ARES Team,

As I announced in December, ARES has become an employee-owned company through an Employee Stock Ownership Plan (ESOP). Over the next few months, we will be sending more information about the purpose and structure of our ESOP, how the ESOP works, and how each ARES employee gets and benefits from ESOP shares.

Additional information and opportunities to ask questions at HR Open Houses will be available over the next few months. In this email, I will address why we implemented an ESOP, what it means for employees, and what the first ESOP year looks like for everyone.

Why did ARES implement an ESOP?

ARES created our new ESOP to allow our founding shareholder, Dick Stuart, to retire and pass on management of the company to long-time ARES leaders. In order to transfer control to the new ARES management team, we needed a buyer for the shares of ARES. This buyer took for the form of the ESOP, which assumed ownership of the company through a trust and replaced direct shareholders. The ESOP approach enabled us to maintain our operational independence, culture, and commitment to our employees, clients, and technical excellence.

The ARES Board of Directors decided that an ESOP would be the best choice as a buyer. This approach allows existing leadership to continue to manage the company and maintain the culture, philosophy, and staff that has made us successful in the past. As ARES' new CEO, I will operate the company with the same guiding principles as before and to ensure there is no disruption for our employees in terms of policies and management.

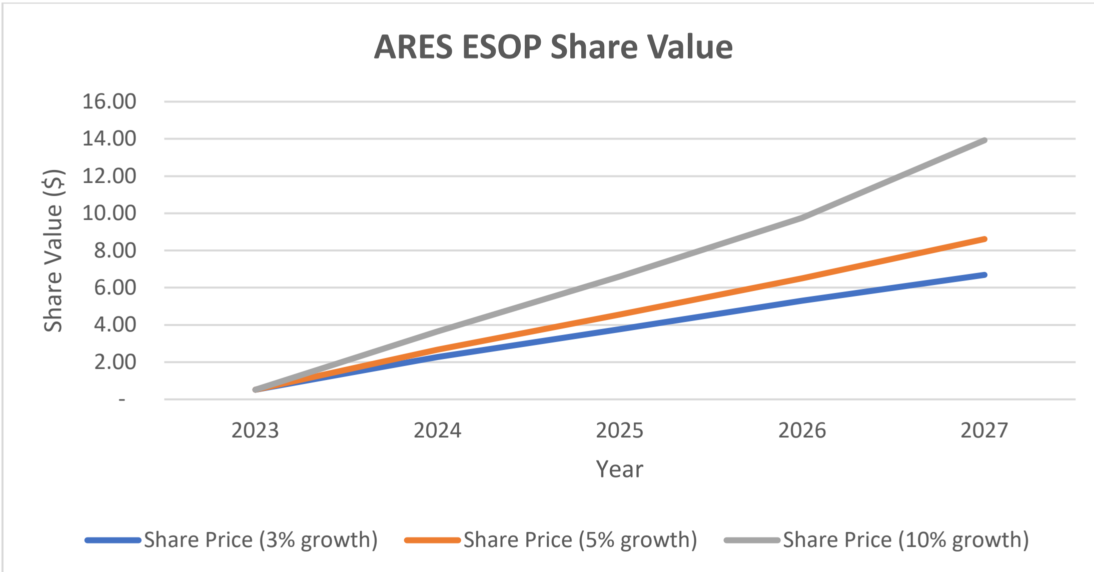
The ESOP also creates some tax advantages for the selling shareholders and for ARES going forward. In accordance with federal tax rules, company profits that are shared with the employees via an ESOP, are not subject to income tax, allowing for greater growth for all of us.

What does the ESOP mean for employees?

The ESOP model was selected because it allows employees to profit from ARES' success, creating a stronger sense of camaraderie, collaboration, and investment in our mutual mission. I truly appreciate that our company achievements are built through our employees' accomplishments. As a company, we win and keep work because of your high-quality work performance, customer relationships, and technical expertise. The ESOP provides a mechanism for us all to share in the benefits of excellent work.

As one of the requirements of having an ESOP, ARES will hire an independent firm to conduct a valuation of the company and each share in the ESOP. This process will determine the fair market value of the company, measure the company performance, and establish the value of each employee's share in the ESOP. Our goal and my duty is to grow ARES and increase our share price. This allows each employee to benefit from our company's continued success in the form of increased value in our ESOP.

As the company grows, the market value of each share in the ESOP grows as well. The first year I anticipate the ARES stock price to be very low as we have taken on debt to finance the ESOP buyout. Notionally, the share price is less than $1.00 in the graph below. As we repay debt and grow the business the stock price will increase. As the chart below shows, even modest 3% growth in the size of our company creates significant growth for the value of the ARES ESOP shares, growing by a factor of 13 by the end of 2027. Our combined efforts to grow ARES more than 3% annually will result in significant additional value for all ARES employees. Our combined efforts to grow ARES and help our clients succeed will directly result in significant value to all employees.



What does this first year look like for me?

The ESOP share distribution process will begin at the start of 2024, approximately after one year of operation. This year, we are focused on planning, education, and outreach to ensure the share distribution process goes smoothly and is communicated clearly.

You don't need to take any action to participate in the ESOP. ARES will contribute a minimum of $1.4 million to the ESOP every year. At the end of each year, our board of directors, may elect to contribute additional funds to the ESOP based on profitability that year. Due to the tax advantages of ESOP contributions, the Board is incentivized to contribute the maximum reasonable amount to the ESOP. You will receive a pro rata portion of this total contribution and it will be deposited into your individual ESOP account. The IRS does not allow employees to contribute their own money to an ESOP.

I'll be sending out additional information with greater detail over the next few months:

- Another email next week with further plan details
- HR Open House (schedule to be announced)
- Articles in the Summit Newsletter
- Intranet page dedicated to the ESOP

In the meantime, if you have any questions about anything related to the ESOP, please submit it here and we will be sure to include an answer in future communications: Submit Questions Here or type the following URL into a web browser: https://forms.gle/uWEqdj6u63XKahrK9

Best,

Tom