

AMENDED AND RESTATED
SUMMARY PLAN DESCRIPTION
KOAM ENGINEERING SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST AGREEMENT

December 2009

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TABLE OF CONTENTS

	<u>Page</u>
BASIC INFORMATION	2
INTRODUCTION	3
SUMMARY OF ESOP PROVISIONS	4
1. Who can participate in the ESOP? When do I start participating?	4
2. What contributions will KES make to the ESOP and how will I share in them?	4
3. May I make contributions to the ESOP?	5
4. May I make “rollovers” from another plan into the ESOP?	5
5. How are benefits provided?	5
6. May I choose how my ESOP accounts are invested?	5
7. How are the values of my ESOP accounts determined?	5
8. May I borrow money from the ESOP?	5
9. Under what circumstances will I receive benefits?	6
10. What do I get from the ESOP if my employment ends before I retire or die, and when will it be paid to me?	6
11. What do I get from the ESOP if I die, become disabled while employed, or reach Normal Retirement Age and terminate employment with the Company?	7
12. When am I “vested” in my benefits?	8
13. What does my beneficiary get from the ESOP if I die?	9
14. How do I apply for my benefits?	9
15. Under what circumstances will I not receive benefits?	9
16. Can I assign my ESOP benefits? Can creditors reach my benefits? ...	9
17. Can the ESOP be changed or terminated?	10
18. Do I have any voting rights with my KES stock held in the ESOP?	10
19. Do I have the right to diversify my Employer Stock Account?	10
STATEMENT OF ERISA RIGHTS	10

**AMENDED AND RESTATED
SUMMARY PLAN DESCRIPTION**

**KOAM ENGINEERING SYSTEMS, INC. EMPLOYEE STOCK OWNERSHIP PLAN
AND TRUST AGREEMENT**

KOAM Engineering Systems, Inc., a Delaware corporation (“KES”), maintains an Employee Stock Ownership Plan (the “ESOP”) for the exclusive benefit of its employees and the beneficiaries of its employees.

The ESOP originally went into effect as of July 1, 2007. In December 2009, the ESOP was amended and restated in order to comply with recently enacted federal legislation. The amended and restated ESOP is effective retroactively to July 1, 2007. In conjunction with amending the ESOP, KES has also amended and restated this Summary Plan Description. The amendment and restatement did not in any way reduce any Participant’s Account Balance or reduce any vesting years of service.

The highlights of the ESOP are described in this summary. You will want to keep this summary for future reference. This summary describes some of the more important aspects of how the ESOP will work, including: who can participate; how stock may be acquired by the ESOP; how and when benefit payments will be made; and how claims for benefits will be reviewed. If any important change is made to the ESOP which materially affects the information in this summary, the Administrative Committee will notify you of the change.

This document is only a summary, in non-technical language, of certain portions of the ESOP. The general content of this document is dictated by U.S. government regulations. Please review this entire summary because if you take any item out of context, it might only give partial information and could therefore appear to be misleading. Please do not misunderstand: only the official plan document for the ESOP will give any person a legal right to benefits and this is not the Plan document. If you want to determine more precisely what your rights are under the ESOP, do not rely on this limited description: ask to see the Plan document itself. The formal Plan document prevails if there is any inconsistency between the ESOP and the Summary.

KES would like to assure all Participants that the ESOP is intended for your benefit. It is hoped that you will become even more interested in KES’s continued success and operation. A copy of the ESOP will always be available for your examination.

BASIC INFORMATION

PLAN NAME: KOAM Engineering Systems, Inc. Employee Stock Ownership Plan and Trust Agreement.

PLAN NUMBER: 004.

TYPE OF PLAN: Defined contribution, individual account plan.

PLAN DOCUMENT: This summary only summarizes the provisions of the ESOP. The official ESOP document will legally govern the operation of the ESOP. You can review copies of the ESOP document at the office of the Administrative Committee.

ADMINISTRATION: The ESOP will be administered by an Administrative Committee (the "Committee") chosen by the Board of Directors of KES. The primary duty of the Committee is to administer the ESOP in accordance with the ESOP plan document and to serve as an intermediary between Participants and the Trustee. Currently, the members of the Committee include Brian Greenberg, Kimberly Bailey, and Erica Tofson. You will be advised from time to time of any changes with respect to the persons serving on the Committee.

TRUSTEE: The Trustee of the ESOP is John S. Yi.

ADDRESS: The telephone number and street address of the Employer, Administrative Committee and Trustee of the ESOP is:

9325 Sky Park Court, Suite 300
San Diego, CA 92123
(858) 292-0922

AGENT FOR SERVICE OF PROCESS: The Committee is the agent for service of process for the ESOP. If the registered agent is changed, you will be notified by the Committee. Service of process may also be made on the Trustee.

PLAN YEAR: The Plan Year is the 12-month period beginning on July 1 and ending June 30.

EMPLOYER IDENTIFICATION NUMBER: The employer identification number of KES is 33-0771394.

PLAN TERMINATION INSURANCE: Benefits of the ESOP are not insured by the Pension Benefit Guaranty Corporation (PBGC) because the ESOP is an "individual account plan." For more information, ask the Committee or contact the PBGC at 1200 K Street, N.W., Washington, DC 20005 or (202) 326-4000.

NOT A CONTRACT OF EMPLOYMENT: The ESOP will not constitute a contract of employment, either express or implied, between you and KES.

INTRODUCTION

What is the purpose of the ESOP?

An ESOP is similar to a Profit Sharing Plan which allows the Sponsor to contribute not only cash, but also its own stock for the benefit of its participating employees. The Employer established the ESOP to enable you to accumulate a beneficial ownership interest in the stock of KES, which is not publicly traded, and to share in the growth and profits of KES. KES believes that the ESOP will represent an increasingly valuable benefit for you and your family over the years.

The benefits you get from the ESOP will depend primarily upon the amount the Employer contributes each year to the ESOP and the extent to which the value of those contributions increase (or decrease) during your employment. Each year your ESOP accounts will be increased by your portion of the Employer's contribution, if any, and your share of forfeitures from the ESOP accounts of participants who leave before they are fully vested, as well as being adjusted to reflect investment gains and losses on assets held by the ESOP trust.

How does the ESOP work?

For each particular Plan Year (July 1 - June 30), KES will make its contributions (if any) to the ESOP in cash or stock. The contribution will be invested by the ESOP exclusively for the benefit of you and your beneficiaries.

The ESOP is able to purchase KES stock in a private sale, but only at a price which does not exceed the stock's fair market value as determined by an independent appraiser under the rules set by the Internal Revenue Service. The ESOP may borrow money to do this. Thus, cash contributions made by KES to the ESOP may be used by the ESOP to make cash purchases or to pay off loan obligations incurred to purchase KES stock. The employees will not be personally required to pay any such loan.

It is important that you understand how the ESOP will work for your benefit. The following questions and answers should be helpful. Please remember that these questions and answers simply highlight the terms of the ESOP. If after reading them you still have questions, the Committee will be available to answer your questions. The plan document for the ESOP is available for your review. You will receive an annual statement of your ESOP accounts, and from time to time, you may also receive announcements and other ESOP communications.

No person or entity associated with the ESOP, including KES, the Committee, the Trustee or their agents is authorized to advise you with regard to legal, investment, or tax considerations relating to the ESOP. Therefore, if you have questions pertaining to your ESOP benefits (after receiving basic information from the Committee), you should seek advice from your own qualified advisor.

SUMMARY OF ESOP PROVISIONS

1. Who can participate in the ESOP? When do I start participating?

The class of employees eligible to participate in the ESOP are all employees of KES who have attained age 21 and are not included in a unit of Employees covered by a collective bargaining agreement between Employee representatives and KES, if there is evidence that retirement benefits were the subject of good faith bargaining between such Employee representatives and KES.

An eligible employee who works at least 1,000 hours in a 12-month period beginning on his date of hire will become a "Participant" in the Plan on the first July 1 or January 1 after the end of the 12-month period. Years of Service prior to the Plan's Effective Date are included for participation purposes.

Participation in the Plan will continue until an employee has a break in service. A break in service will occur if a Participant works 500 or fewer hours in a Plan Year.

A Participant on a leave of absence for maternity/paternity reasons (i.e., pregnancy, birth or adoption of a child, or for purposes of child care during the period immediately following birth or adoption) will have a one-year "grace period" before he or she incurs a break in service for participating or vesting purposes. It is the Participant's responsibility to timely notify the Committee that the absence was due to a permitted maternity/paternity reason and the number of days of the permitted absence. The Committee will require this information to properly credit the Participant with the proper number of hours to avoid a break in service.

2. What contributions will KES make to the ESOP and how will I share in them?

Each year, as of the last day of the Plan Year (June 30), KES may contribute and credit the accounts of the Participants who completed 1,000 hours of service during the Plan Year and either are employed on the last day of the Plan Year with KES or retired, died or became disabled during the Plan Year.

The Board of Directors of KES will annually determine whether a discretionary contribution is to be made and, if so, the amount of the contribution. Participants will be informed of the decision of the Board. The contributions can be made in cash or in stock of KES. The amount allocated to your accounts will also depend on the amount of your compensation for the year and on whether the ESOP has borrowed money with which to purchase KES stock.

The actual amount of any Participant's benefits from the ESOP cannot be exactly determined in advance. The amount depends on the amounts credited from year to year, the Participant's vested percentage and the investment performance of the ESOP. Since a major portion of the ESOP's assets may be invested in stock of KES, the value of a Participant's account is directly tied to KES's financial success. To the extent the account

is invested in stock of KES, the productivity and performance of employees may have a direct effect on the value of a Participant's account.

3. May I make contributions to the ESOP?

Participants are not required or permitted to contribute to the ESOP.

4. May I make "rollovers" from another plan into the ESOP?

Rollovers can be made into the ESOP; however, rollover amounts cannot be invested in KES's stock.

5. How are benefits provided?

KES has established a trust fund held by the Trustee named in the Basic Information section of this summary. KES deposits the amount of its contributions (if any) in the trust fund and these contributions are then collectively invested. Benefits are then paid from the trust fund as required.

6. May I choose how my ESOP accounts are invested?

It is the intent of the Plan to permit your ESOP accounts to be invested primarily in KES stock. You will not have investment options with respect to your ESOP accounts. At the Committee's direction, cash contributions may be invested in KES stock or applied to pay down a loan incurred by the ESOP to permit it to acquire KES stock.

7. How are the values of my ESOP accounts determined?

In general, a separate bookkeeping account will be maintained under the ESOP for each participant. These accounts will record the stock and other investments held by the ESOP, based on contributions, forfeitures and investment performance.

Your ESOP accounts will be revalued annually as of June 30 and you will receive an annual statement as soon as the valuation is completed. Valuation of the stock of a private company such as KES is complicated and time-consuming, so it will be some months after the end of the Plan Year before the independent appraiser completes valuation of the KES stock held by the ESOP, so that the annual statements can be prepared and distributed to you.

8. May I borrow money from the ESOP?

You may not borrow money from your ESOP accounts.

9. Under what circumstances will I receive benefits?

You will be entitled to receive the full value of your accounts, including all contributions and investment gains and losses, when you: (a) retire (the later of a Participant's 65th birthday or the 5th anniversary of the date the Participant commenced participation in the Plan); (b) die while still employed by KES; or (c) become permanently disabled while still employed by KES.

If you terminate employment for any other reason, you will be entitled to the value of your vested interest (if any) in your ESOP accounts as described in paragraph 10.

10. What do I get from the ESOP if my employment ends before I retire or die, and when will it be paid to me?

The intent is to distribute the vested portion of your account shortly after you terminate employment. However, the right is reserved, under the Plan, to make a distribution within five (5) Plan years after you terminate your employment with KES if it is in the best interest of the ESOP and KES to do so. Likewise, with respect to KES stock which is allocated to your Participant Employer Securities Account and was acquired with a loan ("ESOP Stock Acquisition Loan"), the distribution with respect to such KES stock may be postponed until the earlier of (i) you attain your Normal Retirement Age (the later of a Participant's 65th birthday or the 5th anniversary of the date the Participant commenced participation in the Plan); (ii) you become disabled; (iii) you die; or (iv) the end of the year in which the ESOP Stock Acquisition Loan is fully repaid.

If you are terminating your employment for reasons other than death, Disability, or the attainment of Normal Retirement Age, the following provisions apply:

- a. If your vested account balance does not exceed \$1,000, your vested account balance may be automatically distributed to you in a lump sum. The earliest such distribution may be made as soon as administratively practicable commencing after your separation from service.
- b. If you terminate employment and have a vested benefit between \$1,000 and \$5,000 you will be given a Benefit Election Form. You will have 180 days from the date the form is provided to you to complete the Benefit Election Form and return it to the Plan's Administrator. If you do not return the completed Benefit Election Form to the Plan's Administrator within the 180-day period, the Plan is required, under the new rules provided by the U.S. Department of Labor, to automatically roll over your vested Plan benefit directly to an IRA in your name at a financial institution selected by the Plan's Committee or Trustee. The rolled over funds will be invested in money market accounts, savings accounts or certificates of deposit. The costs to establish and maintain the IRA will be deducted from your IRA account balance.

- c. If you elect to take a distribution, or in the absence of an election pursuant to paragraph 11 below, and your vested account balance is less than or equal to \$5,000, your vested account balance will be distributed to you in cash as soon as administratively practicable after employment termination. If you elect to take a distribution, or in the absence of an election pursuant to paragraph 11 below, and your vested account balance is greater than \$5,000, your vested account balance will be distributed to you in cash in equal installments over a period not exceeding five (5) years commencing after the fifth (5th) year following the Plan Year you terminate employment (note: if your account balance exceeds \$885,000, subject to increases as set by the Internal Revenue Service, such time frame is extended). Your distributions will be made in the form of cash either directly to you or, if directed, as a direct rollover to an Eligible Retirement Plan. The timing for commencement of distribution may be further extended if a securities acquisition loan is outstanding.
- d. If your vested account balance exceeds \$5,000, you may elect to keep your funds in the ESOP until you reach your Normal Retirement Age (the later of a Participant's 65th birthday or the 5th anniversary of the date the Participant commenced participation in the Plan). However, the Trustee will commence making distributions of your account on April 1st of the year after the year you reach age 70½ if you are separated from service.

Your vested account balance will be paid to you as directed by the ESOP Committee in shares of KES stock, cash, or a combination of both. If you wish, you may elect to receive your entire distribution in the form of KES stock if permitted at such time under the ESOP. If ownership of stock of KES is limited to employees (or the ESOP), or if KES is at the time a Subchapter S Corporation under the Internal Revenue Code, a terminated employee will receive benefits in cash only. If your distribution includes KES stock, you may sell the KES stock to either KES or the ESOP at its fair market value. Payment for the stock will be in a lump sum or in installment payments, including interest. For purposes of distributing your vested account balance to you, the account balance will be valued as of the end of the Plan Year which precedes or coincides with the date of distribution.

11. What do I get from the ESOP if I die, become disabled while employed, or reach Normal Retirement Age and terminate employment with the Company?

If you should die or become disabled while employed, or reach Normal Retirement Age (the later of a Participant's 65th birthday or the 5th anniversary of the date the Participant commenced participation in the Plan) and terminate employment, your account, if elected by you or your beneficiary, will be distributed under one of the methods listed in the previous section under 10.c. In the absence of an election, your account will be distributed in accordance with section 10.a, 10.b, or 10.c commencing as soon as administratively practicable following the close of the Plan Year in which your death occurs, date you become disabled, or your separation from service after reaching Normal Retirement Age. If you die, your benefit will be paid to your spouse, if you are married at

the time of your death, or to your designated beneficiary, if you are single. If you are married and wish to designate someone other than your spouse as beneficiary, you may do so. However, your spouse must consent to this in a written statement which must be notarized. As a participant, you may designate a beneficiary on forms provided for this purpose. **YOU SHOULD BE SURE TO FILE A CURRENT BENEFICIARY DESIGNATION. IF THERE IS A CHANGE TO YOUR WISHES OR CIRCUMSTANCES, OR IF YOUR DESIGNATED BENEFICIARY DIES, YOU SHOULD PROMPTLY CHANGE THE DESIGNATION BY FILING A NEW BENEFICIARY DESIGNATION.** If you should die without a spouse or designated beneficiary, your benefits will be paid to such persons as set forth in the Plan.

12. When am I “vested” in my benefits?

“Vesting” refers to the circumstances in which your benefits become “non-forfeitable.” That is, when you have earned a right that you cannot lose receiving the benefits. In the ESOP, you will become 100 percent vested when you retire on or after Normal Retirement Age (the later of a Participant’s 65th birthday or the 5th anniversary of the date the Participant commenced participation in the Plan), or if you die or become disabled while employed by KES.

If a Participant leaves KES for any reason other than death, total and permanent disability or retirement on or after attaining Normal Retirement Age, the nonvested portion of his accounts, if any, will be forfeited at the earlier of the date of payout of the vested portion of the Participant’s account or the end of the fifth consecutive year the Participant failed to work 500 or more hours.

Prior to vesting as described above, the determination of whether or not you have a “vested” right to employer contributions allocated to your accounts depends on the number of “years of credited service” you have completed at the time you terminated employment, according to the following schedule:

VESTING SCHEDULE		
Years of Service	Vested Percentage	Forfeited Percentage
less than 1 year	0%	100%
1 year, but less than 2	20%	80%
2 years, but less than 3	40%	60%
3 years, but less than 4	60%	40%
4 years, but less than 5	80%	20%
5 years or more	100%	0%

Years of service are important in determining your credited service for vesting purposes. A “year of credited service” is a Plan Year during which you have at least 1,000 hours of service. An “hour of service” is an hour for which you are paid, either for work or

for paid absences such as holidays, vacation, or periods of illness during which KES continues to pay you according to its employment and human resource policies. Years of Service prior to the Plan's Effective Date are included for vesting purposes.

13. What does my beneficiary get from the ESOP if I die?

If you die while employed by KES, then, irrespective of your years of credited service, 100 percent of your ESOP accounts will be payable as a death benefit to your beneficiary. The beneficiary designation form more completely details the legal rules in designating a beneficiary.

14. How do I apply for my benefits?

When you retire, die, become disabled or otherwise terminate employment with a vested interest in your ESOP accounts, you or your beneficiary may apply for Plan payments. All claims for benefits should be made in writing and submitted to the Committee. The Committee will make all determinations of any Participant's right to a benefit. Each claim will be granted or denied within 90 days after receipt of the claim unless the Committee requires additional time due to special circumstances. The Committee must make a decision within 180 days after receipt of the claim. Any denial by the Committee of a claim for benefits will be stated in writing and delivered or mailed to the Participant or his beneficiary. The notice will state the specific reasons for the denial and must be written in a manner that may be understood without legal or actuarial counsel. If a Participant's claim for benefits has been denied, he will have 60 days to request, in writing, that the Committee review its decision. The Committee must act on a Participant's request for a review within 60 days after receipt of the request unless additional time is needed. The Committee must make a final decision within 120 days after receipt of the request for review.

15. Under what circumstances will I not receive benefits?

If you leave KES before you become eligible to participate in the Plan, or after you begin participating but before you have a vested interest in the Plan, no benefits of any type are payable.

16. Can I assign my ESOP benefits? Can creditors reach my benefits?

The law does not permit you to sell, pledge, assign or otherwise transfer the value of your ESOP accounts or your rights to benefits. Your creditors normally cannot reach your interests in the ESOP until cash or other property is actually paid to you.

However, it is possible that a portion of your benefits under the ESOP may be assigned by court order to satisfy an obligation for support, alimony or marital property, that you may have to a spouse, former spouse, child or other dependent. There are specific requirements that a "qualified domestic relations order" must meet to be recognized by the Committee and specific procedures regarding the amount and timing of payments.

17. Can the ESOP be changed or terminated?

KES reserves the right to amend or terminate the ESOP at any time. However, the ESOP may not be changed to deprive you of your vested interests.

18. Do I have any voting rights with my KES stock held in the ESOP?

The Committee has the right to vote stock of KES held by the ESOP on all matters other than those which require the voting of such shares with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution or sale of substantially all assets of KES. If an action does require the voting of such shares, you will be entitled to exercise the voting rights of KES stock allocated to your accounts.

19. Do I have the right to diversify my Employer Stock Account?

If you have attained age 55 and completed at least ten (10) years of participation in the Plan, you have the right to elect to withdraw a portion of your Employer Stock Account. An election to withdraw must be filed with the Committee within the 90-day period immediately following the close of a Plan Year in the Election Period. The Election Period means the period of six consecutive Plan Years beginning with the Plan Year in which you first become eligible to make a withdrawal. You may diversify up to 25 percent of your account during the first five years and 50 percent at age 60 (reduced by the percentage diversified previously).

STATEMENT OF ERISA RIGHTS

As a Participant in the ESOP, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all participants shall be entitled to:

1. Examine, without charge, at the Committee's (or Employer's) office all ESOP documents, including contracts and copies of all documents filed by the Committee with the U.S. Department of Labor, such as annual reports and ESOP descriptions;
2. Obtain copies of all ESOP documents and other ESOP information upon written request to the Committee. The Committee may make a reasonable charge for the copies;
3. Receive a summary of the ESOP's annual financial report. The Committee is required by law to furnish each Participant with a copy of this summary financial report;
4. Obtain, once a year, a statement of the total ESOP benefits accrued, and the non-forfeitable (vested) ESOP benefits, if any, or the earliest date on which benefits will become non-forfeitable (vested). This statement must be requested in writing and is not required to be given more than once a year, but the Committee must provide the statement free of charge.

In addition to creating rights for Participants, ERISA imposes obligations on persons who are responsible for the operation of the ESOP. The people who operate your ESOP, called "fiduciaries" of the ESOP, have a duty to do so prudently and in the interest of you and other Participants and beneficiaries. No one, including KES, or any other person, may fire you or otherwise discriminate against you in any way solely to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the Committee review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Committee and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Committee to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Committee. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that ESOP fiduciaries misuse the ESOP's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. If you have any questions about the ESOP, you should contact the Committee. If you have any questions about this statement or about your rights under ERISA, you should contact the Committee or the nearest Area Office of the Employee Benefits Security Administration of the U.S. Department of Labor.

December 2009