

## WHAT IS AN ESOP?

Employee Stock Ownership Plan is a tax-qualified, defined contribution employee retirement plan. The ESOP provides us with a process to transfer the ownership of CMC to our employees, so we all benefit from the Company's success and growth.

## WHY DO WE HAVE AN ESOP?

Jim Frank, CMC's founder, considered several options for CMC when he was ready to retire. He chose to sell his shares to the CMC ESOP so that the business could continue to operate independently in Goleta. Jim's commitment to the company's long-term sustainability and its employees took precedence over all other options. This is a great vote of confidence in CMC employees and a great opportunity for us all!



## - QUESTIONS -

### HOW ARE ESOPS FUNDED & DO I HAVE TO PURCHASE SHARES?

The ESOP is funded entirely by CMC. Every year, CMC contributes cash to the ESOP, which uses it to pay down the loan we established to buy the original shares from Jim, and to buy back the shares from employees who have left the company. These shares are then allocated to ESOP participants' accounts based on their earnings as a percentage of total payroll.

### WHEN AM I ELIGIBLE?

Employees who have completed one year of service, and at least 1,000 hours, are eligible for participation. You will be automatically enrolled the following June 30th or December 31st, whichever comes first.

## WHAT IS VESTING?

Your vested interest is the balance in your ESOP account that is nonforfeitable. If you terminate employment before you reach age 65 for a reason other than your death or disability, your vested interest in your account balance will depend on your length of service at CMC.

## WHEN DO I GET MY SHARES?

Upon retirement, termination of service, disability or death, participants are entitled to receive the cash value of their vested accounts based on the stock value at that time.

### YEARS OF CREDITED SERVICE PERCENT OF ACCOUNTS VESTED:

Less than Two Years	0%
Two Years	20%
Three Years	40%
Four Years	60%
Five Years	80%
Six Years or More	100%

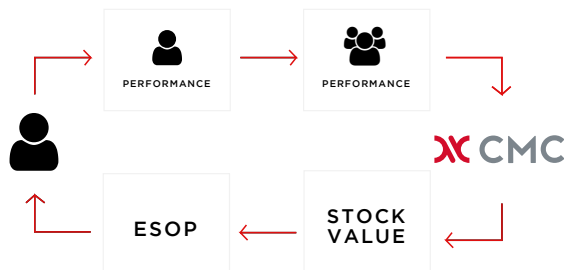
## ARE ESOPS PROTECTED?

The ESOP must be operated at all times for the exclusive benefit of the employees and their beneficiaries in accordance with ERISA laws.



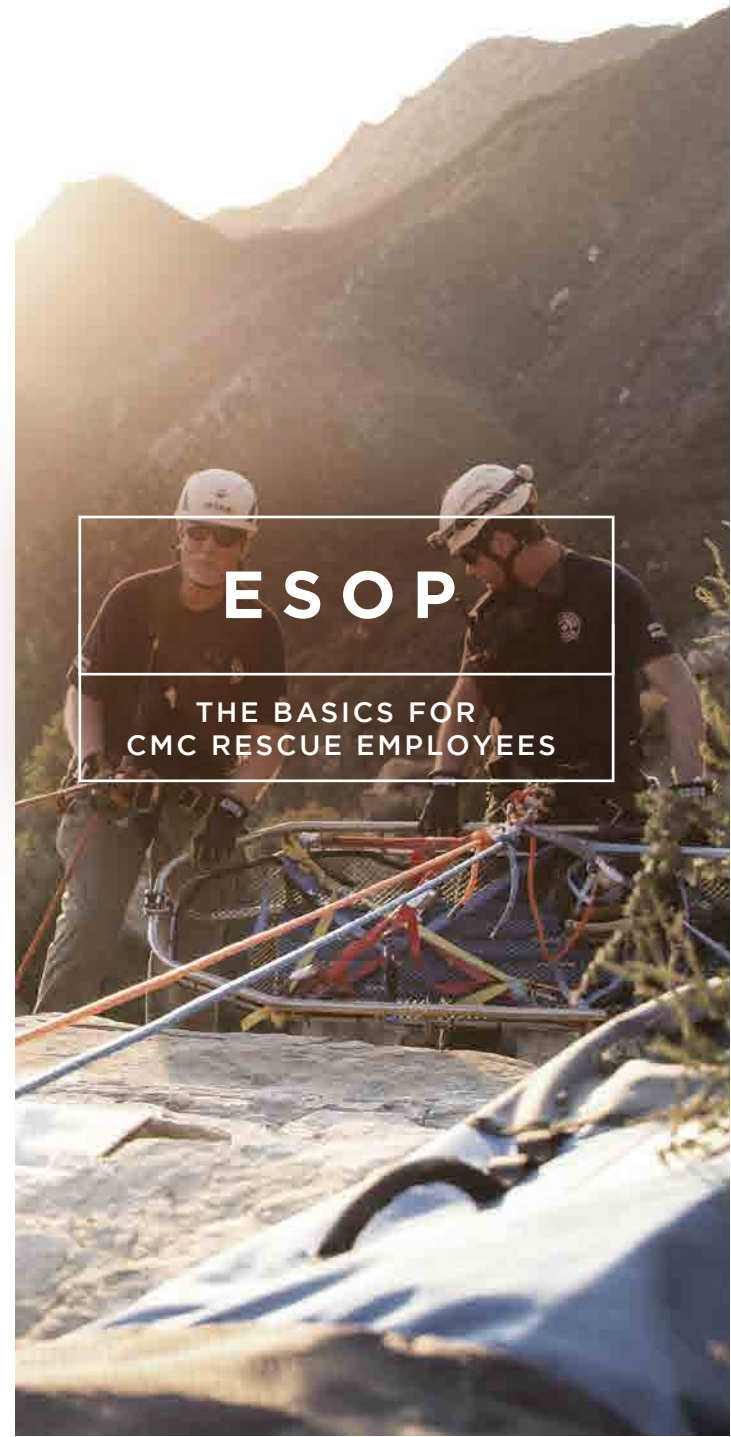
## RETURN ON EFFORT

CMC's ESOP rewards employee-owners for the Company's success. Through their ideas and efforts, employees improve their individual performance, the effectiveness of their departments, and the overall profitability of the Company. As a result, CMC stock increases in value and the employees' ESOP accounts are worth more. Just as investors expect a "return on investment", employee-owners can earn a "return on effort".



**EMPLOYEES ACT LIKE OWNERS AND INFLUENCE CMC'S SUCCESS BY JUDGING THEIR ACTIONS IN THE FOLLOWING TERMS:**

- Is it right for the customer?
- Is it right for the company?
- Is it ethical?
- Is it consistent with CMC's core values?
- Am I willing to be held accountable for my actions?



# ESOP

THE BASICS FOR  
CMC RESCUE EMPLOYEES