

Sample Employee Manual for _____ Effective _____

_____ 's (the "Company") Employee Manual is reviewed annually by outside legal counsel. A revised manual is presented at mandatory Company meetings for all employees at the beginning of each year. Meetings are conducted in English [Spanish, Chinese, Japanese or French, if applicable]. The manual is also printed in English [Spanish, Chinese, Japanese or French, if applicable].

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WELCOME TO _____ COMPANY

Welcome to the _____ Company. We are pleased to have you join the _____ team. The success of our organization has been built through the significant contributions of employees. The reputation and continued success of _____ will depend upon exemplary work from you and other employees.

This employee manual provides information about employment at _____. If you have questions about any employment matters, please discuss them with your supervisor or a representative from the Human Resources Department. You are responsible for reading and understanding this employee manual. Please retain it for future reference.

Please accept my best wishes for your success at _____. It is our hope that you will find personal and professional satisfaction at _____.

Sincerely,

CEO

PURPOSE OF THIS MANUAL

This employee manual has been prepared as a guide to the employment policies of _____.

It is not possible to anticipate every situation which may arise in the work place, or to provide information that answers every possible question. In addition, policies and procedures described in this manual may change from time to time. Accordingly, _____ has the right to modify, supplement, rescind or revise any provisions of the manual from time to time as _____ deems necessary or appropriate in its discretion. Employees will be advised of changes that occur. The Human Resources Department will ask you to return your manual during early December each year so the manual can be updated. Your manual will be returned to you after any changes have been made.

_____ is constantly striving to improve its policies and procedures and the services and products that _____ provides its customers. You are encouraged to bring suggestions for improvement to the attention of your supervisor, a representative of the Human Resources Department, the Chief Financial Officer ("CFO"), or the Chief Executive Officer ("CEO").

If you have questions concerning this manual or the policies of the Company, please contact your supervisor or a representative from the Human Resources Department. If you need an explanation in Spanish [Chinese, Japanese, French or another language], please contact a representative from the Human Resources Department for assistance. _____ will gladly assist any employee who is unable to understand _____'s policies. If you do not request assistance, we will assume you fully understand the policies in this manual.

EMPLOYMENT

A. AT WILL EMPLOYMENT

Our employment relationship is, and always will be, "at-will." This means that you or _____ may terminate our employment relationship at any time, for any reason, with or without cause and with or without notice. This at-will relationship also applies to, and cannot be changed by, other employment decisions made by _____ in the normal course of business, such as promotions, demotions, transfers, discipline, layoff or recall, rules and standards of conduct, work assignments, production standards, subcontracting, changes in number of work hours, salary increases, or the sale, relocation, merger or consolidation of operations. Nothing in this manual creates an expressed or implied contract.

Any written employment policies, notices or bulletins are provided for informational purposes only and are not intended to create a legal contract.

No employee or Company representative, other than _____'s CEO, can change the nature of the "at-will" employment relationship. The CEO can change the "at-will" relationship only if s/he does so in an express written agreement which is signed by the CEO and the employee.

B. POLICY AGAINST UNLAWFUL DISCRIMINATION

_____ prohibits discrimination against any employee or applicant on the basis of race, color, sex, age, religion, national origin, marital status, ancestry, citizenship, veteran status, pregnancy, medical condition, physical or mental disability, sexual orientation or any other characteristics to the extent protected by law.

_____ is committed to complying with all laws in every area of employment, including recruitment, hiring, training, development, promotion, transfer, termination, layoff, compensation, benefits and all other conditions and privileges of employment.

Each of us shares in the responsibility of assuring that our policies are effective and apply uniformly to everyone. Thus, _____ expects each employee to treat colleagues, customers and vendors with respect and sensitivity.

Any employee who engages in an unlawful discriminatory practice will be subject to disciplinary action, up to and including termination of employment. _____ has zero tolerance for any form of unlawful discrimination.

Any employee who wants additional information about _____'s policy against unlawful discrimination or has a complaint about unlawful discrimination should contact her/his supervisor, a representative of the Human Resources Department or the CEO.

C. POLICY AGAINST HARASSMENT

The employees of _____ are the most valuable assets of the Company. All employees are entitled to be treated with respect and to work in an environment that is not offensive, abusive, intimidating or hostile. _____ is committed to providing a work environment free of conduct which causes humiliation or fear. In keeping with this commitment, _____ prohibits all forms of unlawful harassment, including but not limited to, sexual harassment.

Harassment for any discriminatory reason, such as sex, race, national origin, disability, religion, sexual orientation or same-sex harassment, is violative of various state and federal laws. *Harassment of any sort -- verbal, physical or visual -- will not be tolerated.*

What Are Some Examples of Harassment? Harassment can take many forms. It may be, but is not limited to: words, signs, jokes, pranks, cartoons, calendars, comments about appearance, intimidation, physical contact or violence.

What Is Sexual Harassment? Sexual Harassment includes unwelcome sexual advances, requests for sexual favors, or any other verbal, visual or physical conduct of a sexual nature when:

1. Submission to the conduct is made, either implicitly or explicitly, a condition of an individual's employment;
2. Submission to or rejection of the conduct is used as the basis for an employment decision affecting the harassed employee; or
3. The harassment unreasonably interferes with the employee's work performance or creates an intimidating, hostile or offensive environment for the employee.

For example, sexually oriented jokes, remarks, gestures, pictures or touching may often be offensive to other employees, and such actions are prohibited. _____ has zero tolerance for any form of unlawful harassment.

D. REPORTING UNLAWFUL DISCRIMINATION OR HARASSMENT

All of us at _____ have a responsibility to keep our work environment free from unlawful discrimination and harassment. Any employee who believes s/he has been subjected to objectionable conduct is urged to contact her/his supervisor, a representative of the Human Resources Department or the CEO.

In addition, an employee who believes s/he has been subjected to unlawful discrimination or harassment may file a complaint with the local office of the United States Equal Employment Opportunity Commission ("EEOC") or state Department of _____. Each federal or state office has authority to remedy violations.

If you are found to have engaged in, ratified or condoned unlawful discrimination or harassment, you may be personally liable for monetary damages. _____ may decide not to pay personal damages assessed against you. Any employee who becomes aware of an incident of unlawful discrimination or harassment by any employee, customer or vendor, whether by witnessing the incident or being told of it, must report it to her/his supervisor or a representative of the Human Resources Department to assure that such conduct does not continue.

Reporting. All reports of unlawful discrimination or harassment will be promptly investigated with special attention to the privacy of everyone involved. If you are found to have acted improperly towards another employee, customer or vendor, you will be subject to disciplinary action, up to and including termination of employment. _____ will also take any additional action necessary to appropriately address employee concerns about unlawful discrimination or harassment.

Any employee who knowingly provides a false report of unlawful discrimination or harassment will be subject to disciplinary action, up to and including termination of employment. Any employee who makes such a false statement shall be personally liable for any legal action taken by another employee in response to a false report.

No employee will be retaliated against who makes a good faith effort to report alleged unlawful discrimination or harassment, or for participating in any investigation, proceeding or hearing conducted by the EEOC or any state agency. If an employee believes s/he is being retaliated against, s/he should promptly contact her/his supervisor or a representative of the Human Resources Department, so an investigation can be conducted.

E. DISABILITY ACCOMMODATION

_____ will seek to provide reasonable accommodation for the known physical or mental limitations of a qualified disabled employee or applicant as required by law. Reasonable accommodation varies from case to case and is evaluated on an individual basis.

An employee who believes that s/he has a disability that affects her/his ability to perform a job-related function should notify her/his supervisor or a representative of the Human Resources Department about the disability.

F. SICK LEAVE BENEFITS

In order to minimize the financial hardship an employee may face as a result of an unexpected illness or injury, _____ provides sick leave to all regular full-time employees who have been employed for at least six (6) months. Temporary, seasonal and part-time employees are not eligible for sick leave benefits.

Eligible employees will earn ____ hours of paid sick leave for each month of employment beginning with their sixth month of employment, up to a maximum of ____ hours of paid sick leave in any calendar year.

No sick leave benefits are paid upon termination of employment for any reason, nor can sick leave benefits be applied as extra vacation time. Up to three (3) days of unused sick leave may be carried over or accrued from one calendar year to the next.

An employee should not automatically assume that absenteeism is permissible simply because s/he has sufficient sick leave available to cover all or a portion of her/his time off from work. _____ may determine that absenteeism is excessive if, based on all the facts and circumstances, the absenteeism is found to be disruptive to the Company or its customers. Each request for sick leave will be evaluated on a case-by-case basis. Absenteeism that is determined to be excessive may lead to disciplinary action, up to and including discharge.

If you are absent for [three (3)] or more work days, you may be required to provide a certificate from your health care provider verifying the medical reason for your absence and authorizing your return to work.

G. EMPLOYEE MEDICAL LEAVE OF ABSENCE

Employees may take unpaid medical leave in accordance with the following guidelines, which are intended to and will be interpreted to accomplish compliance with applicable federal and [state] laws.

Procedure

As soon as you become aware that you are, or will become, temporarily unable to work for more than three (3) consecutive days, for any medical reason, you must promptly complete _____'s "Leave of Absence Request" form and submit it to the Human Resources Department to advise the Company of the anticipated commencement date and duration of your proposed leave. In the event that you are incapable of completing the Leave of Absence Request form, then a relative or guardian may complete the form for you. The leave request must be verified by your health care provider. In addition, you may request intermittent leave or reduced hours for a serious health condition that impairs your ability to perform the tasks of your position. Any misrepresentations made in a leave request will be grounds for termination of employment.

Approval and Duration of Leave

After the Company verifies the reason for the requested leave, it will grant eligible employees leave without pay for up to a maximum of twelve (12) work weeks in any consecutive twelve-month period. [Employees who are unable to work due

to a pregnancy-related disability will be granted leave as required by state law.]

All other employees will be granted leave only where _____ determines the leave to be required by law, or where _____ is agreeable to providing leave in its discretion.

The twelve-week maximum under this policy includes any leave time the employee has taken in the last twelve (12) months under _____'s Family Care Leave Policy, discussed below.

Benefits

Each employee must use any earned vacation or sick leave benefits during the period of approved medical leave. Additional holiday time, sick time or vacation time, seniority or any other benefits, will not accrue while an employee is on leave.

_____ will continue to pay _____'s share of an employee's medical insurance premium for the shorter of (1) the period of a bona fide serious health condition or required treatment, or (2) twelve (12) work weeks in any consecutive twelve-month period for any employee who has been employed for twelve (12) months or more and has worked at least 1,250 hours in the previous twelve (12) months. All other employees must make arrangements to pay the full medical insurance premium if the total leave period is thirty (30) calendar days or more.

Any employee on medical leave will continue to be responsible for any medical or dental premiums for which s/he is already responsible during the period of leave. These payments must be received in the Human Resource Department prior to the first of each month for which the coverage applies.

Returning from Leave

Each employee must notify _____ of her/his intention to return to work at least two (2) weeks before the scheduled return date. Each employee on medical leave also must provide _____ with a certification from her/his health care provider that s/he is able to resume work.

If an employee:

1. has been employed with _____ for twelve (12) months or more; and
2. has worked at least 1,250 hours in the year preceding the beginning of a medical leave; and
3. has worked at a location which has at least fifty (50) employees within a 75-mile radius; and
4. is not a salaried employee who is among the top ten percent (10%) of all employees of _____; and
5. returns to work by the end of the approved leave period,

then the employee will be allowed to return to her/his former position or one with equivalent duties, pay, terms and conditions. All other employees who report for work by the end of their approved medical leave will be returned to their former position if such an opening exists, or the next comparable opening for which s/he is fully qualified.

In addition, employees on an approved pregnancy-related disability leave who return to work by the end of their medical disability leave will be allowed to return to their former or a substantially similar position in accordance with state law. An employee who is at the end of her pregnancy disability leave may request and take any additional leave to which she is entitled under the Family Medical Leave Act ("FMLA"). Pregnancy disability leave can be taken either before, or concurrently with, or as an extension of Family Care Leave, as discussed below.

However, if a reduction in force or other reorganization takes place while you are on leave, you will be treated as if you had been working rather than on leave. For example, you will be laid off if you would have been laid off if you had been at work. Please contact your supervisor or a representative of the Human Resources Department if you have questions concerning the policy.

Extended Leave.

Employees who do not return at the end of their authorized leave will have their employment terminated. Employees may receive an extension beyond the maximum employment medical leave period only if required by law and only if the employee provides medical information as required by _____ to support the requested extension of time. The required medical information must be submitted in writing at least two (2) weeks prior to the expiration of the medical leave. An employee who is granted extended medical leave beyond the normal maximum period, who later is able to

report for work, will be offered the next opening for which s/he is the best qualified applicant.

H. FAMILY CARE LEAVE OF ABSENCE

An employee may take an unpaid family care leave in accordance with the following guidelines, which are intended to and will be interpreted to comply with applicable federal and [state] law.

Eligibility for Family Care Leave

An employee is eligible for family care leave if:

1. s/he has been employed by _____ for at least one year; and
2. s/he has worked at least 1,250 hours during the preceding twelve (12) months; and
3. s/he is employed at a location which has fifty (50) employees within a 75-mile radius; and
4. s/he requires a leave either:
 - a. to attend her/his child's birth, adoption, placement into her/his home, or because of a serious health condition. A leave taken for his/her child's birth, adoption or placement must be concluded within twelve (12) months of the date of birth, adoption or placement. In addition, s/he may only take a leave with respect to the adoption or placement of a child, or serious health condition if her/his child is either under the age of 18 or a disabled dependent. Note: A child is defined as a natural, adopted or foster child, a stepchild or a legal ward.
 - b. to attend to a parent's or spouse's serious health condition:
 1. as a caregiver; or
 2. during a period of care by a health care provider; and
 3. whether on an inpatient or outpatient basis.

Note: The term "parents" includes biological, foster or adoptive parents, stepparents and legal guardians. In-laws are excluded.

Procedure for Requesting Family Care Leave

If you would like to submit a request for family care leave, then:

1. Promptly complete _____'s "Leave of Absence Request" and submit it to the Human Resources Department thirty (30) days in advance of the requested leave date if possible. If thirty (30) days' advance notice cannot be given, please notify the Human Resources Department as soon as practicable.
2. Provide _____ with medical verification of the need for family care leave. This medical verification must be issued by a certified health care provider and must include the following information if the leave is for reasons other than birth, adoption or placement of a child:
 - a. the date on which the serious health condition commenced;
 - b. the probable duration of the serious health condition;
 - c. the time required for you to attend to the family member; and
 - d. a statement that the serious health condition warrants a family member's care or supervision during the period of treatment.
3. Leave taken under this policy does not need to be taken in one continuous time period. You may request leave intermittently or on a reduced work schedule. However, such intermittent leave must be scheduled in cooperation with _____ to minimize the disruption to the workplace. In order to grant your leave request, it may be necessary to transfer you to another position of equal pay and benefits. Intermittent leave or a reduced work schedule may only be taken if _____ consents.
4. _____ may require supplemental information if any additional leave is requested. Any misrepresentation made to obtain or continue leave is grounds for discharge.

Terms of the Leave of Absence

1. _____ will grant eligible employees family care leave without pay up to a maximum of twelve (12) work weeks in any twelve-month period. However, such twelve (12) week period for family care leave shall be reduced by any time taken during the twelve-month period for the employee's own medical leave, except pregnancy disability leave which is in addition to such twelve (12) week leave.

If both you and your spouse work for _____, your combined leave for the birth, adoption or placement of a child may not exceed twelve (12) work weeks in any twelve-month period. If both you and your spouse work for _____, and you and your spouse choose to take a portion of the family care leave, _____ will pay medical insurance premiums for a maximum of twelve (12) work weeks in any twelve-month period for you and your spouse.

3. _____ will continue to pay the Company's portion of your medical insurance premium for a maximum of twelve (12) work weeks during any twelve-month period (less any compensation already paid for your medical leave taken during the period, including covered pregnancy disability) to maintain health insurance benefits at the level and under the same conditions as if you were not on leave. You will continue to be responsible for any medical or dental premiums for which you were previously responsible. These payments must be received in the Human Resource Department prior to the first of each month for which the coverage applies. The Company is entitled to reimbursement of health insurance premiums during your leave should you not return to work for reasons other than a continuing health problem or a reason beyond your control.
4. You must apply any accrued paid vacation towards any leave taken under this policy. You do not earn additional holiday time, sick time, vacation time, seniority or other benefits while on leave.

Returning from Leave

1. You must notify _____ at least two weeks before your scheduled return date.
2. If you return on or before the expiration of your approved family care leave, you will be returned to your former position or one with equivalent duties, pay, geographic location, and terms and conditions unless a reduction in force or other reorganization has taken place during your leave which eliminated your former position, in which case you will be treated as if you had been working rather than on leave.
3. Reinstatement to your former position may be denied if your compensation is among the top ten percent (10%) for all employees who work at the same location.
4. Employees who do not report for work at the end of their approved family care leave will have their employment terminated.

I. EDUCATION LEAVE

Regular full-time employees who wish to improve their skills may be granted paid educational leave to further their education or training. An employee desiring paid educational leave must submit a request for such leave in writing.

An educational leave request must be approved by the employee's supervisor and the Director of Human Resources. Leave may only be granted at the sole discretion of _____. _____ may consider factors such as the employee's length of service, employee's job performance, the relevance of the training to the employee's job, and _____'s operational and administrative needs. Completion of a course of study or an educational program shall not be a guarantee of advancement or promotion.

J. MILITARY LEAVE OF ABSENCE

The Company provides military leaves of absence to all regular and part-time employees in compliance with applicable federal and state laws.

Your request for military leave should be submitted promptly and accompanied by a copy of your military orders indicating the beginning and end dates of your duty period.

K. JURY DUTY

Should you be called for jury duty, _____ will grant you a leave of absence in accordance with applicable law. You must inform your supervisor within three (3) days of your receipt of notice to appear for jury duty.

Upon completion of jury duty, a verification of attendance form from the court must be provided to the Human Resources Department. If you are excused from jury duty for the day, or are excused early, you should report to work when practical to do so, unless you have taken the time as a vacation day.

If you are called to serve on a jury at a time that would unreasonably interfere with normal business operations, _____ may request that the jury service be rescheduled for a later date.

L. OTHER GOVERNMENT REQUIRED LEAVES

Employees may occasionally need time off from work to address important matters that are regulated by law. _____ will comply with its legal obligations by providing employees time off, where necessary, to vote, to perform emergency duty as a volunteer firefighter, to appear as a witness in court, to appear at the school of the employee's child pursuant to the request of the school, or to attend an adult literacy education program. _____ expects employees to make every effort to schedule time off in a manner that minimizes disruption to the workplace. Time off that is provided under this policy will ordinarily be unpaid, except when the law requires that the employee be compensated.

M. UNPAID LEAVE OF ABSENCE

Occasionally, for personal reasons, an employee may need to be temporarily relieved from the duties of her/his job, but s/he may not wish to submit a resignation. Under certain circumstances, an employee may be eligible for an unpaid leave of absence. There are several types of unpaid leave for which an employee may be eligible.

The following provisions apply to all unpaid leaves of absence:

1. The length of service and anniversary date of an employee, who is on an unpaid leave of absence which exceeds ten (10) calendar days, will be adjusted by the number of days of unpaid leave taken;
2. If an employee seeks and/or accepts other employment during a leave, or does not return to work by the expiration date of a leave, the employee will be considered to have voluntarily resigned from her/his employment;
3. Any misrepresentation of the reason for her/his leave request will be grounds for discharge.
4. During any leave of absence, an employee must keep _____ apprised of her/his leave status by contacting her/his supervisor or a representative of the Human Resources Department.

N. ALCOHOL AND DRUG ABUSE POLICY

The Company is committed to providing a safe, efficient and productive work environment, and the highest quality products and services to our customers. The Company wishes to ensure that employees perform their duties in a manner that protects the interests of all persons in the workplace. Accordingly, the Company prohibits the use or possession of alcohol or illegal drugs.

No employee may use, possess, manufacture, distribute, dispense or sell alcohol or any controlled substance or illegal drug in the workplace or on the Company's property, while on duty, while on-call, or while operating a vehicle that is owned or leased by the Company. In addition, no employee may report to work, remain on duty, or on on-call status, while under the influence of or impaired by any illegal drug or alcohol. For purposes of this policy, a drug will be considered an "illegal drug" if its use is prohibited or restricted by law.

An employee convicted of or subject to a plea bargain for any criminal drug violation, where the offense occurred in the workplace, must notify the Human Resources Department within seven (7) days of such conviction or plea bargain. Any employee convicted or subject to a plea bargain may face disciplinary action, up to and including discharge. If the Company elects not to discharge an employee, the employee may be required to participate in, and successfully complete, an approved controlled substance abuse assistance or rehabilitation program as a condition of continued employment with the Company.

O. TOBACCO-FREE WORKPLACE POLICY

_____ is dedicated to providing a safe, healthy and productive work environment for all employees. Tobacco use is prohibited in all enclosed areas of this Company, including: all production areas, bathrooms, breakrooms, conference rooms, offices, and employer-owned vehicles. The use of tobacco is allowed outside of Company buildings in certain designated areas. Employees are expected to keep the designated areas free of debris and to use the disposal containers that have been provided. This policy applies to all employees, clients, independent contractors and visitors. When using tobacco, please remember that:

- The Surgeon General has determined that tobacco use may cause cancer;
- The United States Environmental Protection Agency has designated tobacco use and second-hand smoke as known human carcinogens and has determined that tobacco smoke can significantly reduce indoor air quality;
- The health hazards caused by breathing second-hand smoke can include heart disease, lung cancer, respiratory infection and other health complications.

The success of this policy will depend upon the cooperation and respect of tobacco users and non-users alike. Any problems concerning this policy should be brought to the attention of your supervisor or a representative of the Human Resources Department.

P. CONFIDENTIALITY OF COMPANY INFORMATION

The Company has developed certain unique proprietary products and processes. Keeping such information from competitors is critical to our success. The Company protects proprietary information by restricting employee and visitor access to certain designated Company areas. Employees are asked to cooperate in protecting Company technology by refraining from releasing proprietary information to unauthorized parties.

By accepting employment with _____, you agree not to disclose, during the course of your employment or after employment has ended, any information concerning the trade secrets, inventions, processes, customer lists, financial data, methods of conducting business or any other Company information of a restricted or confidential nature, unless you have received written authorization from an officer of the Company to disclose such information.

Q. USE OF COMPUTERS

Computer systems are to be used for business-related purposes to create and transmit business information. The Company treats all computer files and all messages sent, received or stored in the electronic mail ("e-mail") system as business information. The Company has the capability to access, review, copy and delete any computer files and messages sent, received or stored on the Company computer system. If employees make incidental use of the computer system for personal messages or files, then employees should not expect such messages or files to be protected from review by other employees. Accordingly, employees should not use computer systems to send, receive or store any information that they wish to keep private.

Confidential Company Information. Employees must exercise caution when transmitting Company confidential information on the e-mail system because of the ease of public access to such information. Confidential information should never be transmitted or forwarded to employees, outside individuals or companies not authorized to receive such information.

E-Mail Etiquette. E-mail users should always consider that e-mail messages can be read by persons other than the addressee, and e-mail might also have to be disclosed later to outside parties or a court in connection with litigation. Because of the potential dangers that could occur from e-mail communications, please be certain that e-mail messages are courteous and professional.

Use of the computer system to engage in any communications that are in violation of any applicable Company policy, including but not limited to transmission of defamatory, obscene, offensive or harassing messages, is prohibited.

As with any externally-focused medium, only authorized Company representatives are permitted to speak on behalf of the Company via the Internet or e-mail. Employees should refrain from engaging in dialogue about confidential, proprietary, or material nonpublic information involving the Company or any employee. Any employee that receives an incorrect, misleading or confusing inquiry should direct the inquiry to the CFO.

Inappropriate usage of e-mail or the Internet will subject the abusing employee to disciplinary action up to and including discharge. Inappropriate usage is defined as any use of the Internet and/or e-mail that violates Company policies or any applicable laws.

Software Use. The Company prohibits the unauthorized use of software. _____ expects its employees to conduct themselves responsibly in this regard. Employees should refrain from making or using unauthorized copies of software programs.

R. CONFLICT OF INTEREST

A conflict of interest exists when an employee's loyalties become divided between the Company's interests and those of another, such as a competitor, supplier, colleague, associate or customer. Employees are expected to devote their best efforts and attention to the performance of their jobs. Employees are also expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between the employee's personal interests and the interests of the Company. Employees must refrain from taking part in, or exerting influence over, any transactions in which their own interests may conflict with the best interests of the Company.

Management reserves the right to determine when an employee's activities represent a conflict with the Company's interests and to take whatever action is necessary to resolve a conflict of interest, including discharge of an employee. The list below provides examples of some activities that would reflect negatively on an employee's ability to perform job duties and responsibilities in an ethical manner:

1. Accepting substantial personal gifts or excessive entertainment from competitors, customers, suppliers, colleagues, associates or potential suppliers;
2. Working for a competitor, supplier, colleague, associate or customer while simultaneously employed by this Company;
3. Engaging in competition with the Company;
4. Having a direct or indirect financial interest in the business of a competitor, customer, supplier or associate, except that ownership of less than two percent (2%) of the publicly traded stock of a corporation will not be considered a conflict of interest;
5. Using Company assets or labor for personal use;
6. Borrowing money from competitors, suppliers, customers, associates or potential suppliers other than recognized loan institutions (i.e., banks); or
7. Misusing one's position in the Company for personal gain to the detriment of the Company.

Employees that are uncertain whether a transaction, activity or relationship may create a conflict of interest should discuss the situation with their supervisor for feedback.

Employees should be aware that if they enter into a personal relationship with a subordinate employee or with an employee of a competitor, customer, supplier, associate or potential supplier, a conflict of interest may exist that will require full disclosure to the Company.

S. INSIDER TRADING

During the course of your employment, you may receive important information that is not yet publicly available ("inside information") about _____ or about other publicly-traded companies. Because of your access to this information, you may be in a position to benefit financially from buying or selling or in some other way trading in _____'s stock or stock of another publicly-traded company, or you may be in a position to benefit financially by passing this information on to some other person. It is illegal for anyone to use material inside information for personal gain.

The key to determining whether nonpublic information is material inside information is whether dissemination of the information could affect the market price of _____'s stock. Certainly if the nonpublic information makes you want to buy or sell _____'s stock, that information would probably have the same effect on others. If you possess inside information, you must refrain from:

1. trading in _____'s stock;
2. advising anyone else to trade in _____'s stock; or
3. communicating the inside information to anyone else until you know the information has been disseminated to the public.

Below is a partial list of items that could be considered inside information:

- scientific, clinical or regulatory results;
- research and development plans;
- corporate partner relationships and related discussions;
- financial results or forecasts;
- upcoming acquisitions or divestitures;
- pending public or private sales of securities;
- major contract or grant developments;
- senior management or control changes; or
- significant pending or actual litigation.

The above list does not include all of the situations where you might possess inside information. Any questions regarding compliance with _____'s insider trading policy or the securities laws generally should be directed to _____'s General Counsel.

Because _____'s Board of Directors and officers are most likely to possess inside information, they are subject to the above restrictions as well as additional constraints on trading in _____ stock under a separate policy.

Anyone who trades in _____'s stock (or advises others to do so) on the basis of material inside information may be subject to both civil liability and criminal penalties, as well as disciplinary action by _____ for violations of this policy. _____ will not tolerate any violations of this policy.

T. PERFORMANCE EVALUATION

Your job performance generally will be reviewed with you by your supervisor at least once a year on or about your anniversary date of employment. During the evaluation, you will receive a copy of a written performance appraisal form that your supervisor has completed. A copy of the form also will be included in your personnel file. In addition to this formal annual performance review, you should feel free to ask your supervisor about your performance at any time.

U. RELEASE OF PERSONAL INFORMATION

The Company keeps confidential information about applicants and employees. All requests for information on prospective, current or former employees should be directed to the Human Resources Department. This system is maintained for the protection of employees and for compliance with laws pertaining to personal privacy.

1. Applicant Information:

As part of the interview process, confidential information may be given to Company employees to determine the compatibility of an applicant for an open position.

In the event that a candidate is offered and accepts employment at the Company, copies of her/his application information will be kept in her/his personnel file.

2. Reference or Other Outside Requests:

Generally, the Company provides only limited information to outside business or government entities that request information about employees or former employees.

The Company will verify information in the following areas:

- Dates of employment;
- Job classification; and
- Current compensation (only if requested by the employee).

No information will be volunteered.

If an employee requests the release of additional information, then such request must be made in writing to the Human Resources Department. The Human Resources Department will determine whether it is appropriate to release additional information.

3. Review of Personnel File:

It is important that Company personnel files contain current information regarding employees. Please inform your supervisor, or a representative of the Human Resources Department, whenever there are changes in your address, telephone number, marital status, number of dependents, or the contact person in case of an emergency. You have the right to inspect your personnel file at reasonable times with reasonable notice to the Company. When reviewing your personnel file, you must do so in the presence of your supervisor or a representative of the Human Resources Department. All personnel files are Company property.

V. RESIGNATION/VOLUNTARY TERMINATION

Termination is considered voluntary when an employee elects to end her/his employment with _____. Whenever possible, the employee who desires to terminate her/his employment is requested to submit, in writing, a signed statement of resignation which identifies the reason for resignation, the anticipated date of resignation, and the name and address of

any new employer if the employee has found other employment.

If you plan to leave the employment of the Company, the Company encourages you to provide at least two weeks of advance notice in writing although notice is not required. This notification is requested so that the Company will have the opportunity to make scheduling adjustments to meet customer needs.

An employee who fails to report for work for two (2) consecutive work days without contacting her/his supervisor, or who fails to return from a leave of absence on the designated date, is considered to have voluntarily resigned for reasons of job abandonment.

W. INVOLUNTARY TERMINATION

_____ will determine, in its sole discretion, when to discharge an employee. An involuntary termination may be based upon, but is not limited to, the occurrence of any of the following: misconduct, poor performance or any other work and/or business related reason. When immediate action is warranted, you may be suspended pending an investigation.

X. EXIT INTERVIEW

Upon your notice of resignation, or upon the Company's decision to terminate employment, a representative from the Human Resources Department will schedule an exit interview with you. This interview will allow you to communicate your views on your work with the Company, job requirements, operations and training needs. You will also be able to discuss benefits and insurance, and your continuing obligation to avoid unauthorized use or disclosure of the Company's proprietary information. At the time of the interview, you are expected to return all Company information and property, such as files, notes or any reproductions of Company information, I.D. cards, keys, training material and this employee manual. Each employee will be asked to complete an exit interview form prior to ending employment with _____. Arrangements for clearing any outstanding debts with the Company and to receive final pay also are to be made at this time.

Y. FINAL PAYCHECK

Employees will receive their final paycheck within the time required by law. If you give at least three days' notice of your final day of employment, you can have your final paycheck on your last day. If you resign without providing at least three days' advance notice, you will receive your final paycheck within three days of resignation. Employees whose employment is terminated by the Company will be provided their final paycheck on their last day of work.

Z. ARBITRATION

To ensure fair, rapid and economical resolution of disputes or claims which may arise from or relate to your employment with the Company, all formal employment disputes or claims (including, but not limited to, all state and federal statutory harassment and discrimination claims) will be resolved by final and binding arbitration conducted by the Judicial Arbitration and Mediation Services/Endispute, Inc. ("JAMS") under the then current rules of JAMS, provided that JAMS has an office within seventy-five (75) miles of your place of employment. If a JAMS arbitrator is not available, the arbitration will be conducted by the American Arbitration Association ("AAA") under the then current rules of the AAA.

ACKNOWLEDGMENT

I have read and I understand the _____ Company employee manual.

I understand that this is a guide only, and that if I need further information, I may obtain it from the Human Resources Department. I also realize that the policies in the employee manual are under continual review and are subject to change at management's discretion. I will make myself aware of such changes, whether or not published in this guide.

I acknowledge that all formal employment disputes will be resolved by final and binding arbitration as set forth in the Employee Manual.

I further understand that this manual is not intended in any way to create

an employment contract.

My employment with the Company is at-will, and I am free to resign at any time. Similarly, the Company is free to conclude our employment relationship if management believes that it is in the best interests of the Company. I acknowledge that no written policy of the Company is a contract or other legal guarantee that the Company will continue any practices described in such written policy. I further acknowledge that no officer, supervisor or employee of the Company, other than the President of the Company, has the authority to promise or create any substantive terms or conditions of employment different from those stated in any written policies.

EMPLOYEE SIGNATURE

DATE