

ARES Team,

I'd like to share some recent updates including exciting news on recent contract wins and provide more information as it relates to our ESOP program.

Last month, the Joint Venture between Rothe Development Inc. and ARES named ROAR (**RO**the-**AR**es) was awarded NASA's Agencywide Enterprise Multimedia and Integrated Technical Services (eMITS) contract. This is the largest contract that ARES has ever won with a value of \$814 million over the next 8.5 years. We expect to increase the ARES staff by 150-200 people through eMITS. Work performed under this contract will support NASA's Office of Chief Information Officer and Office of Communications across all centers and facilities. We are in the process of phasing-in this contract with a start date of August 1, 2023.

We won 2 additional strategic contracts so far this year: the Safety and Mission Assurance (SMA) Engineering and Technical Services (SETS) contract at the NASA Safety Center and the Human Health Institutional Management Support (HHIMS) 3 at NASA Johnson Space Center. These contracts have a combined value of approximately \$15 million over the next 5-6 years. On the business development front, our team plans to submit 4 Prime proposals during 2023 with a combined potential value of over \$600 million.

Be sure to check out the next issue of ARES Summit Newsletter where we will highlight employee awards, events, and other trending news going on around the company.

As previously promised, I'd like to provide additional details related to our Employee Stock Ownership Program (ESOP) and will answer questions submitted over the past few weeks.

ESOP Plan Vesting

I'd like to clarify and restate some information provided in a previous email concerning vesting. Our ESOP Plan recognizes all of your years of service with ARES. You receive a year of service for each year in which you worked at least 1,000 hours. The table below outlines the vesting schedule:

1 Year of Service	0% Vested
2 Years of Service	20% Vested
3 Years of Service	40% Vested
4 Years of Service	60% Vested
5 Years of Service	100% Vested

For example, if someone has \$3,000 in ESOP shares leaves ARES after 3 years of service (as defined above) they are 40% vested and are entitled to \$1,200. However, anyone with 5 years of service or more is 100% vested in the Plan and will receive their full ESOP balance value.

Equitable Balance of Retirement Benefits

Through our ESOP, ARES will award shares to eligible (defined as *at least 21 years old and work at least 1,000 hours in a calendar year*) employees each year. As noted in prior communications, the shares appreciate as we pay down debt and grow as a company. The recent eMITS contract win will accelerate growth faster than contemplated at the time that we transitioned to an employee-owned company. This contract alone will grow the company by at least 25%, increasing the value of each employee's shares in the ESOP.

The ESOP provides an additional retirement benefit by awarding ESOP shares at no cost to ARES employees. In order to balance our goals of increasing the ARES share price with maximizing benefits for ARES employees, we evaluated several options to restructure our overall retirement benefits. We determined that it's in the best interest of the shareholders (aka ARES employees) that we offset the 401(k)-matching amount to account for the benefit of receiving ESOP shares.

We worked to achieve a fair balance between the 401(k) matching policy and the value that our ESOP brings to employees. As of 1/1/2024, in addition to the annual award of ARES ESOP shares, we will adjust the 401(k) matching from "50% matching up to 6% contributed" to "33% matching up to 5% contributed". With the addition of the employee ESOP contributions and reduction of 401(k) matching, our overall retirement benefit offering becomes more valuable.

We have received, via our online form, questions regarding the ESOP. Several of these questions are listed below with answers.

1. Can I opt out of the ARES ESOP Plan?
 - a. *No, all eligible employees have been or will be automatically enrolled into ARES ESOP program.*
2. Who is on the ARES Board of Directors? How/When are they selected?
 - a. *Current ARES Board of Directors are: Tom P'Simer, Doug Schmidt and Dick Stuart. The Board of Directors was selected during the ESOP buyout process and were confirmed by the ARES ESOP Trustee.*
3. How are shares allocated changed the following year when you have already been given some shares?
 - a. *The number of shares will be based on the annual share market value. Each eligible employee will receive a proportion of these new shares, any forfeited shares (unvested shares returning to the company) and any cash in the ESOP.*
4. If a new person starts, do they need to work 1,000 hours in that year in order to get an allocation?
 - a. *Yes.*
5. Will the intranet page include the number of shares and value information?
 - a. *ESOP plan participants will receive an annual statement defining the number of shares, the value of shares and any cash allocated to their account. We will explore options to make this information available electronically to ESOP participants.*
6. How is the current ESOP plan related to ARES prior ESOP plan?
 - a. *The current ESOP plan is completely independent from the prior ARES ESOP plan. We are currently working on the process to cash-out and close the prior ESOP. This involves paying out cash to prior ESOP plan participants. We expect this to be complete within the next 2-3 months.*
7. Will annual salary increases strictly be a function of annual distribution of ESOP shares only, or also take into account results from the employee's annual performance evaluations?
 - a. *Annual salary increases and annual distribution of ESOP shares are completely independent. Each has its own process and are completely independent of each other.*