

EMPLOYEE HANDBOOK

Premier Color Graphics, Inc.

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CHAPTER 1. INTRODUCTORY POLICIES

A . INTRODUCTORY STATEMENT

Welcome! As an employee of Premier Color Graphics, Incorporated, you will find your employment to be both rewarding and challenging.

Because the quality of our employees is the key to our success, we carefully select our new employees. In turn, we expect employees to contribute to the success of the Company.

This Employee Handbook sets forth the terms and conditions of employment of all full- and part-time employees, and supervisors. Individual written employment contracts may supersede some of the provisions of this handbook.

This Handbook contains the policies and practices in effect at the time of publication. All previously issued handbooks and any inconsistent policy or benefit statements or memoranda are superseded.

This Handbook is designed to familiarize you with our major policies. Your supervisor or manager will be happy to answer any questions you may have.

B. STATEMENT OF AT-WILL EMPLOYMENT STATUS

Employment at the Company is employment at-will. Employment at-will may be terminated with or without cause and with or without notice at any time by the employee or the Company. Nothing in this Handbook or in any document or statement shall limit the right to terminate employment at-will. No manager, supervisor or employee of the Company has any authority to enter into any agreement for employment for any specified period of time or to make any agreement for employment other than at-will. Only the President of the Company has the authority to make any such agreement and then only in writing.

C. INTEGRATION CLAUSE AND THE RIGHT TO REVISE

This employee handbook contains the employment policies and practices of the Company in effect at the time of publication. All previously issued handbooks and any inconsistent policy statements or memoranda are superseded.

The Company reserves the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this handbook or in any other document, except for the policy of at-will employment. However, any such changes must be in writing and must be signed by the President of the Company. Any written changes to this handbook will be distributed to all employees so that employees will be aware of the new policies or procedures. No oral statements, or representations can in any way change or alter the provisions of this handbook.

With the possible exception of individual written employment contracts, this handbook contains the entire agreement between you and the Company as to the duration of employment and the circumstances under which employment may be terminated. Nothing in this employee handbook, or any other personnel document, including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment for any employee.

D. EQUAL EMPLOYMENT OPPORTUNITY

This Company is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available persons in every job. Company policy prohibits unlawful discrimination based on race, color, creed, sex, religion, marital status, age, national origin or ancestry, physical or mental disability, medical condition, veteran status, sexual orientation, or any other consideration made unlawful by federal, state or local laws. All such discrimination is unlawful.

The Company is committed to complying with all applicable laws providing equal employment opportunities. This commitment applies

to all persons involved in the operations of the Company and prohibits unlawful discrimination by any employee of the Company, including supervisors and co-workers.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, the Company will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result.

Any applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact a Company representative with day-to-day personnel responsibilities and request such an accommodation. The individual with the disability should specify what accommodation he or she needs to perform the job. The Company then will conduct an investigation to identify the barriers that make it difficult for the applicant or employee to have an equal opportunity to perform his or her job. The Company will identify possible accommodations, if any, that will help eliminate the limitation. If the accommodation is reasonable and will not impose an undue hardship, the Company will make the accommodation.

If you believe you have been subjected to any form of unlawful discrimination, provide a written complaint to your supervisor, the Operations Manager, the Vice President, or the President. Your complaint should be specific and should include the names of the individuals involved and the names of any witnesses. The Company will immediately undertake an effective, thorough and objective investigation and attempt to resolve the situation. If the Company determines that unlawful discrimination has occurred, effective remedial action will be taken commensurate with the severity of the offense. Appropriate action will also be taken to deter any future discrimination, whatever action is taken will be made known to you and the Company will take appropriate action to remedy any loss to you as a result of the discrimination. The Company will not retaliate against you for filing a complaint and will not knowingly permit retaliation by management employees or your co-workers.

E. UNLAWFUL HARASSMENT

The Company is committed to providing a work environment free of unlawful harassment. Company policy prohibits sexual harassment and harassment based on pregnancy, childbirth, or related medical conditions, veteran status, race, religious creed, color, national origin or ancestry, physical or mental disability, medical condition, marital status, age, sexual orientation or any other basis protected by federal, state or local law or ordinance or regulation. All such harassment is unlawful. The Company's anti-harassment policy applies to all persons involved in the operation of the Company and prohibits unlawful harassment by any employee of the Company, including supervisors and co-workers.

Prohibited unlawful harassment includes, but is not limited to, the following behavior:

- a. Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations or comments;
- b. Visual conduct such as derogatory and/or sexually-oriented posters, photography, cartoons, drawings or gestures;
- c. Physical conduct such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected basis;
- d. Threats and demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offers of employment benefits in return for sexual favors; and
- e. Retaliation for having reported or threatened to report harassment.

If you believe that you have been unlawfully harassed, provide either an oral or written complaint to your own or any other Company supervisor, the Operations Manager, the Vice President or the President of the Company as soon as possible after the incident. Your complaint should include details of the incident or incidents, names of the individuals involved and names of any witnesses. Supervisors will refer all harassment complaints to the President of the Company. The Company will immediately undertake an effective, thorough and objective investigation of the harassment allegations.

If the Company determines that unlawful harassment has occurred, effective remedial action will be taken in accordance with the circumstances involved. Any employee determined by the Company to be responsible for unlawful harassment will be subject to appropriate disciplinary action, up to and including termination. Whatever action is taken against the harasser will be made known to the complaining employee and the Company will take appropriate action to remedy any loss to you resulting from harassment. The Company will not retaliate against you for filing a complaint and will not tolerate or permit retaliation by management, employees or co-workers.

The Company encourages all employees to report any incidents of harassment forbidden by this policy immediately so that complaints can be quickly and fairly resolved. You should also be aware that the Federal Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing investigate and prosecute complaints of prohibited harassment in employment. Monetary damages may also be available. If you think you have been harassed or that you have been retaliated against for resisting or complaining, you may file a complaint with the appropriate agency. The nearest office is listed in the telephone book.

CHAPTER 2. EMPLOYMENT POLICIES AND PRACTICES

A. NEW HIRES

The first 30 days of continuous employment at the Company is considered a trial period. During this time you will learn your responsibilities, get acquainted with fellow employees and determine whether you are happy with your job. Also, during this time, your supervisor will closely monitor your performance.

Upon completion of the trial period, the Company will review your performance. If the Company finds your performance satisfactory and decides to continue your employment, it will advise you of any improvements expected from you. At this time, you may express suggestions to improve the Company's efficiency and operations.

Completion of the trial period does not entitle you to remain employed by the Company for any definite period of time. Both you and the Company are free, at any time, with or without notice and with or without cause, to end the employment relationship and your compensation. After completion of the trial period, eligible employees will receive the benefits described in this handbook.

B. REGULAR EMPLOYEES

Employees who have completed their introductory period of employment will be referred to as "regular" employees. Such employees may be either full-time or part-time. The distinction between full-time and part-time depends upon the number of hours that an employee works.

C. FULL-TIME EMPLOYEES

Regular full-time employees are those normally scheduled to work and who do work a schedule of 40 hours per week (or 36 hours if working on a 3-day, 12-hour program). Following the completion of the trial period, regular full time employees are eligible for most employee benefits described in this handbook.

D. INACTIVE STATUS

Employees who are on any type of leave of absence, work-related or non-work-related, that exceeds four months will be placed on inactive status. During the time the employee is on inactive status, no benefits (i.e., vacation, sick leave) will be earned and seniority will not continue to accrue.

E. TEMPORARY TRANSFERS

Employees who request a transfer for medical and/or family medical leave reasons will be considered for a temporary transfer if a position exists at the time the transfer is requested and the employee is qualified to perform the job. The employee will be paid in accordance with the responsibilities and duties of the temporary job.

F. PART-TIME EMPLOYEES

Part-time employees are those who are normally scheduled to work and who do work less than 40 hours per week (or 36 hours per week if on a 3-day, 12 hour schedule). Part-time employees may be assigned a work schedule in advance or may work on an as-needed basis. Part-time employees are eligible for some, but not all employee benefits described in this handbook.

G. TEMPORARY EMPLOYEES

Temporary employees are those employed for short-term assignments. Short-term assignments will generally be periods of three months or less, however, such assignments may be extended. Temporary employees are not eligible for employee benefits except where mandated by applicable law.

H. JOB DUTIES

During the trial period, your supervisor will explain your job responsibilities and the performance standards expected of you. Be aware that your job responsibilities may change at any time during your employment. From time to time, you may be asked to work on special projects or to assist with other work necessary or important to the operation of your department or the Company. Your cooperation and assistance in performing such additional work is expected.

The Company reserves the right, at any time, with or without notice, to alter or change job responsibilities, reassign or transfer job positions, or assign additional job responsibilities.

I. WORK SCHEDULES

Your supervisor will assign your individual work schedule. All employees are expected to be at their desks or work stations at the start of their scheduled shifts, ready to perform their work. Likewise, employees are expected to continue with their productive work assignments until their assigned quitting time, other than for breaks and meal times. Exchanging work schedules with other employees or arbitrarily changing your own schedule is not permitted unless authorized by your supervisor. Permission will be granted only if the change will not result in disruption of or interference with normal operations (including delivery schedules) and will not result in excessive overtime.

J. MEAL AND REST PERIODS

Employees are normally provided with a meal period, to be taken approximately in the middle of the workday. Other mutually agreeable meal period schedules may be worked out between the employee and the company. Your supervisor will schedule your meal periods. Sometimes, however, the nature of the work you do may prevent you from being relieved of all duty during your normal meal period. In such circumstances, and if you have previously signed a consent form to do so, you may take an on-the-job meal, for which you will be paid.

Employees are also allowed ten-minute rest periods, to be taken approximately in the middle of each four-hour work block. These rest periods should be taken so as to be as least disruptive to work or production as possible (i.e. between jobs, assignments, functions, etc.). Nonetheless, because rest periods are not taken by all employees at the same time, it is up to each employee to make certain that rest periods are taken. Time from skipped rest periods may not be saved as "comp time", to be used at a later time, without previous supervisory approval. This approval will only be given in isolated situations, either to accommodate an employee's special request, or when production does not allow the normal break time. All rest periods must be coordinated with your supervisor.

You are expected to observe your assigned working hours and the time allowed for meal and rest periods. Do not leave the premises during your rest period without supervisory approval, and do not take more than ten minutes for each rest period. You may leave the premises on your meal period.

K. TIMEKEEPING REQUIREMENTS

All non-exempt employees are required to record DAILY their time worked on a time card for payroll purposes. Employees must record their own time at the start and at the end of each work period, including before and after the lunch break. Additionally, all production employees are required to utilize the company's job costing system and to clock in and out of every job they work on. Falsifying job or payroll information records is a serious violation and disciplinary action will result. This action may be up to and including termination of employment. Also unacceptable is the clocking in or out for another employee, as well as filling out another employee's time card.

Any errors on your timecard should be reported immediately to your supervisor, who will attempt to correct legitimate errors.

L. PAYMENT OF WAGES

Employees of the Company are paid every other Monday for work performed during the previous two-week pay period. If a regular payday falls on a holiday, employees will be paid on the following workday.

Paychecks are normally available by 5:00 p.m. at the President's office. If there is an error on your check, please report it immediately to your supervisor.

M. ADVANCES

The Company does not permit advances against paychecks or against unaccrued vacation.

N. OVERTIME

As necessary, employees may be required to work overtime. For purposes of determining which hours constitute overtime, only actual hours worked in a given workday or workweek will be counted. The Company will attempt to distribute overtime evenly and accommodate individual schedules. All overtime work must be previously authorized by a supervisor. The Company provides compensation for all overtime hours worked by nonexempt employees in accordance with state and federal law as follows:

All hours worked in excess of 40 hours in one workweek will be treated as overtime. A workweek begins each Monday at 12:01 a.m.

Compensation for hours in excess of 40 for the workweek shall be paid at a rate one and one-half times the employee's regular rate.

Exempt employees may have to work hours beyond their normal schedules as work demands require. No overtime compensation will be paid to exempt employees.

O. SALARY PAY

Salaried employees will receive their salary for any week in which an employee performs any work. For purposes of this salary pay policy, a week is Monday 12:01 a.m. through Sunday midnight. An employee will receive his/her full salary for any week in which an employee does any work, subject to the following rules.

An employee's salary may be reduced for complete days of absence due to vacations, holiday or personal business, sick leave, and incomplete initial and final weeks of work. An employee's salary will not be reduced due to partial weeks of work due to lack of work.

This salary pay policy is intended to comply with the salary pay requirements of the Fair Labor Standards Act and shall be construed in accordance with the Act. Employees are encouraged to bring any question concerning their salary pay to the personnel manager so that any inadvertent error can be corrected.

P. PERSONNEL RECORDS

You have a right to inspect certain documents in your personnel file, as provided by law, in the presence of a Company representative at a mutually convenient time. No copies of documents in your file may be made, with the exception of documents that you have previously signed. You may add your version of any disputed item to the file.

The Company will attempt to restrict disclosure of your personnel file to authorized individuals within the Company. Any request for information from personnel files must be directed to the President. Only the President is authorized to release information about current or former employees. Disclosure of personnel information to outside sources will be limited. However, the Company will cooperate with requests from authorized law enforcement or local, state or federal agencies conducting official investigations.

Q. PERFORMANCE EVALUATIONS

Employees will receive periodic performance reviews. The review will be conducted by your supervisor who will discuss it with you. Your first performance evaluation will be after completion of your trial period. After that review, performance evaluations will be conducted annually, on or about the anniversary date of your employment with the Company. The frequency of performance evaluations may vary depending upon length of service, job position, past performance, changes in job duties or recurring performance problems.

Your performance evaluations may review factors such as the quality and quantity of the work you perform, your knowledge of the job, your initiative, your work attitude and your attitude toward others. The performance evaluation should help you become aware of your progress, areas for improvement and objectives or goals for future work performance. Positive performance evaluations do not guarantee increases in salary or promotions, and no increases are automatic nor cost-of-living related. *Salary increases and promotions are solely within the discretion of the Company, and depend upon many factors including but not limited to performance, length of time on the job, position in wage/salary range for job performed, and overall financial health of the company.* After the review you will be required to sign the evaluation report simply to acknowledge that it has been presented to you and discussed with you by your supervisor, and that you are aware of its contents. You also have the opportunity to add any comments you wish to the evaluation, whether in agreement or not with your supervisor's comments.

R. OPEN-DOOR POLICY

Suggestions for improving the Company are always welcome. At some time, you may have a complaint, suggestion or question about your job, your working conditions or the treatment you are receiving. Your good-faith complaints, questions and suggestions also are of concern to the Company. We ask that you take your concerns first to your supervisor, following these steps:

1. Within a week of the occurrence, bring the situation to the attention of your immediate supervisor who will then investigate and provide a solution or explanation. If the complaint concerns your immediate supervisor, proceed immediately to step 2 below.
2. If the problem persists, you may put it in writing and present it to the Operations Manager, the Vice President, or the President, who will investigate and provide a solution or explanation within 10 working days. It is recommended that you bring the matter to the Vice President or President as soon as possible after you believe that your immediate supervisor has failed to resolve the matter.

This procedure, which we believe is important for both you and the Company, cannot result in every problem being resolved to your satisfaction. However, the Company values your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

S. PERSONAL EMPLOYEE INFORMATION

The Company is required by law to keep current all employee's names and addresses. Employees are responsible for updating the information in their personnel file.

T. EMPLOYMENT OF RELATIVES

Relatives of employees may be eligible for employment with the Company only if individuals involved do not work in a direct supervisory relationship, or in job positions in which a conflict of interest could arise. "Relatives" are defined to include spouses, children, siblings, parents, in-laws and step-relatives. Present employees who marry will be permitted to continue working in the job position held only if they do not work in direct supervisory relationship with one another or in job positions involving conflict of interest.

U. CONFLICTS OF INTEREST

Situations of actual or potential conflict of interest are to be avoided by all employees. Personal or romantic involvement with a competitor, supplier or subordinate employee of the Company, which impairs an employee's ability to exercise good judgment on behalf of the Company, creates an actual or potential conflict of interest. Supervisor-subordinate romantic or personal relationships also can lead to supervisory problems, possible claims of sexual harassment and morale problems.

An employee involved in any of the types of relationships or situations described in this policy should immediately and fully disclose the relevant circumstances to his/her immediate supervisor, the Operations Manager, the Vice President, or the President, for a determination as to whether a potential or actual conflict exists. If an actual or potential conflict is determined, the employer may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

V. REDUCTIONS IN WORK FORCE

Under some circumstances, the Company may need to restructure or reduce its workforce. If it becomes necessary to restructure our operations or reduce the number of employees, the Company will attempt to provide advance notice, if possible, so as to minimize the

impact on those affected. If possible, employees subject to layoff will be informed of the nature of the layoff and the foreseeable duration of the layoff, whether short-term or indefinite.

In determining which employees will be subject to layoff, the Company will take into account, among other things, operation and requirements, the skill, productivity, ability and past performance of those involved and also, where feasible, the employee's length of service.

W. INVOLUNTARY TERMINATION AND PROGRESSIVE DISCIPLINE

Violation of Company policies and rules may warrant disciplinary action. The Company has established a system of progressive discipline that includes verbal warnings, written warnings and suspension. The system is not formal and the Company may, in its sole discretion, utilize whatever form of discipline is deemed appropriate under the circumstances, up to and including termination of employment. The Company's policy of progressive discipline in no way limits or alters the at-will employment relationship.

X. VOLUNTARY TERMINATION

An employee who voluntarily resigns his/her employment or fails to report to work for 2 consecutively scheduled workdays without notice to, or approval by his/her supervisor, will voluntarily terminate employment with the Company. All Company owned property (vehicles, keys, uniforms, tools, credit cards, etc.) must be returned immediately upon termination of employment.

Y. PAY FOR MANDATORY MEETINGS/TRAINING

The Company will pay non-exempt employees for their attendance at meetings, lectures and training programs only when approved by the supervisor, the Operations Manager, the Vice President, or President, or when attendance is considered mandatory by the company.

Z. ELECTRONIC MEDIA POLICY

As an advanced technology company, we at Premier Color Graphics increasingly use and exploit electronic forms of communication and information exchange. Employees have access to one or more forms of electronic media and services (computers, e-mail, telephones, fax machines, external electronic bulletin boards, on-line services, the Internet and the World Wide Web).

The company encourages the use of these media and associated services because information technology is our business, because they make communication more efficient and effective, and because they are valuable sources of information, e.g., about vendors, customers, new products and services. However, electronic media and services provided by the company are *company property*, and their purpose is to facilitate *company business*.

With the rapidly changing nature of electronic media, and the “netiquette” which is developing among users of external on-line services and the Internet, this policy cannot lay down rules to cover every possible situation. Instead, it expresses the company’s philosophy and sets forth general principles to be applied to use of electronic media and services.

The following procedures apply to all electronic media and services which are: 1) accessed on or from company premises; 2) accessed using company computer equipment, or via company-paid access methods, and/or 3) used in a manner which identifies the individual with the company.

1. Electronic media may not be used for knowingly viewing, transmitting, retrieving or storage of any communications of a discriminatory or harassing nature, or which are derogatory to any individual or group, or which are obscene or X-rated communications, or are of a defamatory, disrespectful, or threatening nature, or for “chain letters,” or for any other purpose which is illegal or against company policy or contrary to the company’s interest. This also includes ethnic slurs, racial comments, and off-color jokes.

2. Electronic media and services are primarily for company business use. Limited, occasional or incidental use of electronic media (sending or receiving) for personal, non-business purposes is allowed while on the employee’s own time, i.e. breaks, lunch, or before/after work hours, so long as all other aspects of this policy are observed.

3. Electronic information created and/or communicated by an employee using e-mail, word processing, utility programs, spreadsheets, telephones, Internet/BBS access, etc., *will not generally be monitored by the company*, and we respect our employees’ wish to work without “Big Brother” looking over their shoulder. However, the following conditions should be noted:

a) The company routinely monitors usage patterns for both voice and data communications (e.g., number called or site accessed; call length; times of calls; etc.). Reasons include cost analysis/allocation and the management of our gateway to the Internet.

b) The company also reserves the right, at its discretion, to review any employee’s electronic files and messages and usage to the extent necessary to ensure that electronic media and services are being used in compliance with the law and with this and other company policies.

c) *Employees should therefore not assume electronic communications are totally private and confidential and should transmit highly sensitive information in other ways.*

4. Employees must respect the confidentiality of other people’s electronic communications and may not attempt to read, “hack” into other systems or other people’s logins, or “crack” passwords, or breach computer or network security measures, or monitor electronic files or communications of other employees or third parties except by explicit direction of company management.

5. Employees who find it necessary to use a password, encryption, or other security measures on a company-supplied PC or Mac must provide his/her supervisor with this security information.

6. No e-mail or other electronic communications may be sent which

attempt to hide the identity of the sender, or represent the sender as someone else or from another company.

7. As the company is charged for Internet access on a time-basis, employees are encouraged to keep their access time to a minimum, and to be sure that the Internet icon is closed completely -- and not just minimized, when finished.

8. Anyone obtaining electronic access to other companies' or individuals' materials must respect all copyrights and may not copy, retrieve, modify or forward copyrighted materials except as permitted by the copyright owner or a single copy for reference use only.

9. Any messages or information sent by an employee to one or more individuals via an electronic network (e.g., bulletin board, on-line service, or Internet) are statements identifiable and attributable to our company. While some users include personal "disclaimers" in electronic messages, it should be noted that there would still be a connection with the company, and the statement might still be legally imputed to the company. All communications sent by employees via a network must comply with this and other company policies, and may not disclose any confidential or proprietary company information.

10. Network services and World Wide Web sites can and do monitor access and usage and can identify at least which company – and often which specific individual – is accessing their services. Thus, accessing a particular bulletin board or Website leaves company-identifiable electronic "tracks" even if the employee merely reviews or downloads the material and does not post any message. Therefore do not knowingly visit sites of questionable content while using company equipment and/or company-supplied on-line services.

11. Employees who violate this policy are subject to disciplinary action, up to and including termination of employment.

CHAPTER 3. STANDARDS OF CONDUCT

A. PROHIBITED CONDUCT

The following conduct is prohibited and will not be tolerated by the Company. This list of prohibited conduct is illustrative only; other types of conduct injurious to security, personal safety, employee welfare and the Company's operations also may be prohibited.

1. Falsification of employment records, employment information or other Company records.
2. Recording the work time of another employee or allowing any other employee to record your work time, or allowing falsification of any time card, either your own or another employee's.
3. Theft, deliberate or careless damage of any Company property or the property of any employee or customer.
4. Deliberate destruction of any Company property or the property of any employee or customer.
5. Removing or borrowing Company property without prior authorization.
6. Unauthorized use of Company equipment, time, materials, or facilities.
7. Provoking a fight or fighting during working hours or on Company property.
8. Participating in horseplay or practical jokes on Company time or on Company premises.
9. Carrying firearms or any other dangerous weapons on Company premises at any time.
10. Engaging in criminal conduct whether or not related to job performance.
11. Causing, creating or participating in a disruption of any kind during working hours on Company property.
12. Insubordination, including but not limited to failure or refusal to obey the orders or instructions of a supervisor or member of management, or the use of abusive or threatening language toward a supervisor or member of management.
13. Using abusive language at any time on Company premises.
14. Failure to notify a supervisor when unable to report to work.

15. Unreported absence of two (2) consecutive scheduled workdays.
16. Failure to obtain permission to leave work for any reason during normal working hours.
17. Failure to observe working schedules, including rest and lunch periods.
18. Any willful act that adversely affects quality or efficiency.
19. Sleeping or malingering on the job.
20. Making or accepting excessive personal telephone calls during working hours. The term "excessive" includes both the length and number of calls, and will be determined by the company on an individual basis. Personal long-distance calls are not allowed without previous supervisory permission.
21. Working overtime without authorization or refusing to work assigned overtime.
22. Wearing extreme, unprofessional or inappropriate styles of dress or hair while working.
23. Violation of any safety, health, security or Company policies, rules or procedures.
24. Committing a fraudulent act or a breach of trust under any circumstances.
25. Unlawful harassment.

This statement of prohibited conduct does not alter the Company's policy of at-will employment. Either you or the Company remain free to terminate the employment relationship at any time, with or without reason or advance notice.

B. OFF-DUTY CONDUCT

While the Company does not seek to interfere with the off-duty and personal conduct of its employees, certain types of off-duty conduct may interfere with the Company's legitimate business interests. For this reason, employees should be aware of the following policies:

Employees are expected to conduct their personal affairs in a manner that does not adversely affect the Company's or their own integrity, reputation or credibility. Illegal or immoral off-duty conduct on the part of an employee that adversely affects the Company's legitimate

business interests or the employee's ability to perform his or her job will not be tolerated.

While employed by the Company, employees are expected to devote their energies to their jobs with the Company. For this reason, second jobs are strongly discouraged. The following types of outside employment are strictly prohibited:

1. Employment that conflicts with an employee's work schedule, duties and responsibilities;
2. Employment that creates a conflict of interest or is incompatible with the employee's employment with the employer;
3. Employment that impairs or has a detrimental effect on the employee's work performance with the employer;
4. Employment that requires the employee to conduct work or related activities on the employer's property during the employer's working hours or using the employer's facilities and/or equipment;
5. Employment that directly or indirectly competes with the business or the interests of the employer.

Employees who wish to engage in outside employment that may create a real or apparent conflict of interest must submit a written request to the Company explaining the details of the outside employment. If the outside employment is authorized, the Company assumes no responsibility for the outside employment. The Company shall not provide workers' compensation coverage or any other benefit for injuries occurring from or arising out of outside employment. Authorization to engage in outside employment can be revoked at any time.

C. DRUG AND ALCOHOL ABUSE

The Company is concerned about the use of alcohol, illegal drugs or controlled substances as it affects the workplace. Use of these substances whether on or off the job can adversely affect an employee's work performance, efficiency, safety and health and therefore seriously impair the employee's value to the Company. In

addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Company to the risks of property loss or damage, or injury to other persons.

Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect an employee's job performance and seriously impair the employee's value to the Company.

The following rules and standards of conduct apply to all employees either on Company property or during the work day (including meals and rest periods). The following are strictly prohibited by the Company:

1. Possession or use alcohol, or being under the influence of alcohol while on the job.
2. Driving a Company vehicle while under the influence of alcohol.
3. Distribution, sale or purchase of an illegal or controlled substance while on the job.
4. Possession or use of an illegal, or controlled substance or being under the influence of an illegal or controlled substance while on the job.

Violation of the above rules and standards of conduct will not be tolerated. The Company also may bring the matter to the attention of appropriate law enforcement authorities.

In order to enforce this policy, the Company reserves the right to conduct searches of Company property or employees and/or their personal property, to perform random drug testing, and to implement other measures necessary to deter and detect abuse of this policy.

An employee's conviction on a charge of illegal sale or possession of any controlled substance while off Company property will not be tolerated because such conduct, even though off duty, reflects adversely on the Company. In addition, the Company must keep people who sell or possess controlled substances off the Company's premises in order to keep the controlled substances themselves off the premises.

Any employee who is using prescription or over-the-counter drugs that may impair the employee's ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work.

The Company will encourage and reasonably accommodate employees with chemical dependencies (alcohol or drug) to seek treatment and/or rehabilitation. To this end, employees desiring such assistance should request a treatment or rehabilitation leave. The Company is not obligated, however, to continue to employ any person whose performance of essential job duties is impaired because of drug or alcohol use, nor is the Company obligated to re-employ any person who has participated in treatment and/or rehabilitation if that person's job performance remains impaired as a result of dependency. Additionally, employees who are given the opportunity to seek treatment and/or rehabilitation, but fail to successfully overcome their dependency or problem, will not automatically be given a second opportunity to seek treatment and/or rehabilitation. This policy on treatment and rehabilitation is not intended to affect the Company's treatment of employees who violate the regulations described above. Rather, rehabilitation is an option for an employee who acknowledges a chemical dependency and voluntarily seeks treatment to end that dependency.

D. PUNCTUALITY AND ATTENDANCE

As an employee of the Company, you are expected to be punctual and regular in attendance. Any tardiness or absence causes problems for your fellow employees and your supervisor. When you are absent, your workload must be performed by others, just as you must assume the workload of others who are absent.

Employees are expected to report to work as scheduled, on time and prepared to start work. Employees also are expected to remain at work for their entire work schedule, except for meal periods or when required to leave on authorized Company business. Late arrival, early departure or other absences from scheduled hours are disruptive and must be avoided.

If you are unable to report for work on any particular day, you must call your supervisor as early in the day as possible. In all cases of absence or tardiness, employees must provide their supervisor with an honest reason or explanation. Employees also must inform their supervisor of the expected duration of any absence. Absent extenuating circumstances, you must call in on any day you are scheduled to work and will not report to work.

Excessive absenteeism or tardiness (whether excused or not) will not be tolerated.

If you fail to report for work without any notification to your supervisor and your absence continues for a period of two days, the Company will consider that you have abandoned your employment and have voluntarily terminated.

E. PERSONAL/DRESS STANDARDS

Employees shall be clean, well-groomed, and neat. A standard of neatness and good taste in employee attire and conduct contributes to creating a favorable professional image, presented both to fellow employees and customers alike. Good grooming is more than just good taste. It is common courtesy and the right of every co-worker to expect everyone else to be well groomed. Uncombed hair, body odor, and similar abuses of good grooming will not be tolerated.

Employees are expected to wear clothing appropriate for the nature of our business and the type of work performed. For those dealing directly with customers, a "professional, business look" is required. For everyone, clothing should be neat, clean, tasteful, properly fitting, and in good repair. Clothing should be worn so as not to draw undue attention to the individual. Avoid clothing that can create a safety hazard. Department managers may issue more specific guidelines.

F. CUSTOMER RELATIONS

We are a service business and all of us must remember that the customer always comes first. It is the customer that pays all of our

wages. Remember, while the customer is not always right, the customer is never wrong.

Customers are to be treated courteously and given proper attention at all times. Never regard a customer's question or concerns as an interruption or an annoyance. Customer inquiries, whether in person or by telephone, must be addressed promptly and professionally.

Never place a telephone caller on hold for an extended period. Direct incoming calls to the appropriate person and make sure the call is received.

Through your conduct, show your desire to assist the customer in obtaining the help he or she needs. If you are unable to help a customer, find someone who can.

All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business.

Never argue with a customer. If a problem develops or if a customer remains dissatisfied, ask your supervisor, the Vice President, or President to intervene.

G. CONFIDENTIALITY

Each employee is responsible for safeguarding confidential information obtained in connection with his or her employment. In the course of your work, you may have access to confidential information regarding the Company, its suppliers, its customers or perhaps even fellow employees. It is your responsibility to in no way reveal or divulge any such information unless it is necessary for you to do so in the performance of your duties. Additionally, you are not permitted to remove any printed material from the Company facilities without supervisory approval. This includes any "waste" or "makeready" sheets. Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor. Any breach of this policy will not be tolerated and legal action may be taken by the Company.

H. BUSINESS CONDUCT AND ETHICS

No employee may accept a significant gift or gratuity from any customer, vendor, supplier or other person doing business with the Company as it may give the appearance of influence regarding their business decision, transaction or service. Clear any such gifts or gratuities with the Operations Manager, the Vice President or President before accepting. Discuss expenses paid by such persons for business meals or trips with the Vice President or President in advance.

CHAPTER 4. OPERATIONAL CONSIDERATIONS

A. EMPLOYER PROPERTY

Desks, computers, vehicles, equipment, etc. are Company property and must be maintained according to Company rules and regulations. They must be kept clean and are to be used only for work-related purposes. The Company reserves the right to inspect all Company property to insure compliance with its rules and regulations, without notice to the employee and/or in the employee's absence.

Prior authorization must be obtained before any Company property may be removed from the premises.

B. OFF-DUTY USE OF FACILITIES

Without supervisory approval, employees are prohibited from being on Company premises or making use of Company facilities while not on duty. Likewise, without permission, employees are expressly prohibited from using Company facilities, Company property or Company equipment for personal use.

C. EMPLOYEE PROPERTY

An employee's personal property, including but not limited to, packages, purses and backpacks, may be inspected upon reasonable suspicion of unauthorized possession of Company property.

D. SECURITY

The following security considerations are offered to help maintain a secure workplace. Be aware of persons loitering for no apparent reason (e.g., in parking areas, walkways, entrances/exits and service areas). Report any suspicious persons or activities to a supervisor. Secure your desk at the end of the day or when called away from your work area for an extended length of time and do not leave valuable and/or personal articles in or around your work station that may be accessible. The Company cannot be responsible for lost, stolen, or otherwise missing personal property.

E. HEALTH AND SAFETY

Every employee is responsible for the safety of him- or herself as well as others in the workplace. To achieve our goal of maintaining a safe workplace, everyone must be safety conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, the Company maintains an Injury and Illness Prevention Program. The injury and illness prevention program is available for review by employees and/or employee representatives in the President's office.

In the event that anyone is injured on Company premises, the immediate or closest supervisor is to see that the injured person receives immediate medical attention. Make sure that someone stays with the injured person, and under no circumstances should any company representative enter into any discussion of responsibility, liability, or legal action with the injured person. In the event of an employee accident or injury (no matter how minor), the immediate supervisor must be promptly notified. Any employees who use company or personal vehicles on company business, must use seat/shoulder belts while driving.

In compliance with Proposition 65, the Company will inform employees of any known exposure to a chemical known to cause cancer or reproductive toxicity.

F. SMOKING POLICIES

Smoking is not allowed in any enclosed area of the facility.

G. HOUSEKEEPING

All employees are expected to keep their work areas clean and organized. Common areas such as eating areas and restrooms should be kept clean by those using them. Please clean up after meals. Dispose of trash properly.

H. PARKING

Employee vehicles may be parked in designated areas, if space permits. If space is unavailable, employees must park off of the Company property. The Company is not responsible for any loss or damage to employee vehicles or contents while parked on Company property.

I. SOLICITATION AND DISTRIBUTION OF LITERATURE

In order to ensure efficient operation of the Company's business and to prevent annoyance to employees, it is necessary to control solicitations and distribution of literature on Company property. The Company has established rules applicable to all employees governing solicitation, distribution of written material and entry onto the premises and work areas. All employees are expected to comply strictly with these rules. Any employee who is in doubt concerning the application of these rules should consult with his or her supervisor immediately.

No employee shall solicit or promote support for any cause or organization during his or her working time or during the working time of the employee or employees at whom such activity is directed.

No employee shall distribute or circulate any written or printed

material in work areas at any time, or during his or her working time or during the working time of the employee or employees at whom such activity is directed.

Under no circumstances will non-employees be permitted to solicit or to distribute written material for any purpose on Company property without previous corporate approval.

J. CASH REGISTER USE

Management and employees regularly assigned to sales counter duty are generally the only ones permitted to open the cash register. No employee is permitted to remove cash from the cash register for any reason without authorization.

K. DONATIONS

All requests for donations must be submitted in writing to the Operations Manager, the Vice President, or President.

CHAPTER 5. EMPLOYEE BENEFITS

A. HOLIDAYS

The Company observes the following paid holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

When a holiday falls on a Saturday or Sunday, it is usually observed on the following Monday. However, the Company may close on another day or grant compensating time off instead of closing. Holiday observance will be announced in advance.

Eligibility for holiday pay begins after completion of the trial period.

To be eligible for holiday pay, you must be regularly scheduled to work on the day on which the holiday is observed and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor. If you are required to work on a paid scheduled holiday you will receive overtime pay plus regular holiday straight time pay.

Currently working part-time employees who normally work at least 20 hours per week, and who conform to the above requirements will receive four hours holiday pay.

B. VACATIONS

Regular full-time employees accrue annual paid vacations in accordance with the following policy:

Day-1 through 1st year: 3 days (36-hr. wk.) or 5 days (40-hr. wk.)
2nd year through 4th year: 6 days (36-hr. wk.) or 10 days (40-hr. wk.)
5th year and thereafter: 9 days (36-hr. wk.) or 15 days (40-hr. wk.)

Temporary and part-time employees do not accrue paid vacation time.

Full-time employees begin to accrue vacation time at the rate of .0193

hours per straight time hour worked. An employee who is scheduled to and does work either 36 or 40 hours per week will normally accrue three or five working days (36 or 40 hours) of vacation following 12 months of continuous employment.

In the second, third and fourth years of continuous employment, full-time employees will accrue vacation time at the rate of .0385 hours per straight time hour worked. An employee who is scheduled to and does work 36 or 40 hours per week will normally accrue six or 10 working days (72 or 80 hours) vacation time in the second, third and fourth years of employment.

In the fifth year and following years of continuous employment, full-time employees begin to accrue vacation time at the rate of .0575 hours per straight-time hour worked. An employee who is scheduled to and does work an average of 36 or 40 hours per week will normally accrue nine or 15 working days (108 or 120 hours) of vacation in the fifth year of employment and thereafter.

The Company encourages employees to take vacation on an annual basis. Vacation time must be taken within the year following accrual, unless previous approval has been granted. Earned vacation time accrues to a maximum of 10 working days in the second through fourth years of employment; and 15 working days in the fifth and following years of employment. No additional vacation will be earned until accrued vacation time is used. It is your responsibility to keep track of your accrued vacation time.

Vacations shall be scheduled to provide adequate coverage of job responsibilities and staffing requirements. The supervisor will make final determinations and must approve your vacation schedule in advance.

Employees on unpaid leave do not accrue vacation time. If a holiday occurs during your vacation period, you will be granted one additional day of vacation, to be taken at a time approved in advance by your supervisor.

C. INSURANCE BENEFITS

Medical/Dental/Life Insurance: The Company provides a comprehensive medical and dental insurance plan for eligible regular full-time employees and their dependents. The company pays the premiums for eligible employees only. Dependent coverage is available to the employee at his/her own expense. The Company reserves the right to change plans, providers, benefits, and degree of Company participation at any time.

Disability Insurance: Each employee contributes to the state of California to provide disability insurance pursuant to the California Unemployment Insurance Code. Contributions are made through a payroll deduction. Disability insurance is payable when you cannot work because of illness or injury not caused by employment at the Company or when you are entitled to temporary workers' compensation at a rate less than the daily disability benefit amount. Specific rules and regulations governing disability are available from the bookkeeper.

Unemployment Compensation: The Company contributes thousands of dollars each year to the California Unemployment Insurance Fund on behalf of its employees.

Social Security: Social Security is an important part of every employee's retirement benefit. The Company pays a matching contribution to each employee's Social Security taxes.

Workers' Compensation: At no cost to you, you are protected by the Company's workers' compensation insurance policy while employed by the Company. The policy covers you in case of occupational injury or illness.

Retirement Plan: The Company provides a 401(k) plan for eligible employees in order to assist in planning for their retirement. For information regarding eligibility, contributions, benefits and tax status, contact the company bookkeeper. All eligible participants will receive a summary plan description.

D. SICK LEAVE

The Company offers three days of paid sick leave to regular full-time employees who are on the active payroll on January 1st of each year. Within the first few weeks of a new calendar year, the Company will pay each employee for sick days not taken during the previous year. This is not an accrued benefit, however, and no credit will be given if employment is terminated in mid-year.

E. LEAVES OF ABSENCE

The Company may grant leaves of absence to employees in certain circumstances. It is important to request any leave in writing as far in advance as possible, to keep in touch with your supervisor during your leave, and to give prompt notice if there is any change in your return date. If your leave expires and you have not contacted your supervisor or the Company, it will be assumed that you do not plan to return and that you have terminated your employment. Upon return from a leave of absence, you will be credited with the full employment status which existed prior to the start of the leave.

The Company does not continue to pay premiums for health insurance coverage for employees on leaves of absence. However, you may self-pay the premiums under the provisions of COBRA. Your supervisor can give you additional information on this subject.

F. MEDICAL LEAVES

A medical leave of absence may be granted for non-work related temporary medical disabilities (including, but not limited to, pregnancy, childbirth and related medical conditions) for up to four months with a doctor's written certificate of disability. Requests for leave should be made in writing as far in advance as possible. If you are granted a medical leave, the Company will pay you any sick pay you may have coming. You also may use any paid vacation time previously accrued.

A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work or after a total of four months of leave, whichever occurs first. Your supervisor will supply you with a form for your doctor to complete, showing the date you were disabled and the estimated date you will be able to return to work. An employee returning from a medical disability leave must present a doctor's certificate showing fitness to return to work. If returning from a non-work-related medical leave you will be offered the same position held at the time of leaving, if available. If this position is not available, a comparable position will be offered. If neither the same nor a comparable position is available, your return to work will depend on job openings existing at the time of your scheduled return. There are no guarantees of reinstatement and your return will depend on your qualifications for existing openings.

California workers' compensation laws govern work-related illnesses and injuries. The Company intends to fully comply with these laws.

G. PREGNANCY-RELATED DISABILITY LEAVE

Pregnancy, childbirth or related medical conditions will be treated like any other disability, and an employee on leave will be eligible for temporary disability benefits in the same amount and degree as any other employee on leave.

Procedure: All female employees should advise the company bookkeeper of their intent to take pregnancy disability leave as soon as possible. The individual should make an appointment with the personnel manager so that the manager may explain the following:

1. Employees who need to take pregnancy disability must provide at least verbal notice sufficient to notify the company that the employee needs to take a pregnancy disability leave and/or transfer. The verbal notice should include the anticipated timing and duration of the leave or transfer.

If the need for the leave or transfer is foreseeable because of the

pregnancy, employees must provide at least 30 days' advance notice before the pregnancy disability leave or transfer is to begin. Employees must consult with their supervisor regarding the scheduling of any planned medical treatment or supervision so as to minimize disruption to the operations of the company. Any such scheduling is subject to the approval of the health care provider of the employee.

If 30 days' advance notice is not possible, notice must be given as soon as practicable.

2. If requested by the employee and recommended by the employee's physician, the employee's work assignment may be changed as required to protect the health and safety of the employee and her child.

3. Requests for transfers of job duties will be reasonably accommodated only if the job and security rights of others are not breached.

4. Temporary transfers due to health considerations will be granted where possible. However, the employee will receive the pay that accompanies the job, as is the case with any other temporary transfer due to temporary health reasons.

5. Pregnancy leave will usually begin when ordered by the employee's physician. Employee must provide the Company with a certification from a health care provider. The certification indicating disability should contain:

- a. The date on which the employee became disabled due to pregnancy.

- b. The probable duration of the period or periods of disability, and

- c. A statement that, due to the disability, the employee is unable to perform one or more of the essential functions of her position without undue risk to herself, the successful completion of her pregnancy, or to other persons.

6. Leave returns will be allowed only when the employee's physician sends a release.

7. An employee will be allowed to use accrued vacation or sick time (if otherwise eligible to take the time) during a pregnancy disability leave.
8. Duration of the leave will be determined by the advice of the employee's physician, but disabled employees may take up to four months. Part-time employees are entitled to leave on a pro rata basis. The four months of leave includes any period of time for actual disability caused by the employee's pregnancy, childbirth or related medical condition. This includes leave for morning sickness and prenatal care.

Leave does not need to be taken in one continuous period of time and may be taken intermittently, as needed. Leave may be taken in increments of one week.

An employee returning from a pregnancy disability leave will be offered the same position held at the time of leaving, unless the job no longer exists, or the job has been filled in order to avoid undermining the Company's ability to operate safely and efficiently, or you are not capable of performing the job responsibilities. If your former position is not available, a substantially similar position will be offered unless there is no substantially similar position available, or your filling the available position would substantially undermine the Company's ability to operate safely and efficiently, or you are not capable of performing the job responsibilities.

H. WORKERS' COMPENSATION

The Company, in accordance with state law, provides insurance coverage for employees in case of work-related injury. The workers' compensation benefits provided to injured employees may include:

- (a) medical care,
- (b) cash benefits, tax free, to replace lost wages,
- (c) vocational rehabilitation to help qualified injured employees return to suitable employment.

To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

- (a) Immediately report any work-related injury to your supervisor.
- (b) Seek medical treatment and follow-up care if required.
- (c) Complete a written Employee's Claim Form (DWC Form 1) and return it to your supervisor.
- (d) Employees must provide the Company with a certification from their health care provider regarding the need for workers' compensation disability leave and the employee's ability to return to work from the leave.

Upon submission of a medical certification that you are able to return to work, you will be offered the same position held at the time of leaving, unless the job has been filled in order to avoid undermining the Company's ability to operate safely and efficiently, or you are not capable of performing the job responsibilities upon return. If your former position is not available, a substantially similar position will be offered unless there is no substantially similar position available, or filling the available position would substantially undermine the Company's ability to operate safely and efficiently, or you are not capable of performing the job responsibilities. If, after returning from workers' compensation disability leave, you are unable to perform the essential functions of the job because of a physical or mental condition, the Company's obligations to you may include reasonable accommodation, as governed by the Americans with Disabilities Act.

I. BEREAVEMENT LEAVE

In the event of the death of your current spouse, child, parent, legal guardian, brother, sister, grandparent, grandchild, or mother-in-law, father-in-law, sister-in-law, brother-in-law, son-in-law, or daughter-in-law, you may take up to three consecutive scheduled work days off with pay with the approval of the Company. Your supervisor may approve additional unpaid time off. Eligibility for bereavement leave begins after completion of the trial period, and applies to currently working full and part-time employees. Part-time employees who normally work at least 20 hours per week will receive four hours pay per day. Proof of death may be required by the company.

J. PERSONAL LEAVE

A personal leave of absence without pay may be granted at the discretion of the Company. Requests for personal leave should be limited to unusual circumstances requiring an absence of longer than two weeks. Approved personal absences of shorter duration are not normally treated as leaves, but rather as excused absences without pay.

K. MILITARY LEAVE

If you are a regular full-time employee and you leave the Company for active military service, you are considered to be on military service leave of absence. You are entitled to reinstatement upon completion of military service provided your application for reinstatement is made within 90 days of your discharge.

An employee returning from active military service within 90 days of discharge (or released from hospitalization that continued following discharge) will be offered the same position held at the time of leaving, unless the job no longer exists, or the job has been filled in order to avoid undermining the Company's ability to operate safely and efficiently, or you are not capable of performing the job responsibilities. If your former position is not available, a substantially similar position will be offered unless there is no substantially similar position available, or your filling the available position would substantially undermine the Company's ability to operate safely and efficiently or you are not capable of performing the job responsibilities.

If you are ordered on military duty for 17 days or less per year, you will not be placed on military service leave, but will be given an excused absence without pay.

L. EXTERNAL EMPLOYEE EDUCATION

It may be necessary for employees to attend training programs,

seminars, conferences, lectures, meetings or other outside activities for the benefit of the Company or the individual employees. Attendance at such activities may be required by the Company or requested by individual employees. However, attendance will not be considered an officially authorized activity, subject to the following policies on reimbursement and compensation, unless prior approval has been given by the Operations Manager, the Vice President, or President. To obtain approval, employees wishing to attend an activity must submit a written request detailing all relevant information, including date, hours, location, cost, expenses, and nature, purpose and justification for attendance.

Where attendance is required or authorized by the Company, customary and reasonable expenses will be reimbursed upon submission of proper receipts. Customary and reasonable expenses generally may include registration fees, materials, meals, transportation and parking. Reimbursement policies regarding these expenses should be discussed with the Operations Manager, the Vice President, or President in advance.

Employee attendance at authorized outside activities will be considered hours worked for nonexempt employees and will be compensated in accordance with normal payroll practices.

This policy does not apply to an employee's voluntary attendance, outside of normal working hours, at formal or informal educational sessions, even if such sessions may generally lead to improved job performance. While the Company generally encourages all employees to improve their job skills and promotional qualifications, such activities will not be subject to this policy regarding reimbursement or compensation unless prior written approval is obtained as discussed above.

M. RECREATIONAL ACTIVITIES AND PROGRAMS

The Company or its insurer will not be liable for the payment of workers' compensation benefits for any injury that arises out of an employee's voluntary participation in any off-duty recreational, social,

or athletic activity that is not part of the employee's work-related duties.

N. ATHLETIC CLUB MEMBERSHIP

In an effort to stress physical fitness, the Company currently offers financial assistance to those wishing membership in Visalia Racquet Club. Approximately 80% of the employee's membership fees are paid by the Company. At the time this handbook went to press, the employee's responsibility was \$5 per pay period. Similar assistance is provided for spouses and children of employees. You must commit to membership for one year at a time. The employee's share is taken through payroll deduction. See the bookkeeper for details.

O. CREDIT UNION MEMBERSHIP

Credit Union membership is offered to all employees. Credit Unions are good sources for savings and loans. Deposits and payments can be made through payroll deduction. See the bookkeeper for details.

P. JURY DUTY

If you are chosen to report for possible selection for jury duty in Municipal Court or Superior Court, you should contact your supervisor immediately to report the situation and the possible need to re-schedule. Court appearances will generally require some adjustments, and we ask that you please notify your supervisor if your appearance requires scheduling changes. The company does *not* pay for time spent on jury duty, but you may use vacation or sick time if available.

ACKNOWLEDGMENT OF RECEIPT

I have received my copy of the Company's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by the Company. The Company reserves the right to change my hours, wages and working conditions at any time. I understand and agree that other than the President of the Company, no manager, supervisor or representative of the Company has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will; only the President has the authority to make any such agreement and then only in writing signed by the President.

I understand and agree that nothing in the employee handbook creates or is intended to create a promise or representation of continued employment and that employment at the Company is employment at-will; employment may be terminated at the will of either the Company or myself. My signature below certifies that I understand that the foregoing agreement on at-will status is the sole and entire agreement between the Company and myself concerning the duration of my employment and the circumstances under which my employment may be terminated. It supersedes all prior agreements, understandings and representations concerning my employment with the Company.

Employee's Signature

_____ Date _____