

2006 NESOP

Non-Employee Stock Ownership Plan



HOW DOES THE NESOP WORK?

Each year the company realizes a minimum of 5% annual profit, the company will contribute a specified percentage of the profit to the NESOP fund.

For Example

If the company makes an annual profit of \$2,000,000 and contributes 15% of the annual profit to the NESOP fund, the total fund would be valued at \$300,000.

(\$2,000,000 X's 15% = 's \$300,000)

HOW DO YOU BECOME ELIGIBLE?

All Dealers and Regional Managers hired after May 1, 2003 must have a minimum of 1 year of uninterrupted tenure from their start date to establish eligibility. Start date is defined as the date the dealer sells their first contract.

There are only 2 NESOP enrollment dates each year; January 1st and July 1st, therefore your enrollment date will be the first available enrollment date after your 1 year tenure date.

After the 1 year of eligibility, you will have a yearly requirement to be able to qualify the following year. Your yearly qualification period begins on your enrollment date anniversaries.

HOW DO YOU BECOME ELIGIBLE? (CONTINUED)

Example

If your start date anniversary is between January 1st and June 30th your enrollment date is July 1st.

If your start date anniversary is between July 1st and December 31st your enrollment date is January 1st.

A Dealer that has sold his first order on July 1, 2004 can begin his qualification year on July 1, 2005.

For example, if the Dealer sells a minimum \$ 262,500 from July 1, 2005 to June 30, 2006 he becomes eligible for the 2007 NESOP.

A Regional Manager's 2006 requirement to participate is \$441,000 volume and 80% or more delivery rate. A Dealer's 2006 requirement is \$262,500 volume and 80% or more delivery rate. The qualification requirements may be adjusted each year to reflect product price increases and/or inflation.

HOW IS YOUR SHARE OF THE FUND DETERMINED?

1. The total annual earnings of all qualifiers is calculated.
2. The amount of each qualifier's annual earnings is calculated.
3. Individual earnings are capped at \$200,000 per year.
4. The percent of your annual earnings to the overall earnings is determined.

*****For Example*****

Step 1. Assume the total of all qualifiers annual earnings adds up to \$3,000,000.

Step 2. If your annual earnings are \$100,000...

Step 3. Your percent of the total earnings is 3.33%. (\$100,000 divided by \$3,000,000.)

Step 4. If the companies annual profits are \$2,000,000.

Step 5. And, if the company contributes 15%, the fund would be valued at \$300,000.

Step 6. The amount of fund available for you to earn is \$10,000. (Your 3.33% of the total.) ... (\$300.000 X's 3.33% = 's \$10,000)

HOW DOES YOUR DELIVERY RATE AFFECT HOW MUCH OF YOUR \$10,000 FUND YOU CAN EARN?

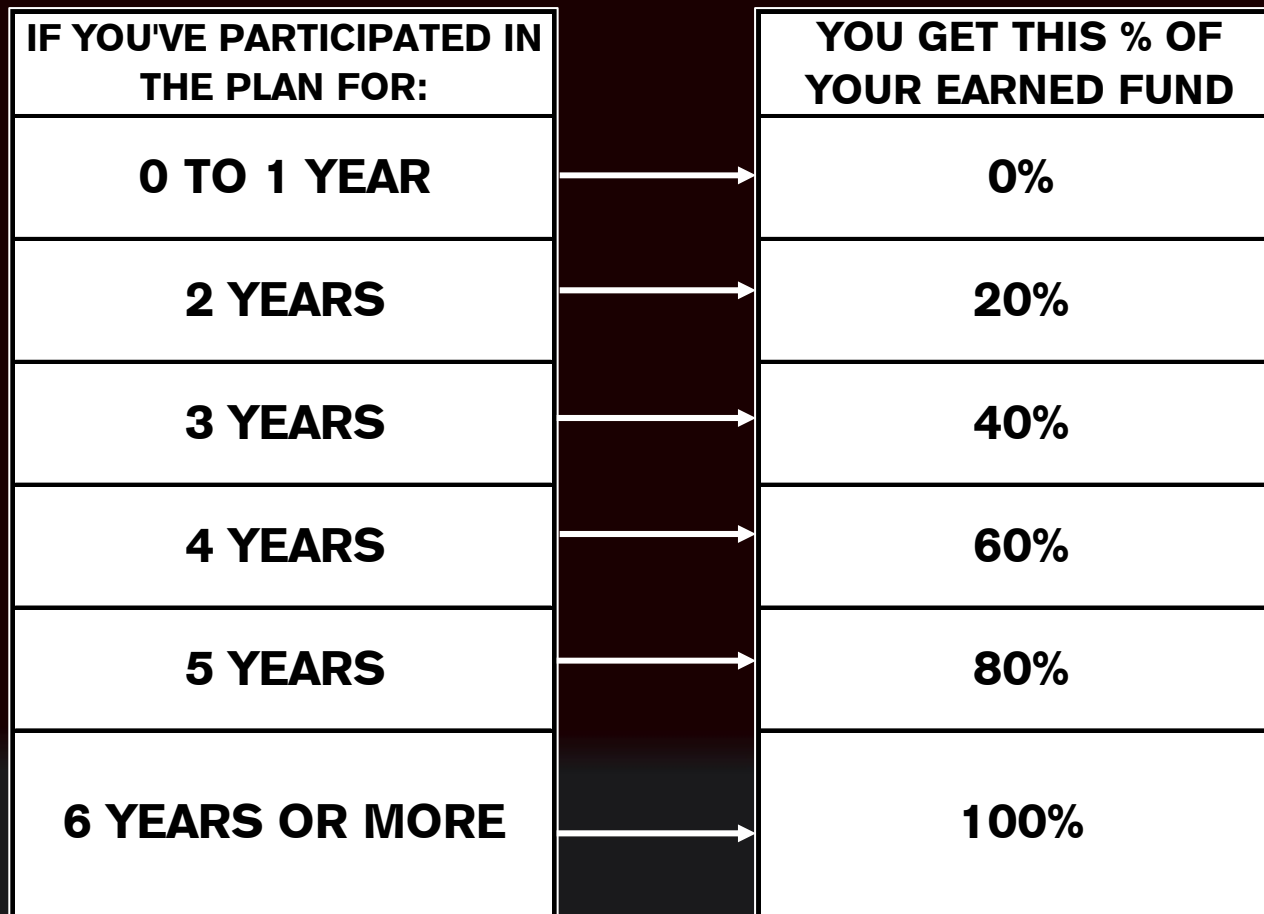
Example

IF YOUR DELIVERY % IS	→	YOU EARN THIS % OF YOUR FUND	→	THIS MONEY IS YOURS	→	IF THE VALUE OF THE STOCK IS \$5.00 A SHARE, YOU OWN <u>THE VALUE OF</u> THIS MANY SHARES
80%	→	25%	→	\$2,500	→	500
81%	→	30%	→	\$3,000	→	600
82%	→	35%	→	\$3,500	→	700
83%	→	40%	→	\$4,000	→	800
84%	→	45%	→	\$4,500	→	900
85%	→	50%	→	\$5,000	→	1000
86%	→	55%	→	\$5,500	→	1100
87%	→	60%	→	\$6,000	→	1200
88%	→	65%	→	\$6,500	→	1300
89%	→	70%	→	\$7,000	→	1400
90%	→	75%	→	\$7,500	→	1500
91%	→	80%	→	\$8,000	→	1600
92%	→	85%	→	\$8,500	→	1700
93%	→	90%	→	\$9,000	→	1800
94%	→	95%	→	\$9,500	→	1900
95%	→	100%	→	\$10,000	→	2000

The value of your stock can go up or down depending on the annual evaluation of the company.

WHEN CAN YOU CALL THE MONEY YOUR OWN ? (VESTING SCHEDULE)

IF YOU'VE PARTICIPATED IN THE PLAN FOR:	YOU GET THIS % OF YOUR EARNED FUND
0 TO 1 YEAR	0%
2 YEARS	20%
3 YEARS	40%
4 YEARS	60%
5 YEARS	80%
6 YEARS OR MORE	100%



WHEN WILL THE MONEY BE DISTRIBUTED TO YOU?

RETIREMENT AT AGE 65

DISABILITY OR DEATH

**IF YOU LEAVE ON GOOD
TERMS...AT AGE 65**

**IF A REGIONAL MANAGER, DISTRICT MANAGER OR DEALER
TERMINATES THEIR RELATIONSHIP WITH SIGNTRONIX AND
ENGAGES IN DIRECT OR INDIRECT COMPETITION WITH
SIGNTRONIX DURING A PERIOD OF TWO YEARS FOLLOWING
SUCH TERMINATION, THAT INDIVIDUAL SHALL FORFEIT ANY
REMAINING INTEREST IN THE NESOP FUND.**

**IN THE EVENT OF TERMINATION OF A REGIONAL MANAGER,
DISTRICT MANAGER OR DEALER FOR CAUSE, AS DETERMINED BY
THE ADMINISTRATIVE COMMITTEE, ANY STOCK UNITS GRANTED
TO SUCH PERSONS SHALL BE FORFEITED AND RENDERED VOID
AS OF THE DAY PRIOR TO THE TERMINATION DATE.**

HOW IS THE MONEY DISTRIBUTED TO YOU?

