent on several factors. Because the ESOP is a "leveraged ESOP," the Trustee used the proceeds of the loan to buy shares of Company stock for a price equal to their fair market value, as determined by an independent professional appraiser. The Company stock purchased with the proceeds of the loan are held in a special account called a "Suspense Account."

Each year, as the ESOP's loan is repaid, Company shares are released from the Suspense Account and allocated to the accounts of participants who are entitled to share in the Company's contribution for that plan year.

On or before the due date of the ESOP loan payment, the Company will contribute to the ESOP the amount necessary to enable the ESOP to make the principal and interest payment on the loan. If the Company determines that it would be financially able to make a contribution in excess of the amounts required to pay the principal and interest on the ESOP loan, the Company may, in its sole and absolute discretion, elect to make additional contributions to the ESOP.

## HOW IS MY SHARE OF THE COMPANY CONTRIBUTION DETERMINED?

Each year, an allocation will be made to your account based on the proportion of your compensation for the year compared to the compensation of all participants.

Example. The schedule below illustrates the allocation procedure. Assume for purposes of this illustration that 1,000 shares of Company stock have been released from the Suspense Account.

<u>Eligible Participants</u>	<u>Compensation</u>	<u>Percent of Total Compensation</u>	<u>Allocation of Shares to Participants' Accounts</u>
A	\$ 28,700	28.7%	287
B	25,700	25.7%	257
C	18,000	18.0%	180
D	15,000	15.0%	150
E	<u>12,600</u>	<u>12.6%</u>	<u>126</u>
TOTAL	\$100,000	100.0%	1,000

## WHAT DOES “COMPENSATION” CONSIST OF?

For purposes of determining your portion of the Company’s contributions, your annual compensation generally includes your total salary and wages, as reported on your IRS Form W-2. Compensation excludes bonuses and commissions, but includes “post-severance compensation,” which are amounts that: (i) would have been included in your compensation if the amounts were paid to you prior to your separation from service; and (ii) are paid to you by the later of 2½ months after your separation from service, or the end of the plan year in which your separation from service occurred. Amounts paid after your separation from service are considered post-severance compensation if the payments: (i) are regular compensation for services performed during your regular working hours, or compensation for services outside of your regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (ii) would have been paid to you prior to your separation from service if you had continued to be employed. In any case where a participant commences participation in the ESOP, or resumes active participation in the ESOP after incurring a One-Year Break-in-Service (defined as any plan year during which a participant completes 500 or fewer Hours of Service with the Company), on any day other than the first day of a plan year, his or her compensation for that plan year shall be his or her compensation paid while he or she is a participant in the ESOP during that plan year.

Compensation also includes differential wage payments paid to you for any period of active military service in the uniformed services of the United States for more than thirty (30) days.

The Internal Revenue Service (“IRS”) limits the amount of *compensation* taken into account under the ESOP. For the plan year ending October 31, 2020, the limit is \$280,000. The IRS may adjust this amount for cost-of-living increases in the future.

The IRS also limits the amount of *benefits* that may be allocated to you cumulatively each year for all Company employee benefit plans in which you participate. For 2020, this amount cannot exceed the *lesser* of (i) one hundred percent (100%) of your compensation for the plan year or (ii) \$57,000. These limits may be adjusted by the IRS each year for cost-of-living increases.

### **DO I HAVE TO BE EMPLOYED AT THE END OF THE PLAN YEAR TO RECEIVE A CONTRIBUTION?**

Yes, you must be employed on the last day of the plan year, which is December 31, and have worked at least 1,000 Hours of Service during the plan year to receive a contribution.

Note: There are exceptions to this rule. If you retire from the Company at or after "normal retirement age" (defined as the date you attain age 65), die, or become disabled (as defined herein) during the plan year, you will receive a contribution for that plan year, even if you terminated employment before October 31.

### **MAY I MAKE ADDITIONAL CONTRIBUTIONS TO MY ACCOUNT?**

No. The ESOP does not require nor permit participant contributions.

### **MAY I MAKE A ROLLOVER CONTRIBUTION TO MY ACCOUNT?**

No. The ESOP does not permit participants to make rollover contributions to the ESOP from another plan or IRA.

## **VESTING**

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### **HOW DOES MY LENGTH OF SERVICE AFFECT MY ACCOUNT?**

"Vesting" refers to the percent of your account balance you are entitled to receive when your account is distributed to you. The vested portion of your account is yours and cannot be forfeited.

"Years of Service" are measured based on the number of years that you have been employed by the Company in which you have completed at least 1,000 Hours of Service. Years of Service are used to determine the vested portion of your account. You are credited with all Years of Service with the Company, excluding years prior to November 1, 2019, the effective date of the ESOP, and years prior to your attainment of age 18. The ESOP provides that your account vests at the following rate:

<u>Years of Service</u>	<u>Percentage of Account Vested</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Once you are 100% vested, Company contributions thereafter to your account immediately vest.

Unvested portions of your account balance are forfeited upon the date you receive a distribution of your vested account balance. You will be deemed to have received a distribution as of the date of your termination of employment if your vested interest in your account is zero.

If you are re-employed by the Company *after* you receive a distribution of your benefits, and you are rehired before you have five (5) consecutive One-Year Breaks-in-Service, you may repay the distributed amount and your account will be restored to the amount it was prior to receiving the distribution. A One-Year Break-in-Service is a plan year in which you do not have more than 500 Hours of Service.

For the purpose of determining whether you have incurred a One-Year Break-in-Service, you will be given credit for the Hours of Service which normally would have been credited to you but for an absence from work for any of the following reasons: (i) your pregnancy; (ii) the birth of your child; (iii) placement of a child with you in connection with your adoption of the child; or (iv) placement of a child with you for the purpose of caring for that child during the period immediately following his or her birth or placement for adoption. The total number of Hours of Service with which you will be credited for an absence of the kind described in this paragraph may not exceed 501. Hours of Service credited to you during these periods of absence may not be used for determining your eligibility, vesting, or your right to share in the Company's contributions to the ESOP.

You are credited with an "Hour of Service" for each hour in which you are: paid by the Company for the performance of your employee-related duties; awarded back pay; entitled to vacation, sick or disability pay; or performing qualified military service (provided you are rehired by the Company after completion of your qualified military service).

#### **ARE THERE OTHER WAYS TO BECOME FULLY VESTED?**

Yes. You become 100% vested if, while employed by the Company, you reach normal retirement age (age 65), die, or become disabled. For purposes of the ESOP, you will be considered disabled if your active employment ceases due to receipt of long-term disability benefits from or pursuant to a Company benefits plan. If the Company does not sponsor a long-term disability benefits plan, you will be considered disabled if you are determined to be disabled by the Social Security Administration pursuant to the Social Security Act then in effect.

#### **WHAT HAPPENS IF I LEAVE THE COMPANY BEFORE I AM FULLY VESTED?**

If you leave the Company before you are 100% vested in your account, you will forfeit the non-vested portion of your account upon receiving a distribution of your vested account balance.

Any forfeitures arising under the ESOP shall be allocated to the accounts of participants who are eligible to receive an allocation for the plan year.

## **WILL I RECEIVE CREDIT FOR SERVICE IN THE MILITARY?**

The ESOP will provide benefits and service credit with respect to participants who perform qualified military service, in accordance with Section 414(u) of the Internal Revenue Code.

## **WHAT IF I DIE WHILE I'M IN THE MILITARY?**

A participant who dies while performing qualified military service (as such term is defined in Section 414(u) of the Internal Revenue Code) will be treated as having died while employed by the Company for purposes of the ESOP's vesting rules and for purposes of the ESOP's distribution rules.

## **TOP HEAVY RULES**

For any year in which the ESOP is "top heavy," special rules will be applied to determine your vesting under the ESOP and your right to share in the allocation of contributions and forfeitures. The ESOP is considered "top heavy" if the combined account balances of participants who are "key employees" (as defined in the Internal Revenue Code) exceed 60% of the combined account balances of all participants.

For any year in which the ESOP is top heavy, you will be eligible for an allocation of the shares of Company stock which are released from the Suspense Account, Company contributions, and forfeitures, if you are employed by the Company on the last day of the year, regardless of whether you have completed 1,000 Hours of Service during that year.

## **DISTRIBUTION OF YOUR ESOP ACCOUNT**

### **WHAT HAPPENS TO MY ESOP ACCOUNT WHEN I RETIRE OR LEAVE THE COMPANY?**

You are entitled to receive the vested portion of your account when your employment with the Company ends. Once you are no longer an active employee of the Company, the Company stock in your account may be exchanged for cash which will be invested in one or more alternative investments selected by the Company and held within the ESOP pending distribution. Your benefits will be distributed as follows:

#### **RETIREMENT, DEATH, DISABILITY**

If you retire from the Company at or after normal retirement age, die, or become disabled, your distribution will be made (or commence) to you (or your beneficiary) as soon as administratively practicable, but no later than one year after the close of the plan year in which the event occurs.

#### **IF YOU LEAVE FOR OTHER REASONS**

If you leave employment with the Company for reasons other than retirement, death, or disability, distribution of your Company Stock Account will begin no later than one year after the close of the plan year which is the fifth (5<sup>th</sup>) plan year *after* the year in which you terminate employment.

Distribution of your Other Investments Account will begin no later than one year after the close of the plan year in which you terminate employment.

#### **METHODS OF DISTRIBUTION**

Regardless of the reason you leave employment with Company, if the amount in your account is \$5,000 or less, the amounts will be distributed to you in a lump sum in the first plan year following the plan year in which you incur a One-Year Break-in-Service.

If the amount in your account is greater than \$5,000, you must provide written consent before you may receive your distribution. You may receive the distribution in either a lump-sum payment or in a series of installments over a period of not more than five years, which can be rolled over (see the section "Are My Distributions Taxable" below). If your account balance exceeds \$1,150,000 you should consult with the Plan Administrator for special distribution provisions which may apply to you.

If you do not consent to a distribution, your account will continue to accrue earnings (or losses) until your benefit is distributed; however, you will not receive any additional Company contributions. Any distribution in excess of \$1,000 but less than \$5,000, shall be made by transferring the amount to an individual retirement plan designated by the Plan Administrator, unless you elect to either receive the distribution directly or have the distribution rolled over to an IRA or another eligible retirement plan.

#### **WHAT IS DISTRIBUTED TO ME?**

You may receive a distribution of your Company Stock Account in either cash or Company stock. If the distribution is in stock and the Company is an S corporation, or if the Company is a C corporation and its charter or bylaws restrict ownership of substantially all of the Company stock to active employees and to the Trust, then you must *immediately* sell the stock in your account to the Company, which means the Company must pay you the cash value of your vested account. At the time of distribution of the stock, you will be required to execute an "Exercise of Put Option" form, which instructs the Trustee to put, or sell, all shares of Company stock back to the Company on your behalf. Once you have completed the Exercise of Put Option form, the Trust or the Company will purchase the Company stock from you within thirty (30) days. Payment for Company stock will be either in a lump sum payment or by a promissory note payable to you over a period of not more than five (5) years, bearing a reasonable rate of interest. Distribution of your Other Investments Account will be made in cash.

#### **WHAT ARE "REQUIRED MINIMUM DISTRIBUTIONS"?**

Even if you do not elect to receive a distribution, the ESOP Trustee will commence distribution of your account on April 1<sup>st</sup> of the year after the year you reach age 72 or retire, whichever is later. If you are a 5% owner of the Company, the ESOP Trustee will commence making distributions of your account on April 1<sup>st</sup> of the year after the year you reach age 72, even if you are still employed. These distributions are required by the Internal Revenue Code ("IRC").

#### **ARE MY DISTRIBUTIONS TAXABLE?**

Distributions from the ESOP are normally subject to income taxes. You may, however, reduce, or defer entirely, the tax due on your distribution by rolling over all or a portion of your distribution to an Individual Retirement Account (IRA) or another qualified employer plan that accepts rollovers. This may be done through a direct transfer of the funds, or you may elect to receive the distribution, and then roll the funds over.

If you decide to receive your distribution directly rather than make a rollover into an IRA or other qualified plan, the funds will be subject to a mandatory 20% withholding tax. You then have 60 days from the date you receive your payout to invest these funds in an IRA, along with an additional 20% of your own money to cover the amount withheld. If you do not roll over the funds within 60 days, your entire distribution will be subject to state and federal income taxes, and a potential 10% premature distribution penalty imposed by the IRC.

## **DIVERSIFICATION OF YOUR ACCOUNT**

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### **WHAT IS DIVERSIFICATION?**

All ESOP participants have the opportunity to diversify a portion of the stock in their accounts. If you are an active employee of the Company, you have the legal right to diversify over a period of six years when you reach age 55 and have completed at least 10 years of participation in the ESOP. A “year of participation” means a plan year in which you are eligible to receive an allocation of a Company contribution (see the section under the heading titled “Contributions” above).

Once eligible, you may diversify up to 25% of the shares in your ESOP account (less shares you previously diversified under this legal diversification feature) during the first five years by electing to either receive a distribution or transferring the money to another tax-qualified plan maintained by the Company, where it will be invested among the available investment options under such plan. In the sixth (final) year, you may diversify up to 50% of the shares in your account, less any shares previously diversified over the prior five years, by likewise receiving a distribution or transferring the amount to another tax-qualified plan maintained by the Company.

## **IN-SERVICE WITHDRAWALS**

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### **CAN I TAKE A HARDSHIP WITHDRAWAL FROM THE ESOP?**

No. The ESOP does not allow hardship withdrawals.

### **CAN I TAKE OUT A LOAN FROM MY ESOP ACCOUNT?**

No. The ESOP does not allow participants to take loans against their accounts.

## **MY ACCOUNT STATEMENT**

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### **HOW DO I KNOW THE VALUE OF MY ACCOUNT?**

Following the end of each plan year, you will receive a statement of your interest under the ESOP as of the end of the plan year.

Your account statement will show your balance at the beginning and end of each plan year, including a history of the change in value of your account. It will also show how much of your account is vested.

Any increase or decrease in the value of Company stock will be shared by participants in the ESOP in the form of gains or losses in the value of their account balances under the ESOP. Accounts forfeited by other participants who terminated employment before becoming fully vested under the ESOP may also be reflected in your account statement.

## **VOTING OF COMPANY STOCK**

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### **MAY I VOTE MY SHARES OF STOCK?**

The Trust owns all shares of Company stock held in the Trust, and the ESOP Trustee is the legal shareholder. The ESOP Trustee is appointed by the Company's Board of Directors. Generally, the Trustee votes the shares of stock in the ESOP trust in its sole discretion. The Trustee has a fiduciary responsibility to vote prudently and solely in the best interest of the participants. Therefore, the Trustee votes as the shareholder in all routine matters, and has an obligation to ensure the ESOP is operated in the best financial interest of ESOP participants.

On certain major corporate issues, such as a merger of the Company or a sale of substantially all of its assets, you may direct the Trustee as to how to vote the shares in your account.

## **PLAN ADMINISTRATION**

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### **WHO ADMINISTERS THE PLAN?**

The authority to control and manage the operation and administration of the ESOP is vested in the Company. The Company is the administrator and named fiduciary of the ESOP. This means that the Company sets the rules under which the ESOP is run, and it is the Company's responsibility to ensure that the ESOP is administered in a manner that is fair to all participants.

## **ESOP BENEFICIARY DESIGNATION FORM**

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You should complete the ESOP beneficiary designation form attached to this SPD and submit it to the Company's Human Resources Department. You may change your beneficiary designation at any time. If you are married, you must have spousal consent for any designation other than your spouse.

### **WHAT HAPPENS IF I GET A DIVORCE?**

The Plan Administrator may receive a court order directing it to pay all or a portion of your ESOP benefits to another person for child support or alimony, or as part of a marital property settlement.

If the order meets certain legal requirements, it will be considered a Qualified Domestic Relations Order ("QDRO"). In that case, benefits must be paid in accordance with the terms of the ESOP and the QDRO, even if you are not entitled to a distribution at the time such payment is made. The Plan Administrator may charge your account for all reasonable expenses associated with processing a QDRO, including determining whether the QDRO is qualified, and segregating your ESOP account pursuant to the QDRO.

You may request a copy of the ESOP's QDRO procedures from the Plan Administrator without charge.

## **MERGER, AMENDMENT OR TERMINATION OF THE ESOP**

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### **AMENDMENT OR TERMINATION**

The Company intends to continue the ESOP indefinitely. However, it does reserve the right to amend or even terminate the ESOP.

### **MERGER WITH ANOTHER PLAN**

If you are a participant in the ESOP on the date of a merger or consolidation of the ESOP with, or transfer of assets and liabilities of the ESOP to, any other pension, profit sharing, or employee stock ownership plan, provisions will be made to ensure that your accrued benefits are not reduced.

### **VESTING UPON PLAN TERMINATION**

If the ESOP is terminated, or if the ESOP is partially terminated and you are affected by the partial termination, your benefits will be fully vested. If you remain an employee of the Company after termination of the ESOP, the amount of your benefits will be retained in the trust and distributed to you in the same manner as described above under "Distribution of Your ESOP Account." The distribution provisions of the ESOP will continue to apply until all benefits have been distributed.

## **STATEMENT OF ERISA RIGHTS**

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As a participant in the ESOP, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that you are entitled to:

- ✓ Receive information about the ESOP and its benefits.
- ✓ Examine, without charge, at the Plan Administrator's office, all ESOP documents, including the plan and trust documents and copies of all documents filed by the ESOP with the U.S. Department of Labor, such as the latest annual reports (form 5500 series).
- ✓ Obtain copies of all ESOP documents and other information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

- ✓ Receive a summary of the ESOP's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- ✓ Obtain an annual statement of the benefits in your account.

In addition to creating rights for ESOP participants, ERISA imposes duties upon the people who are responsible for the operation of the ESOP. The people who operate your ESOP, called fiduciaries, must do so prudently and in the interest of you and other ESOP participants and beneficiaries. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining your ESOP benefits or exercising your rights under ERISA.

If your claim for an ESOP benefit is denied in whole or in part, you have a right to know the reason for the denial, to obtain without charge copies of documents relating to the decision and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. If you request materials from the Plan Administrator and do not receive them within 30 days, you may file suit in a federal court. In such case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 per day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the ESOP's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court. If ESOP fiduciaries misuse the ESOP's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees if, for example, it finds your claim to be frivolous.

If you have any questions about your ESOP benefits, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory. You may also contact:

Division of Technical Assistance and Inquiries  
Employee Benefits Security Administration  
U.S. Department of Labor  
200 Constitution Avenue N.W.  
Washington, D.C. 20210

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

### **ARE MY BENEFITS UNDER THE ESOP INSURED?**

Because the ESOP is an employee stock ownership plan, your account is not insured or guaranteed by the Pension Benefit Guaranty Corporation or any other entity or individual.

### **IS THERE ANY WAY I COULD LOSE MY BENEFITS?**

There are several ways in which you could lose or be ineligible for part or all of your anticipated benefits under the ESOP. These include:

- ✓ If you terminate employment before becoming fully vested.
- ✓ If your benefits are subject to a QDRO.
- ✓ If the amount of your benefits are limited by federal tax law.
- ✓ If your benefits are subject to attachment, levy, garnishment, etc. upon payment to you or your beneficiary.
- ✓ If the ESOP is amended, terminated or suspended.

## **CLAIMS PROCEDURE**

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Disagreements about benefits are rare, but should you and the Company disagree on your eligibility for or the amount of your benefit, you may follow a review process.

If you (or your beneficiary) feel you are being denied any non-disability benefit or right provided under the ESOP, you (or your beneficiary) (as the “Claimant”) must file a written claim with Plan Administrator.

The Plan Administrator will respond to a claim for benefits within ninety (90) days after it receives such claim. If the Plan Administrator fails to notify the Claimant within this ninety (90) day period, then the claim shall be deemed to have been denied.

Any time a claim for benefits is denied by the Plan Administrator in whole or in part, the Plan Administrator will notify the Claimant in writing. The notification will set forth: (i) the specific reason or reasons for the adverse determination, (ii) the specific reference to ESOP provisions on which the determination is based, (iii) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation of why such material or information is necessary, (iv) information as to the steps to be taken if the Claimant wishes to submit a request for review, including applicable time limits, and (v) the Claimant’s right to bring a civil action under section 502(a) of ERISA.

If the Claimant disagrees with the denial of benefits, the Claimant or his authorized representative may submit an appeal. Any appeal of an adverse benefit determination must be submitted in

writing to the Plan Administrator within sixty (60) days after receipt of the Plan Administrator's notice of an adverse benefit determination, requesting that the Plan Administrator review the claim. With the request for appeal, the Claimant may also submit additional written comments, documents, records, and other information relating to his claim for benefits. In conducting its review, the Plan Administrator shall consider any written statement or other evidence presented by the Claimant or his authorized representative in support of his claim, regardless as to whether this information was submitted or considered in the initial benefit determination. The Plan Administrator shall give the Claimant and his authorized representative reasonable access to all pertinent documents necessary for the preparation of his claim.

If a Claimant fails to appeal before sixty (60) days of receiving the Plan Administrator's notice of a denial of benefits, the Plan Administrator's determination will be final, binding, and conclusive.

The Plan Administrator will respond to a written application for review of a claim within sixty (60) days after it receives such written application, unless special circumstances require an extension of time for processing the claim. If an extension is required, the Claimant will be notified, in writing, of such extension prior to the termination of the initial sixty (60) day period. The Plan Administrator will notify the Claimant of a decision on appeal no later than one hundred and twenty (120) days after the claim for review is filed.

The Plan Administrator's notification of decision on appeal will be written in a manner to be understood by the Claimant and contain: (i) the specific reason or reasons for the denial, (ii) specific references to ESOP provisions on which the benefit determination is based, (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all material and required information relevant to the claim for benefits, and (iv) a statement of the Claimant's right to bring an action under section 502(a) of ERISA.

# ADDITIONAL INFORMATION

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Plan Name: Downes Holding Company, Inc. Employee Stock Ownership Plan

Plan Sponsor: Downes Holding Company, Inc.  
200 Stanley Street  
New Britain, CT 06051

Phone: (860) 229-3755

Plan Sponsor ID: 84-4247352

Plan No.: 004

Plan Administrator: Downes Holding Company, Inc.  
200 Stanley Street  
New Britain, CT 06051

Phone: (860) 229-3755

Trustee: Neil Brozen  
c/o Ventura ESOP Fiduciary Services  
719 West Minnehaha Pkwy  
Minneapolis, MN 55419

Phone: (612) 747-8671

Agent for Service of Legal Process:

Downes Holding Company, Inc.  
200 Stanley Street  
New Britain, CT 06051  
Attn: President

Phone: (860) 229-3755

Service may also be made upon the Trustee.

Plan Year: November 1 – October 31

Other Participating Employers:

Downes Holding Company, LLC  
Downes Construction Company, LLC

**Downes Holding Company, Inc. Employee Stock Ownership Plan (“Plan”)**

**BENEFICIARY DESIGNATION FORM (INDIVIDUAL)**

Name of Participant: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_  
 Date of Birth: \_\_\_\_\_

I hereby revoke any Beneficiary Designation I may previously have made under the above Plan and designate the following as my Beneficiary(ies) under the Plan:

<u>Name</u>	<u>Share (or %)</u> (if applicable)	<u>Relationship</u>	<u>Current Address</u>
Primary Beneficiary(ies):			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(If more than one person is designated above and all but one die, state whether survivor shall receive 100%. See attached sheet for examples of common beneficiary designation: \_\_\_\_\_.)

In the event said primary Beneficiary(ies) does not survive me, or dies before receiving full payment, the undistributed benefits shall be paid to the following-named secondary Beneficiary(ies):

<u>Name</u>	<u>Share (or %)</u>	<u>Relationship</u>	<u>Current Address</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Again, if more than one person is designated as secondary Beneficiary, state whether survivor shall receive 100%. See attached example sheet: \_\_\_\_\_.)

Current marital status (check one):

- I AM NOT married. I understand that if I become married in the future, this form automatically ceases to apply and I should file a new Designation of Beneficiary.
- I AM married. If my spouse is not the only Primary Beneficiary, my spouse has signed the consent on page 2 of this form. (If consent of your spouse cannot be obtained [e.g., cannot be located, is incapacitated, etc.], contact the Company for information about possible alternatives.)

I reserve the right to change my Beneficiary at any time by signing a new Designation of Beneficiary and filing it with the Committee.

Neither this Designation nor any future change of Designation will be effective for any purpose unless filed with the Company prior to the death of the participant.

This Designation is subject to the terms of the Plan, which the Company has the right to amend at any time.

\_\_\_\_\_  
(Signature of Participant)

FOR COMPANY USE ONLY: Received for filing on \_\_\_\_\_,  
\_\_\_\_\_

By \_\_\_\_\_  
\_\_\_\_\_

Title: \_\_\_\_\_  
\_\_\_\_\_

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**INSTRUCTIONS TO PARTICIPANT:** Please sign two copies of this Designation of Beneficiary form and deliver both copies to the Plan Administrator. The Company will complete the receipt and return one copy to you for your records.

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**CONSENT BY SPOUSE** (Signature must be witnessed by a Plan official or by notary public.)

I certify that I am the spouse of the participant named on page 1 of this form. I have read the form as completed and signed by my spouse. I hereby consent to the Designation of Beneficiary. I acknowledge that, to the extent anyone other than me is designated as a Primary Beneficiary, I am waiving any rights that I may otherwise have to receive benefits under the Plan after my spouse's death.

Date: \_\_\_\_\_, 20\_\_\_\_  
\_\_\_\_\_  
(Signature of Spouse)

Signature witnessed by:  
\_\_\_\_\_

Notary Seal, if applicable

Title: \_\_\_\_\_



**EXAMPLES  
OF  
COMMON BENEFICIARY DESIGNATIONS**

Example	Primary Beneficiary	Secondary Beneficiary - If Any
	<b><u>ONE BENEFICIARY ONLY</u></b>	
1	Mary E. Jones, my wife 2000 Ridge Avenue Burlingame, CA 94010	
	<b><u>TWO PRIMARY BENEFICIARIES</u></b>	
2	Mary E. Jones, my mother----25% Alfred H. Jones, my father--75%  2000 Ridge Avenue Burlingame, CA 94010  Unequally, as shown, or the Survivor	
3	Mary E. Jones, my mother Alfred H. Jones, my father  2000 Ridge Avenue Burlingame, CA 94010  Equally or the Survivor	
	<b><u>PRIMARY AND SECONDARY BENEFICIARIES</u></b>	
4	Mary E. Jones, my wife 2000 Ridge Avenue Burlingame, CA 94010	Edith H. Jones, my daughter Robert B. Jones, my son or any children born subsequently of my present marriage - Equally or the Survivor of Survivors
5	Alfred H. Jones, my husband 101 West Road Burlingame, CA 94010	Mary E. Smith, my mother 205 First Street Redwood City, CA 94063

**Downes Holding Company, Inc. Employee Stock Ownership Plan**

**BENEFICIARY DESIGNATION FORM (INSTITUTIONAL)**

Participant's Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Payroll or Employee Number: \_\_\_\_\_

Employment Location: \_\_\_\_\_

Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_ Social Security Number: \_\_\_\_-\_\_\_\_-\_\_\_\_\_

Marital Status:  unmarried/divorced  married  separated

**Instructions: Use this form to designate a trust, an institution or a similar entity as the party to whom benefits are to be paid from your interest in the Downes Holding Company, Inc. Employee Stock Ownership Plan (the "Plan") in the event of your death prior to distribution to you of your entire interest in the Plan. Do not use this form if benefits are to be paid to one or more individuals. (The proper form can be obtained from your Plan Administrator.)**

If you are married or separated (but not divorced) at the time of your death, and if you wish to have benefits paid to the entity(ies) you have designated, your spouse must consent to the beneficiary designation(s) you have made herein. If you are not married now, become married, and are married at the time of your death, this Beneficiary Designation will not be valid unless your spouse has added his or her consent to this designation.

I name the following as the Beneficiary or Beneficiaries to receive any benefits payable upon my death in the proportions indicated:

1. Payee: \_\_\_\_\_  
Address: \_\_\_\_\_  
Percentage of benefit to be paid to this beneficiary \_\_\_\_\_%
  
2. Payee: \_\_\_\_\_  
Address: \_\_\_\_\_  
Percentage of benefit to be paid to this beneficiary \_\_\_\_\_%
  
3. Payee: \_\_\_\_\_  
Address: \_\_\_\_\_  
Percentage of benefit to be paid to this beneficiary \_\_\_\_\_%

If I have designated more than one Beneficiary, and if one or more of those Beneficiaries ceases to exist prior to my death, I direct that the amount payable by reason of my death be divided among my remaining designated Beneficiaries in the ratio established by the percentages indicated with respect to those remaining beneficiaries. If the percentages do not add up to 100%, the benefit payable shall be allocated by the ratio of the percentages.

The execution of this form and delivery thereof to the Plan Administrator revokes all prior beneficiary designations that I have made. The beneficiary designations made hereby shall become invalid if I am married at the time of my death unless my spouse has consented in writing to my designation of nonspousal beneficiaries (if any such be made herein), and, if appropriate, has waived any Qualified Preretirement Survivor or Qualified Joint and Survivor Annuity benefits that would otherwise be in effect under the default provisions of the Plan.

Date: \_\_\_\_\_  
Signature

Witnesses:  
\_\_\_\_\_

**SPOUSAL CONSENT MAY BE REQUIRED.**

CONSENT BY SPOUSE (Signature must be witnessed by Plan official or by notary public).

I certify that I am the spouse of the participant named on page 1 of this form. I have read the form as completed and signed by my spouse. I hereby consent to the Designation of Beneficiary. I acknowledge that, to the extent anyone other than me is designated as a Primary Beneficiary, I am waiving any rights that I may otherwise have to receive benefits under the Plan after my spouse's death.

Date: \_\_\_\_\_, \_\_\_\_\_  
(Signature of Spouse)

Signature, witnessed by:  
\_\_\_\_\_ Notary Seal, if applicable

Title: \_\_\_\_\_