






Employee Stock Ownership Plan

Hendry Marine Industries, Inc.
Gulf Marine Repair, Universal Environmental Solutions,
Anchor Sandblasting and Coatings

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What is an ESOP?

The technical meaning:

In an ESOP, companies set up a trust fund for employees and either contribute cash to buy company stock, contribute shares directly to the plan, or have the plan borrow money to buy shares. If the plan borrows money, the company makes contributions to the plan to enable it to repay the loan. Employee contributions are almost never involved. After participants leave the company, they either sell the shares in the their account on the market or sell them back to the company or the plan. The Employee Retirement Income Security Act (ERISA) provides a regulatory framework for plan participants, vesting, benefit distribution, diversification, and more. The ESOP trust must act for the exclusive of plan participants.

The every-day meaning:

This is a **long-term retirement plan** that cost **\$0.00** to participate. Studies have found that participants had almost 3 times the retirement **assets** as did other comparable workers in non-ESOP companies. Only about one-third of all employees in the USA believe they will be **financially prepared** for retirement. On average, ESOP account balances are 3-5 times higher than 401(k)s at your time of retirement.

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More definitions

- What is a stock and what is a share? A stock is a share in the ownership of a company. Stock represents a claim on the company's assets and earnings. As you acquire more stock, your ownership stake in the company becomes greater.
- Dividend: A dividend is allocated as a fixed amount per share, with shareholders receiving a dividend in proportion to their shareholding. For the joint-stock company, paying dividends is not an expense; rather, it is the division of after tax profits among shareholders.
- Valuation: Business valuation is a process and a set of procedures used to estimate the economic value of an owner's interest in a business. Valuation is used by financial market participants to determine the price they are willing to pay or receive to affect a sale of a business.

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Understanding the ESOP

- When do I qualify to participate in the ESOP?
- What's in it for me?
- How does my account grow?
- How and when can I cash out?
- Making a difference in the value.

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When do I qualify to participate in the ESOP?

You become eligible to participate in the ESOP after completing **90 days** of employment. You will be enrolled into the plan on the **first day of the quarter** following 90 days after your hire date:

QTR 1	QTR 2	QTR 3	QTR 4
Jan	April	July	Oct
Feb	May	Aug	Nov
Mar	June	Sep	Dec

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WIIFM = What's In It
For Me

- Shares of Hendry Marine Industries, Inc. Stock
 - The number of shares depends on all HMI employees annual wages/salaries
- To receive your share of the company contribution:
 - 1,000 hours
 - 40 hr. work week = 25 weeks or 5 ½ months
 - 25 hr. work week = 40 weeks or 9 months
 - Employed with HMI, GMR, UES or ASC on December 31

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Your Annual Earnings	Total Employees Earnings	Your Percentage
\$50,000	/ \$12 M	= 0.42%
Total Contribution	Your Percentage	Your Shares
29,667 shares	x 0.42%	= 124 shares
Your Shares	Value per Share	Your Value
124 shares	x \$15	= \$1,860
Your Value	Your Annual Earnings	Your Level of Benefit
\$1,860	/ \$50,000	= 4%

How many shares do I get?

This is an example of an employee earning \$50,000 a year, and is for illustrative purposes only.

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How does my account grow?

- Vesting is the percentage of your account that you will receive after you leave the company.
- You earn a year of vesting each year (with at least 1,000 hrs. of employment).



Years Employed	Vesting
< 2	0%
2	20%
3	40%
4	60%
5	80%
6+	100%

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How are the shares valued?

- Federal law requires the company's stock to be valued at the end of the year. The value is determined by the ESOP trustee with the assistance of an independent financial company.
- Who is the ESOP trustee? *James R. Urbach, Esquire*
- What financial company establishes the value?
ComStock Advisors

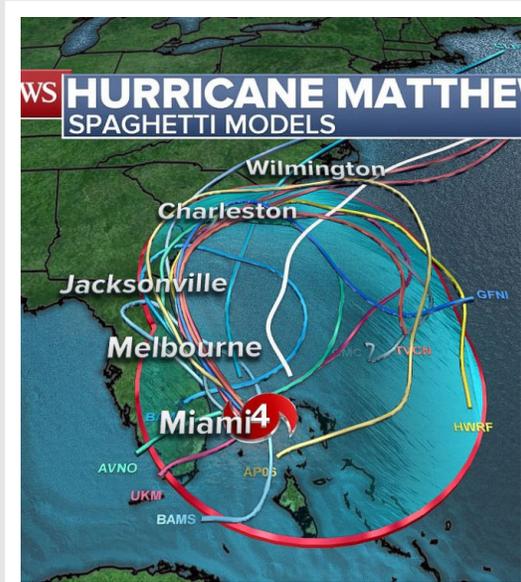


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How are the shares valued?

- The company's stock **value** is determined on:
 - **Yearly Profit**
 - **Ability to Grow**

Some of what affects the stock value is **outside of our control** – like our industry, the economy and market conditions.



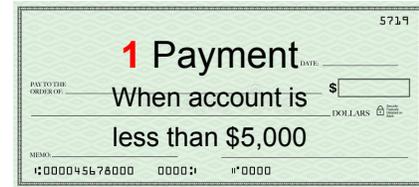
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How and when can I cash out?

- The full value of your account will be paid to you after your employment ends: **Retirement, Quit, Termination.**

You are not paid right after you leave. The company is required to pay your shares at the current stock value and that is generally not known until mid-year after the valuation.

Distribution begins the year after you leave



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1 Payment

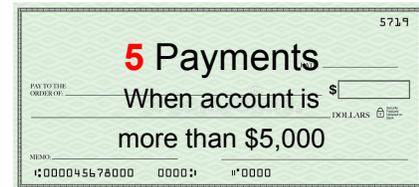
When account is \$

less than \$5,000

MEMO: _____

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Distribution begins the 5th year after the year you leave



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5 Payments

When account is \$

more than \$5,000

MEMO: _____

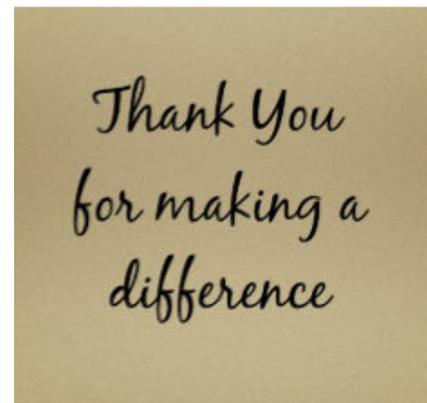
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How do I make a difference?

You will make a difference by just working at Hendry Marine Industries (HMI, GMR, UES, Anchor). Your performance on each job goes into determining the Profit or Loss on each job we do.

- When you perform at your highest level, costly mistakes are avoided and customers are satisfied, which results in continued job opportunities.
- Think about and present ideas on how to do projects more efficiently.
- Know the power of a **\$**ingle dollar and take action to reduce waste.



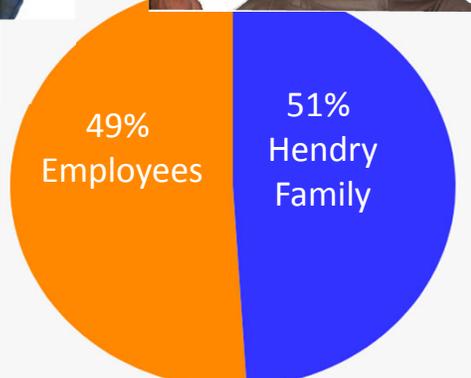
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FINAL THOUGHTS

Mr. Hendry was concerned what would happen to his employees and whether the vision of his father, Captain FM Hendry would continue after he retired. That is why he chose to go the ESOP route. His three main goals would be met. First he would provide some liquidity for his family from the sale of part of the company. Second, he would honor his valued employees by making them co-owners. Lastly, the legacy that his father started 90 years ago would continue.

As a shareholder, we want to engage you as an employee-owner and not a "hired hand." We all have the opportunity to contribute to the company's success. We are owners — we must think and act like owners.



Category	Percentage
Employees	49%
Hendry Family	51%

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For questions or additional information:

Thank You.





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