



Employee Handbook

2012

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Employee Policies and Manuals

The policies and procedures in this manual are not intended to be contractual commitments by Creek Systems, and employees shall not construe them as such.

The policies and procedures are intended to be guides to management and are merely descriptive of suggested procedures to be followed. Creek Systems reserves the right to revoke, change or supplement guidelines at any time, with or without notice.

No policy is intended as a guarantee of continuity of benefits or rights. All employment with Creek Systems is "*at will*" in nature, and both the company and the employee have the right to sever the employment relationship at any time, with or without cause. No permanent employment or employment for any term is intended or can be implied from any statements in this manual.

Creek Systems
8105 Irvine Center Drive, Suite 900
Irvine, CA 92618

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Introduction to Creek Systems

Welcome Letter

Welcome to **Creek Systems**! We are pleased to have you with us and hope that you find your new job rewarding and challenging. **Creek Systems** is a growing company, and we feel that all of us have the opportunity to benefit. We want to maintain the benefits of our current environment as we expand and grow the company over the coming years.

Creek Systems is a team of specialists in their respective fields with years of experience and understanding of the real time business needs for timely and cost effective solutions for business development, information technology, and human resources management challenges. The extensive background of their employees in strategic consulting, project management, software development, and recruitment services gives **Creek Systems** an advantage over their competitors because they are intimately aware of precisely what qualities are required for successful office solutions and career position fulfillment.

To reach our goal we must provide superior service to our customers and this means employing the best people. As a member of the **Creek Systems** team, you are critical to our success. Through your success we can reach our goals.

Creek Systems strives to create an exciting, challenging and rewarding work environment that allows you to flourish. As a dynamic company, we offer many career opportunities. We want you to build a long and successful association with **Creek Systems** and be a happy and productive member of our team. Through your dedication, creativity, perseverance and efforts, our company will continue to grow.

Once again, welcome to **Creek Systems** and our best wishes for success. We appreciate your confidence in our future. Let's grow together.

Regards,



Kevin Daly

CEO

Company History

Creek Systems has a long history of consistently exceeding industry standards by providing clients with a high level of personalized services. By mitigating risk while aggregating the purchasing power of its clients to provide workforce management solutions, cost savings and synergies, the company has sustained continued growth. Our competitive advantages include a seasoned team of experts, a full service menu of employee leasing, technology, human resources and staffing solutions, attractive benefits packages, stringent compliance policies, strong partnerships with complementary business organizations, a strong mission statement and an impeccable reputation in the employee leasing and business services industry. It is our employees who make our excellence in customer service possible.

Company Goals

Creek Systems's goal to its clients is to increase organizational efficiency, productivity and profitability by removing the time consuming yet vital process of managing its most important asset...people.

Creek Systems's goal to its employees is to continually strive to be the employer of choice. We will accomplish this by performing the following:

- Provide a competitive compensation package for each and every employee
- Continually add and grow the benefits of working with Creek Systems
- Be available for personal consultation for each and every employee
- Ensure a safe and comfortable work environment for every employee
- Maintain regulatory compliance with local, state and federal guidelines

Continuity of Policies - Right to Change or Discontinue

The policies and procedures in this manual are not intended to be contractual commitments by **Creek Systems** and employees shall not construe them as such. They are intended to be guides to management and merely descriptive of suggested procedures to be followed.

Creek Systems reserves the right to revoke, change, or supplement these guidelines at any time without notice. Such changes shall be effective immediately upon approval by management unless otherwise stated.

No policy is intended as a guarantee of continuity of benefits or rights. No permanent employment or employment for any term is intended or can be implied by statements in this manual.

Equal Opportunity Policy

Creek Systems is an Equal Opportunity employer. No employee of the company will discriminate against an applicant for employment or a fellow employee because of race, creed, color, religion, sex, national origin, ancestry, age or any physical or mental disability. No employee of the company will discriminate against any applicant or fellow employee because of the person's veteran status.

This policy applies to all employment practices and personnel actions including advertising, recruitment, testing, screening, hiring, selection for training, upgrading, transfer, demotion, layoff, termination, rates of pay and other forms of compensation or overtime.

Recruitment

Creek Systems aggressively recruits to attract top caliber individuals to all levels of the organization. Company positions may be filled by either transfer or promotion of existing employees or by new employees who are recruited or apply. Recruitment may be conducted through advertising, employment agencies, schools, employee referrals or technical and trade referrals. Supervisors/managers should consider the most appropriate method of recruitment for filling departmental positions. All recruitment shall be conducted in an ethical, professional and non-discriminatory manner.

Creek Systems provides equal employment opportunity to all applicants on the basis of demonstrated ability, experience and training. A list of current openings will be posted to all employees via e-mail.

Announcement of New Positions

The availability of all job openings will be announced within the organization prior to outside recruitment for any position. The job requisition giving job title, class, department, job functions and qualifications will be posted via e-mail to all employees.

An applicant must have at least six (6) months experience in his or her current position before applying for another company position. All present employees are encouraged to review the requirements for each position and apply for those positions in which they are interested. All applications will be given the same consideration as outlined in the company recruitment policy.

Employee Selection and Development

Creek Systems provides equal opportunity to all applicants on the basis of demonstrated ability, experience, training, and potential. Qualified persons are selected without prejudice or discrimination as stated in the company's Equal Opportunity Policy.

The employment requisitions, initiated by the supervisor/manager, will define the job-related tasks and qualifications necessary to assume the position. The defined tasks and stated qualifications will be the basis for screening applications. The supervisor/manager will conduct structured initial interviews limited to job-related questions to assess each candidate's experience, demonstrated ability and training. The telephone may be used for these initial interviews.

Recruiting is only one part of continued employee development, which is a five-part

process designed to help retain good workers. The employment development process includes (1) recruiting, (2) interviewing, (3) hiring, (4) training and (5) evaluation.

Recruiting — Recruiting involves a variety of factors:

- Developing a job description
- Finding candidates through
 - employee referral
 - job boards
 - advertising in trade magazines and the general media
 - executive recruiters

Interviewing — Interviewing also involves a variety of factors:

- Telephone screening to determine if candidates meet the job description
- Initial one-on-one interviews
- Follow-up interviews with peers
- Checking references and backgrounds
- Gaining the consensus of interviewers to hire or not to hire

Before extending an employment offer and upon the applicant's prior agreement, at least two applicant references must be checked. Inquiries are to be made in a professional manner requesting only factually verifiable and job-related information. The reference data is used only as supplemental information for the hiring decision.

Hiring — Once the manager has made a decision to make the offer and has confirmed key terms, the next step involves making the verbal and written offer culminating in the employee's first day as a member of the **Creek Systems** team. Following employment, the references and interview ratings must be retained for up to one year and then may be destroyed.

After candidate interviews, verification of employment history and reference inquiries, the hiring manager is responsible for the employment offer. After the verbal offer has been made and the candidate has agreed to the essential terms of the offer (typically the position, employee classification, salary or rate, and the starting date), a written offer will be prepared and submitted to the candidate in person or by mail confirming the verbal offer and will include the essential terms of the verbal offer as agreed to by the candidate. The candidate will be required to sign and date an acceptance of the written offer that will state as follows:

"The undersigned accepts the above employment offer and agrees that it contains the terms of employment with **Creek Systems**, and that there are no other terms express or implied. It is understood that employment is subject to verification of identity and employment eligibility and may be terminated by **Creek Systems** at any time for any reason."

The verbal or written offer must never express or imply that employment is "permanent," "long-term," of a specific duration, or words of similar meaning. An exception may be made where a temporary position of known duration is to be filled. Employment may be made contingent upon certain job-related factors, such as

obtaining a specific state or federal license when appropriate or desirable. After the candidate has accepted the employment offer, she or he will be required to provide documentation of identity and employment eligibility in accordance with federal law. Form I-9, shall be used for this purpose.

Here is an outline of the hiring process:

- Make verbal offer contingent on successful background screen
- Follow-up with basic offer letter outlining key terms and contingencies
- Receive acceptance of offer letter from new employee
- Successful background screen
- Completion and filing of new hire paperwork (W4, signed employment agreement, signed job description, handbook acknowledgement, I-9, etc.)
- Attend orientation and harassment training

Training — All new employees will be provided with an orientation briefing, which will be held within their first week of employment with the company. The orientation is designed to acquaint the new employee with the company and its policies. Supervisors/managers will be responsible for ensuring the attendance of new employees at the company orientation sessions.

On the first day of employment, the employee's supervisor/manager is responsible for assisting the employee in completing all check-in and benefit enrollment procedures with the Personnel and Accounting departments. In addition the supervisor/manager will ensure that the new employee receives an introduction within the company and is provided with in-depth information regarding his or her specific role and responsibilities within his or her department.

Here is a brief outline of this first week:

- Introduction to coworkers on Day 1
- Mandated orientation and harassment training
- Supervisor/manager identifies specific roles and responsibilities of employee on Day 1
- Supervisor/manager reviews company history, products, customers and competition within 1st week of employment

Evaluation — providing constructive feedback at various times during the employment relationship is the final stage of the employment development process. New and existing employees will be provided with feedback at different times during the year.

Supervisors will provide the following:

- New employees will be provided performance evaluation criteria before the end of the 6th month of employment
- Managers provide verbal feedback to all employees on a regular basis
- Annual Performance Reviews for all employees

Sexual Harassment

Creek Systems will not allow any form of sexual harassment within the work environment.

Sexual harassment interferes with work performance and creates an intimidating, hostile or offensive work environment. Sexual harassment influences or tends to affect the career, salary, working conditions, responsibilities, duties or other aspects of career development of an employee or prospective employee; or creates an explicit or implicit term or condition of an individual's employment. It will not be tolerated.

Sexual harassment, as defined in this policy, includes, but is not limited to, sexual advances, verbal or physical conduct of a sexual nature, visual forms of a sexual or offensive nature (e.g., signs and posters) or requests for sexual favors.

Any intentional sexual harassment is considered to be a major violation of company policy and will be dealt with accordingly by corrective counseling and/or suspension or termination, depending upon the severity of the violation.

Illegal Drug Abuse/Alcohol Abuse

This policy is implemented because we believe that the impairment of any **Creek Systems** employee due to his or her use of illegal drugs or due to alcohol abuse is likely to result in the risk of injury to other employees, the impaired employee, or to third parties, such as customers or business guests. Moreover illegal drug abuse adversely affects employee morale and productivity.

"Impairment" or "being impaired" means that an employee's normal physical or mental abilities or faculties while at work have been detrimentally affected by the use of illegal drugs or alcohol.

The employee who begins work while impaired or who becomes impaired while at work is guilty of a major violation of company rules and is subject to severe disciplinary action. Severe disciplinary action can include suspension, dismissal or any other penalty appropriate under the circumstances. Likewise the use, possession, transfer or sale of any illegal drugs on company premises or in any **Creek Systems** storage area or job site is prohibited. Employees who violate this rule are subject to severe disciplinary action. In all instances disciplinary action to be administered shall be at the sole discretion and determination of the company.

When an employee is involved in the use, possession, transfer or sale of illegal drugs in violation of this policy, the company may notify appropriate authorities. Such notice will be given only after such an incident has been investigated and reviewed by the employee's supervisor and the personnel director. **Creek Systems** is aware that illegal drug abuse is a complex health problem that has both physical impact and an emotional impact on the employee, his or her family, and social relationships. A drug abuser is a person who uses illegal drugs, as defined above, for nonmedical reasons, and this use affects job performance detrimentally or interferes with normal social intercourse at work. Illegal drug abuse is both a management and a medical problem.

A supervisor/manager who suspects a drug or alcohol abuse case should discuss the situation immediately with his or her supervisor/manager. Because each case is usually different, the handling and referral of the case must be coordinated with the supervisor/manager and the personnel director.

Applicants who have a past history of substance abuse and who have demonstrated an ability to abstain from the substance, or who can provide medical assurance of acceptable control, may be considered for employment as long as they are otherwise qualified for the position for which they are applying.

Management has chosen to adopt an alcoholic beverage policy in keeping with the concern for and the risks associated with alcohol use. Alcoholic beverages shall not be served or used on the **Creek Systems** premises at any time. Alcoholic beverages shall not be used in conjunction with any company business meeting.

Social activities held off-premises and paid for on a personal basis are not affected by this policy. If management considers it appropriate, light alcoholic beverages may be served at company-sponsored events held off-premises and for purely social reasons. The service must be managed in good taste and with good judgment.

The company is concerned with its employee's privacy, especially when matters regarding medical and personal information are involved. As long as the information is not needed for police or security purposes, the company shall maintain employee medical and personal information in confidence and release this information to authorized company personnel on a "need to know" basis. An exception to this policy is when the employee signs a release for the transfer of such information on forms acceptable to the company to designated persons or agencies.

Nothing contained in this section shall eliminate or modify the company's right to terminate any employee at any time for any reason.

Smoking

Creek Systems is a smoke-free company, promoting a healthy lifestyle approach to the work environment. No smoking will be allowed in the office area at any time. This policy is for the health and safety of all employees and visitors.

Employment Classifications

There are three classifications of employees:

Regular Full-time — An employee who works a minimum 40-hour workweek on a regularly scheduled basis.

Regular Part-time — An employee who works less than a normal workweek on either a regularly scheduled basis or on an irregular basis.

Temporary — An employee hired for a position required for only a specific, known duration, usually less than six months, and who is not entitled to regular benefits. A temporary employee may be full-time or part-time. In addition to the use of this classification for secretarial or clerical positions, it applies to students working part-time and those who work during the summer.

All employees are classified as exempt and nonexempt according to these definitions:

Salaried Exempt — Positions of a managerial, administrative or professional nature, as prescribed by federal and state labor statutes, which are exempt from mandatory overtime or premium payments.

Salaried Nonexempt (hourly) — Positions defined by statute, which are covered by provisions for overtime and premium payments.

If you are uncertain as to your status, please contact your supervisor/manager.

Employee Safety

Creek Systems strives to provide its employees with a safe and healthful workplace environment. To accomplish this goal, both management and employees must diligently undertake efforts to promote safety.

All job-related injuries or illnesses are to be reported to your supervisor immediately, regardless of severity. In the case of serious injury, an employee's reporting obligation will be deferred until circumstances reasonably permit a report to be made. Failure to report an injury or illness may preclude or delay the payment of any benefits to the employee and could subject **Creek Systems** to fines and penalties.

Return to Work After Serious Injury or Illness

As a joint protection to the employee and the company, employees who have been absent from work because of serious illness or injury are required to obtain a doctor's release specifically stating that the employee is capable of performing his or her normal duties or assignments. A serious injury or illness is defined as one that results in the employee being absent from work for more than two (2) consecutive weeks or one which may limit the employee's future performance of regular duties or assignments. (Also see Medical/Family Leave policy.)

Creek Systems management shall ensure that employees who return to work after a serious injury or illness are physically capable of performing their duties or assignments without risk of re-injury or relapse.

If the cause of the employee's illness or injury was job-related, the employee's supervisor/manager will make every reasonable effort to assign the returning employee to assignments consistent with the instructions of the employee's doctor until the employee is fully recovered. A doctor's written release is required before recovery can be assumed.

Performance Improvement

Performance improvement may be suggested whenever company management believes that an employee's performance is less than satisfactory and can be resolved through adequate counseling. Corrective counseling is completely at the discretion of company management. The company desires to protect its investment of time and expense devoted to employee orientation and training whenever that goal is in the company's best interests. The company expressly reserves the right to discharge "at will." Even if corrective counseling is implemented, it may be terminated at any step at the discretion of management. Management, in its sole discretion, may warn, reassign, suspend or discharge any employee at will, whichever it chooses and at any time.

The supervisor/manager will determine the course of action best suited to the circumstances. The steps in performance improvement are as follows:

Verbal corrective counseling — As the first step in correcting unacceptable performance or behavior, the supervisor/manager should review pertinent job

requirements with the employee to ensure his or her understanding of them. The supervisor/manager should consider the severity of the problem, the employee's previous performance appraisals and all of the circumstances surrounding the particular case. Stating that a written warning, probation or possible termination could result if the problem is not resolved should indicate the seriousness of the performance or misconduct. The employee should be asked to review what has been discussed to ensure his or her understanding of the seriousness of the problem and the corrective action necessary. The supervisor/manager should document the verbal counseling for future reference immediately following the review.

Written corrective counseling — If the unacceptable performance or behavior continues, the next step should be a written warning. Certain circumstances, such as violation of a widely known policy or safety requirement, may justify a written warning without first using verbal counseling. The written warning defines the problem and how it may be corrected. The seriousness of the problem is again emphasized, and the written warning shall indicate that probation or termination or both may result if improvement is not observed. Written counseling becomes part of the employee's personnel file, although the supervisor/manager may direct that the written warning be removed after a period of time, under appropriate circumstances.

Probation — If the problem has not been resolved through written counseling or the circumstances warrant it, or both, the individual should be placed on probation. Probation is a serious action in which the employee is advised that termination will occur if improvement in performance or conduct is not achieved within the probationary period. The employee's supervisor/manager, after review of the employee's corrective counseling documentation, will determine the length of probation. Typically, the probation period should be at least two weeks and no longer than 60 days, depending on the circumstances. A written probationary notice to the employee is prepared by the supervisor/manager. The letter should include a statement of the following:

- The specific unsatisfactory situation;
- A review of oral and written warnings;
- The length of probation;
- The specific behavior modification or acceptable level of performance;
- Suggestions for improvement;
- A scheduled counseling session or sessions during the probationary period; and
- A statement that further action, including termination, may result if defined improvement or behavior modification does not result during probation. "Further action" may include, but is not limited to, reassignment, reduction in pay, grade or demotion.

The supervisor/manager should personally meet with the employee to discuss the probationary letter and answer any questions. The employee should acknowledge receipt by signing the letter. If the employee should refuse to sign, the supervisor/manager may sign attesting that it was delivered to the employee and identifying the date of delivery. The probationary letter becomes part of the employee's personnel file.

On the defined probation counseling date or dates, the employee and supervisor/manager will meet to review the employee's progress in correcting the problem which led to the probation. Brief written summaries of these meetings should be prepared with copies provided to the employee.

At the completion of the probationary period, the supervisor/manager will determine whether the employee has achieved the required level of performance and to consider removing the employee from probation, extending the period of probation or taking further action. The employee is to be advised in writing of the decision. Should probation be completed successfully, the employee should be commended, though cautioned that any future recurrence may result in further disciplinary action.

Involuntary Termination — The involuntary termination notice is prepared by the supervisor/manager with concurrence of, and review by, the Accounting department. The employee is notified of the termination by the supervisor/manager and will be directed to report to the Accounting department for debriefing and completion of termination documentation. Involuntary termination is reserved for those cases that cannot be resolved by corrective counseling or in those cases where a major violation has occurred which cannot be tolerated.

The following definitions and classification of violations, for which corrective counseling, performance improvement or other disciplinary action may be taken, are merely illustrative and not limited to these examples. A particular violation may be major or minor, depending on the surrounding facts or circumstances.

Minor violations — Less serious violations that have some effect on the continuity, efficiency of work, safety, and harmony within the company. They will typically lead to corrective counseling when repeated or when unrelated incidents occur in rapid succession. Here are some examples of minor violations:

- Excessive tardiness;
- Unsatisfactory job performance;
- Defacing company property;
- Interfering with another employee's job performance;
- Excessive absenteeism;
- Failure to observe working hours, such as the schedule of starting time, quitting time, rest and meal periods;
- Performing unauthorized personal work on company time;
- Failure to notify the supervisor/manager of intended absence either before or within one hour after the start of a shift; and
- Unauthorized use of the company telephone or equipment for personal business.

Major Violations — These more serious violations would include any deliberate or willful infraction of company rules and may preclude continued employment of an employee. Here are some examples of major violations:

- Fighting on company premises;
- Repeated occurrences of related or unrelated minor violations, depending upon the severity of the violation and the circumstances;
- Any act which might endanger the safety or lives of others;
- Departing company premises during working hours for personal reasons without the permission of the supervisor/manager;
- Bringing firearms or weapons onto the company premises;
- Deliberately stealing, destroying, abusing, or damaging company property, tools, or equipment or the property of another employee or visitor;
- Disclosure of confidential company information or trade secrets to unauthorized persons;
- Willfully disregarding company policies or procedures;
- Willfully falsifying any company records;
- Willfully deleting any files and company records;
- Employee's conviction for or confession to fraud, misappropriation, embezzlement, theft or the like against the company;
- Employee's conviction of a felony or a crime involving moral turpitude;
- If Employee performs any intentional act which, under the reasonable man standard, damages the reputation of the company;
- Employee's conviction for or confession to sexual harassment in any form towards employees of the company or anyone affiliated with the company; or
- Employee's excessive absence from performing his duties for the company, as determined by the company, in the company's sole and absolute discretion.

Termination

Terminations are to be treated in a confidential and professional manner by all concerned. The supervisor/department manager must assure thorough, consistent and evenhanded termination procedures. This policy and its administration will be implemented in accordance with the company equal opportunity statement.

Terminated employees are entitled to receive all earned pay, including vacation pay.

Employment with the company is normally terminated through one of the following actions:

Resignation — voluntary termination by the employee;

Dismissal — involuntary termination for substandard performance or misconduct; or

Layoff — termination due to reduction of the work force or elimination of a position

Resignation — An employee who wants to terminate employment, regardless of employee classification, is expected to give as much advance notice as possible. Two weeks or ten working days is generally considered to be sufficient notice time. If an employee resigns to join a competitor, if there is any other conflict of interest or if the employee refuses to reveal the circumstances or relationship of his or her resignation and the future employer, the manager may require the employee to leave the company immediately rather than work during the notice period. This is not to be construed as a

reflection upon the employee's integrity but an action in the best interests of business practice. When immediate voluntary termination occurs for the above reasons, the employee may be granted pay "in lieu of notice," the maximum being two weeks of pay based upon a 40-hour workweek at the employee's straight-time rate or salary.

Dismissal — In any case involving an employee dismissal, a release should be signed upon review with **Creek Systems** legal counsel.

Substandard Performance — An employee may be discharged if his or her performance is unacceptable. The supervisor/manager shall have counseled the employee concerning performance deficiencies, provided direction for improvement, and warned the employee of possible termination if performance did not improve within a defined period of time. The supervisor/manager is expected to be alert to any underlying reasons for performance deficiencies such as personal problems or illegal drug abuse. The management team must concur in advance of advising the employee of discharge action. Documentation to be prepared by the supervisor/manager shall include reason for separation, performance history, corrective efforts taken, alternatives explored and any additional pertinent information.

Misconduct — An employee found to be engaged in activities such as, but not limited to, theft of company property, insubordination, conflict of interest or any other activities showing willful disregard of company interests or policies will be terminated as soon as the supervisor/manager and management team have concurred with the action.

Termination resulting from misconduct shall be entered into the employee's personnel file. The employee shall be provided with a written summary of the reason for termination. No salary continuance or severance pay will be allowed.

Layoff — When a reduction in force is necessary or if one or more positions are eliminated, employees will be identified for layoff after evaluating the following factors:

1. Company work requirements;
2. Employee's abilities, experience, and skill;
3. Employee's potential for reassignment within the organization; and
4. Length of service.

The immediate supervisor/manager will personally notify employees of a layoff. After explaining the layoff procedure, the employee will be given a letter describing the conditions of the layoff, such as the effect the layoff will have on his or her anniversary date at time of call-back, the procedure to be followed if time off to seek other employment is granted and the company's role in assisting employees to find other work. After consultation with the employee's supervisor/manager, the employee will follow one of the following procedures:

The employee will be terminated immediately and will receive, in lieu of notice, a severance pay for two weeks unless a different severance package is specified in the termination clause of his/her employment agreement. The payment will be based on a 40-hour work week at the employee's straight time rate or salary.

Termination Processing Procedures — The supervisor/manager must immediately notify the management team of the termination so that a termination checklist can be initiated. The HR management team will approve and direct the termination procedure.

All outstanding advances charged to the terminating employee will be deducted from the final paycheck by the payroll department.

On the final day of employment, the supervisor/or HR Director must receive all keys and company property from the employee.

The supervisor/manager shall conduct an exit interview with the employee.

The employee will pick up his or her final payroll check at the time of the exit interview. The final check shall include all earned pay and any expenses due the employee.

Grievance Procedure

Creek Systems recognizes the value of a grievance procedure that provides for the timely review of employee grievances in a fair yet workable manner. A grievance is considered to be any dispute between an employee and the company which impacts on an employee's ability to perform his or her job.

Although purely personal matters between employees would not ordinarily give rise to a grievance subject to this grievance procedure, any matter that adversely affects an employee's ability to perform his or her job could be the subject of a grievance. Use good individual judgment and common sense as your guide.

An employee may express a verbal grievance to his or her immediate supervisor/manager. If the concern is not resolved to the employee's satisfaction within one week, the employee may put in writing the details of his or her grievance and submit the grievance to the immediate supervisor/manager. The immediate supervisor/manager will submit the written grievance to Human Resources.

A Human Resources Representative, who will appoint a person to decide the matter, will review the written statement. The employee and his or her supervisor/manager will request a hearing with the appointed person for resolution of the problem. The problem will be discussed between employee and supervisor/manager in the presence of the HR representative, either in person or telephonically. Final resolution of the grievance will be made by the appointed person and the final determination and any recommended actions will be discussed with both the employee and supervisor/manager.

The decision will be reduced to writing, a copy given to the employee and supervisor/manager, with the original kept on file in the Human Resource Department. A copy will be filed in the employee's employment record, when appropriate.

Employment Disputes

Any dispute or claim that arises out of or that relates to employment with **Creek Systems** or that arises out of or that is based on the employment relationship (including any wage claim, any claim for wrongful termination or any claim based on any employment discrimination or civil rights statute, regulation or law), including tort or harassment claims (except a tort that is a "compensable injury" under workers' compensation law), shall be resolved by arbitration in accordance with the then effective commercial arbitration rules of the American Arbitration Association by filing a claim in accordance with the Association's filing rules, and judgment on the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

Compensation

Equal Pay

Creek Systems will not pay wages to any employee at a rate less than the company pays employees of the opposite sex for work that is substantially equivalent requiring comparable skills.

This policy is to be construed in accordance with applicable federal and state laws and regulations.

Job Descriptions

Job descriptions are available in the Accounting department for all positions in the company. The items included in each position description are the following:

1. Title of position;
2. Department;
3. Position qualifications (essential qualifications including job experience, skills, physical requirements and education); and
4. Job summary or overview;
5. Assigned duties and responsibilities;
6. Supervisor or manager position reports to.

Position descriptions are used to determine employee selection, job requirements, performance criteria, organizational structure, and the relative worth of jobs in relation to each other. Company management annually reviews all company positions to ensure equity and consistency in our Personnel system.

Workday

Office hours at **Creek Systems** are Monday through Friday, from 8:30AM to 5:30PM, excluding posted company holidays.

However the nature of our business sometimes demands workday or workweek hours different than those set forth above. Variation to the schedule will be made or approved by department managers.

Payday & Compensation Methods

Paydays will take place biweekly for 26 paydays annually. Creek Systems offers direct deposit for all employees. Upon termination of employment, final payment will be in the form of an actual check.

Pay Advances

It is Creek Systems's policy to decline all requests for early paychecks or pay advances for personal reasons.

Overtime Compensation

Nonexempt employees, typically compensated on an hourly basis, will be paid at the rate of one and one-half times their regular hourly rate of pay for all time worked in excess of 40 hours in any one workweek.

Overtime is never at the employee's discretion. It shall only be incurred and paid at the request of the company through the employee's supervisor/manager. Supervisors/managers shall ensure that no unauthorized overtime hours are worked.

Rest Periods

Nonexempt employees are permitted two paid 15-minute rest periods. Rest periods are to be scheduled as two separate breaks during the workday, one near the middle of the morning and one during the afternoon, as possible, scheduled so that the break periods do not interfere with the operations of the business.

Supervisors/managers are to ensure that each employee is afforded their daily rest periods.

Performance Review

Creek Systems has adopted a management by objective approach to performance appraisal. It is the supervisor's/manager's responsibility to develop and maintain a work environment in which employees can openly discuss performance and develop plans. The employee will be notified in writing ten days in advance of the performance review date. Also included in the notification will be the time, place, and the discussion topics for the employee to prepare for the review. The employee, as well as the supervisor/manager, is to bring the following to the review meeting:

- A summary statement of the progress made toward meeting his or her employment goals;
- Examples of job-related areas demonstrating greatest strengths and identifying areas where additional training is needed;
- An outline of job-related tasks in which the employee can participate to improve performance;
- A recommendation of job responsibilities and goals to be established for the next six-month period;
- A summary of overall employment performance.

The supervisor/manager is responsible for establishing a relaxed atmosphere at the performance review and encouraging two-way communication. The discussion should be conducted in a positive manner, in complete privacy and with no interruptions. The supervisor/manager shall verify that the employee is familiar with his or her job duties, previous goals and the appraisal criteria or factors. At the conclusion of the performance appraisal, the employee will be requested to sign the appraisal verifying that he or she participated in the evaluation. The employee should be encouraged to submit comments about the appraisal that will become part of the record. A date for the next appraisal shall be agreed upon and noted on the appraisal form. Upon execution of the

performance document, the employee must be given a signed copy of the appraisal. The appraisal is then submitted for review by the next level of management.

Creek Systems believes that pay increases should be related to an employee's performance. Following performance reviews, the supervisor/manager will rank the employee's performance according to his or her relative level of contribution to the company. Factors will include how well the employee has met the objectives agreed upon in the last review and the employee's level of contribution to the success of the department/division relative to other employees. The supervisor/manager will rank all department/division employees in one of five groupings:

1. Unsatisfactory
2. Marginal
3. Satisfactory
4. Above Average
5. Exceptional

Any employee receiving a rating of 1 or 2 must be put on warning with a corrective action plan to address the issues identified.

A decision relating to the employee's merit increase in pay will be made by the supervisor/manager after the review and ranking process has been completed. The supervisor/manager will forward a merit increase recommendation with the appraisal to the next level of management. Merit increases in pay are neither automatic nor periodic. They are reserved for employees who show skills improvement and higher than average performance. Information about rates of pay and merit increases in pay, if any, are deemed to be confidential matters between the company and each employee and are not to be discussed among employees.

Salary Administration

It is **Creek Systems's** policy to award annual merit increases to employees for their dedication to the growth of the company based on their skills, improvement and outstanding performance. Every employee is eligible for a merit increase. However merit increases are not automatic. Following the employee's performance review, the manager will rank the employee's performance according to his or her relative level of contribution to the company. Factors will include, without limitation, how well the employee has met the objectives agreed upon in the last review and the employee's level of contribution to the success of the department relative to other employees. Employees will be ranked as:

1. Unsatisfactory
2. Marginal
3. Satisfactory
4. Above Average
5. Exceptional

The manager will forward a merit increase recommendation with the appraisal to the Human Resources. Human Resources will prepare the request for increase matrix for final approval from the authorized executive. Any merit increase awarded will be

retroactive to the date of the performance review. Any employee receiving a rating of 1 or 2 will not be eligible for compensation review and must be put on warning with a corrective action plan to address the issues identified.

Payroll Deductions

The following mandatory deductions will be made from every employee's gross wages: federal income tax, Social Security FICA tax and applicable state taxes. Additionally, any court-ordered deductions or garnishments to an employee's pay will be withheld. If the employee disputes the validity of the ordered deduction, the employee must resolve the dispute with the issuing authority. Once the order has been rescinded, the deduction will be suspended.

Every employee must fill out and sign a federal withholding allowance certificate, IRS Form W-4, on or before his or her first day on the job. This form must be completed in accordance with federal regulations. The employee may fill out a new W-4 at any time when his or her circumstances change. Employees who paid no federal income tax for the preceding year and who expect to pay no income tax for the current year may fill out an Exemption from Withholding Certificate, IRS Form W-4E. Employees are expected to comply with the instructions on Form W-4. Questions regarding the propriety of claimed deductions may be referred to the IRS in certain circumstances.

Other optional deductions include items such as the portion of group health insurance not paid by the company, which is deducted from each payroll check. Other voluntary contributions (if applicable), such as pension (401k) plan, are also deducted each pay period. Optional deductions require an executed enrollment form authorizing participation and salary reduction be received by the Human Resource Department.

Every employee will receive an annual Wage and Tax Statement, IRS Form W-2, for the preceding year on or before January 31. Any employee, who believes that his or her deductions are incorrect for any pay period, or on Form W-2, should check with the Payroll Department immediately.

Employee Benefits

Insurance Plans

Creek Systems offers all full-time employees a group medical insurance provided by Anthem Blue Cross and short and long term disability plans, the benefit terms of which are included at the end of the Employee Manual in Appendix A, B, C and D. Each employee in the plan will receive a pamphlet or summary completely detailing its policies, procedures and benefits. Each full-time employee will have the option to join or waive participation. The employee shall select types and tiers of coverage when enrolling in the plan, e.g. employee only, entire family, medical, dental, vision, etc. The employee shall pay a percentage of the coverage based upon the plan(s) selected – to be deducted on a pre-tax basis at each pay period - and the company shall pay a percentage of the premiums. Note that coverage rates are reevaluated and adjusted by the insurance company on an annual basis.

The company insurance plans also include optional coverages, such as cancer, accident, etc., which are also outline in the benefit plan pamphlet/summary which you will receive.

Eligibility

1. The employee is a full-time employee.
2. The employee is eligible for coverage effective on the first day of the month following successful completion of a 90 day probationary period from the date of full-time employment.
3. Employer monthly premium contribution for Class A (direct, FT Creek Systems employees) is \$250.00 per month; employer monthly premium contribution for Class B (leased employees working FT for Creek clients) is \$100.00/month.

Changes to the employee's health insurance benefits can be made at any time for reasons of life-event changes such as the birth of a child, divorce, loss of coverage through the spouse's employer, etc. All other changes can only take place during the open enrollment period **January** which is the month prior to the Company's insurance anniversary date of **February 1st** each year.

In addition, **Creek Systems** provides group life and accidental death and dismemberment insurance coverage to full-time employees.

Creek Systems has the right to change insurance companies or to modify or terminate eligibility requirements, benefits, contribution amounts or coverage at any time.

401(k) Plan

The company offers employees the opportunity to participate in a 401(k) Plan, administered by Paychex. As a participant under the Plan, you may elect to reduce your compensation by a specific percentage or dollar amount and have that amount contributed to the Plan on a pre-tax basis as a salary deferral. You generally are not taxed on your salary deferrals until you withdraw those amounts from the Plan. For more information about Creek Systems's retirement plan, please refer to Appendix E at the end of this handbook.

Eligibility – Provided you are not an Excluded Employee, you are eligible to participate in the Plan once you satisfy the Plan's eligibility conditions described in this section. Then, you may elect to have your compensation reduced by a specific percentage or dollar amount, and have that amount contributed to the Plan as a salary deferral contribution. You may also be entitled to receive contributions from us.

For salary reduction contributions, you will be eligible to participate in the Plan if you have completed three (3) months of service and have also attained age 18.

You will have completed the required number of months if you are employed by us at any time after you have completed that number of months, measured from your initial employment commencement date. Your Entry Date will be the first day of the month coinciding with or next following the date you satisfy the eligibility requirements.

You will have completed a Year of Service if, at the end of your first twelve consecutive months of employment with us, you have been credited with at least 1000 Hours of Service. If you have not been credited with 1000 Hours of Service by the end of your first twelve consecutive months of employment, you will have completed a Year of Service at the end of any following Plan Year during which you were credited with 1000 Hours of Service.

Contributions – As a participant, you may elect to defer on a pre-tax basis a percentage of your compensation each year instead of receiving that amount in cash. In addition, you may separately elect to defer up to 100% of any bonuses paid to you during the year. However, your total deferrals in any taxable year may not exceed a dollar limit which is set by law. The limit for 2012 is \$17,000. After 2012, the dollar limit may increase for cost-of-living adjustments. The Administrator will notify you of the maximum percentage you may defer. The amount you elect to defer, and any earnings on that amount, will not be subject to income tax until it is actually distributed to you. However, the amount you defer is counted as compensation for Social Security taxes.

If you are projected to attain age 50 before the end of a calendar year, then you may elect to defer additional amounts (called "catch-up contributions") to the plan as of the January 1st of that year. The additional amounts may be deferred regardless of any other limitations on the amount that you may defer to the plan. The maximum "catch-up contribution" that you can make in 2012 is \$5,500. After 2012, the maximum may increase for cost-of-living adjustments.

Vacation

All full-time **Class A** employee is entitled to eighty (80) hours of vacation each year to be accrued evenly over the course of the year at a rate of 3.08 hours per bi-weekly pay period. Employees may utilize paid time off accruals after successful completion of their ninety (90) day probationary period. Employees who begin after January 1st will accrue vacation time a pro rata basis. Employees who are not entitled to paid vacation may request permission from their supervisor/manager to take up to one week of unpaid vacation time.

All vacations must be scheduled in advance with the employee's supervisor/manager. Employees are responsible for planning ahead for vacation and working out a complete schedule with their supervisor/manager. Vacation entitlement is administered by the Accounting department.

Upon termination, the employee's accrued, but not taken, vacation hours will be added

to the final paycheck using the employee's then-current straight-time hourly rate for conversion.

Holidays

Creek Systems provides six (6) paid holidays each year. Employees may utilize paid time off accruals after successful completion of their ninety (90) day probationary period. The company is officially closed on these days:

January	New Year's Day
May	Memorial Day
July	Independence Day
September	Labor Day
November	Thanksgiving Day
November	Day after Thanksgiving
December	Christmas Day

* If these holidays fall on Saturday, the proceeding Friday will be a holiday. If they fall on Sunday, the following Monday will be a holiday.

Only regular full-time and part-time employees are eligible for full holiday pay. Temporary employees are not eligible for holiday pay.

If a designated holiday falls within an employee's vacation period, the holiday is not considered a vacation day. Employees may take religious holidays not designated as a company holiday either as a vacation day or without pay. Prior approval in advance must be obtained from the employee's supervisor/manager.

Sick Days

In the event that employee gets sick, **Creek Systems** provides all full-time **Class A** employees with 40 hours of sick time annually, effective after successful completion of their ninety (90) day probationary period. Part-time, **Class B** and temporary employees are not eligible for sick time.

It is in the best interests of an employee who is ill or injured that the employees not remain at work. It is the supervisor or manager's responsibility to send the employee home if the employee is incapacitated.

Employees are encouraged to make their routine doctor or dentist appointments before arriving for work or after leaving work for the day, if possible. If time off is required for such appointments, arrangements should be made in advance with the employee's supervisor or manager.

An employee is expected to notify his or her supervisor/manager at the beginning of each work day during illness or injury. Exceptions to this include a serious accidental injury or hospitalization, or when it is known in advance that the employee will be absent for a certain period of time.

A medical statement from the employee's doctor may be requested by the company when an employee is absent from work for more than five working days.

Leave of Absence and Military Leave

A leave of absence is time off in a non-pay status. Upon receipt of a formal written request for leave of absence from regular full-time employees or employees that are part-time but have worked 1,250 hours in the preceding year, management will determine whether a leave of absence will be granted. (Also see Medical/Family Leave policy.)

The employee is expected to request leave of absence with as much advance notice as possible. Leaves of absence will not be granted for periods less than two weeks in duration. Vacation or sick leave should be used for such absences.

The reason for leave should fall into one of the following categories:

1. Military
2. Personal

The leave classifications are defined as follows:

Military — To protect the employment rights of employees entering the armed forces of the United States and to ensure conformance with the applicable federal laws, a leave of absence must be granted to all employees, except temporary, who enter military service for active duty as a result of the following:

- Initial enlistment in the armed services of the United States;
- Initial training period in the National Guard;
- Being ordered to active military service as a member of the Reserves or National Guard for an indefinite period or for a periodic training period up to ten working days;
- Family members who need to care for a service member;
- Family members who need to prepare and make arrangements for service member's deployment;
- And any service requirements under the Selective Service Act, or amendments to the Family and Medical Leave Act (FMLA), or any other leave required by act, statute, regulation or mandate.

Personal — Except for those situations covered under the Medical/Family Leave policy, personal leaves may be granted to employees having special nonmedical personal needs for an extended period of absence. Each case will be evaluated on its own merits, and the following will be taken into consideration:

1. The reason for the request;
2. The amount of time required; and
3. The employee's length of service and past record.

Normally personal leaves may be granted for periods of up to 90 days.

Return to Work

See Medical/Family Leave policy paragraph 3.5 and paragraph 6 for details on reporting during leave and return from leave. Exceptions to this policy are for those employees who are granted military leave of absence. They are entitled to full re-employment rights subject to the governing federal and state laws.

Employees who do not return to work after any leave of absence will be terminated effective on the last day of work or paid leave, whichever is later.

Benefits during Approved Leave of Absence

Holidays — To be paid for a holiday, an employee must be in active pay status the day before and the day after the holiday. Employees are not eligible to receive pay for any holiday during the leave period.

Vacation — No vacation hours are earned during the leave period. Employees requesting a leave of absence for medical or military reasons may choose to use all earned vacation before beginning leave of absence. Employees requesting personal leave of absence must use all earned vacation before beginning leave of absence.

Sick or Personal — No sick or personal hours are accumulated during the leave period.

Insurance — The Company will continue the employee's insurance benefits on a leave of absence approved only under the Medical/Family Policy and as required by compliance and where protected by law; described below, provided that the employee continues to pay his or her portion of the premiums. In the case of military leaves, insurance benefits will be continued for up to ten working days per year starting with the day military leave begins.

Profit-Sharing — An otherwise eligible employee will be entitled to profit sharing while on leave of absence in accordance with the rules of the profit-sharing plan and related policy. If the leave began before eligibility was established, eligibility will be postponed until the employee returns to work.

Medical/Family Leave

Creek Systems understands that its employees on occasion will have the need to take an extended period of time away from work to care for their child after birth or adoption or foster care placement, to care for their spouse, child or parent with a serious health condition, or because of a serious health condition of their own. In recognition of this need, the Company has voluntarily adopted the following **Medical and Family Leave Policy** as a benefit of employment.

1. Eligibility Requirements. To qualify for leave under this policy, you must have been employed by **Creek Systems** for at least 12 months and you must have worked 1250 or more hours in the previous 12 months.

2. Reasons for Leave. Leave under this policy may be taken:

- 2.1 to care for your child after birth or adoption or after state placement of a child with you for foster care;
- 2.2 to care for your spouse, child or parent who has a serious health condition; or
- 2.3 for a serious health condition that makes you unable to perform the essential functions of your job.

- 2.4 to care for a family service member

- 2.5 to make arrangements for a family service member's deployment

3. Procedures

- 3.1 **Notice.** You must provide **Creek Systems** with thirty days' notice if the absence is foreseeable. If the leave of absence is not reasonably foreseeable you must notify **Creek Systems** as soon as practicable. Any failure to give a timely notice may cause your leave to be delayed.

- 3.2 **Request.** To request family/medical leave, you should obtain, complete, and sign a Medical/Family Leave Request Form ("Request Form") and submit it to Personnel or your supervisor.

- 3.3 **Doctor's Certification.** If the reason for the leave request involves a serious health condition (either yours or your family member's), you must also obtain and submit a completed and signed Certification of Health Care Provider ("Certification Form") within 15 days of submitting the Request Form.
 - 3.3.1 **Second Opinion.** Should **Creek Systems** disagree with the opinion given by your health care provider, **Creek Systems** reserves its right to require opinions from second or third health care providers at the company's expense.

 - 3.3.2 **Third Opinion.** If the two doctors disagree about your condition, a third health care provider, agreed upon by you and the company, will render a binding decision.

- 3.4 **Notice of Designation.** After receiving the completed forms, Personnel will designate the leave as either Medical/Family Leave or non-Medical/Family Leave, and provide you with a Notice of Medical/Family Leave Rights and Responsibilities ("Medical/Family Leave Notice") reflecting that designation.

- 3.5 **Reporting During Leave.** You will be required to furnish **Creek Systems** reports on your status, intent to return and recertification of the serious health condition every 30 days.

4. Substitution of Other Kinds of Leave. Creek Systems requires that you use all available paid leave time, such as sick leave, vacation or personal time at the commencement of your Family/Medical leave.

5. Benefits during Leave

5.1 Health Insurance. Creek Systems will maintain any health insurance coverage that you have at the time of your Medical/Family Leave for the duration of the leave. You will be required to pay your normal health insurance premium during Medical/Family Leave.

5.2 Accrual of Other Benefits. You will not accrue sick leave or vacation while on Medical or Family leave. In addition, all other benefits provided by **Creek Systems** may cease during the leave. You will be reinstated to your current position or to an equivalent position as described in paragraph 6.3 without any need for requalification upon your return.

6. Return from Leave

6.1 Failure to Return. When Medical/Family Leave expires, your failure to return to work will be grounds for immediate termination unless a written extension is obtained from your supervisor.

6.2 Fitness for Duty Certificate. Where your leave was taken because of your own illness or injury, you must provide a fitness-for-duty certification from a health care provider before your return. A failure to do so may cause a delay or denial in your reinstatement.

6.3 Reinstatement. Upon your return, you will be entitled to reinstatement to your current position or to an equivalent position with the same pay and benefits, subject to the Company's business needs.

6.3.1 Exception. If you are a salaried exempt employee paid in the top 10 percent of **Creek Systems** employees within 75 miles of your facility you may forfeit your right to reinstatement under certain conditions. You will be informed of this possibility when notice is given or as soon thereafter as practical under the circumstances.

7. False Claims. An employee who fraudulently obtains Medical/Family Leave from **Creek Systems** is not protected by this policy's restoration or maintenance of health benefits provisions and will be subject to appropriate disciplinary action including discharge.

Bereavement Leave

Paid leave is reserved for the death of immediate family member. Employees may utilize bereavement leave after successful completion of their ninety (90) day probationary period. The company will pay for time off in the event of death of an immediate family member: spouse, parent/parent-in-law, child or step-child or sibling. The maximum paid

leave is 3 days and is in addition to all other paid leave if applicable. The 3 days paid bereavement leave is intended to cover the time to attend funeral/memorial services. The employee and supervisor/manager will determine the date and time for the employee to be absent from work.

Jury Duty

Creek Systems will grant employees time off for mandatory jury duty or court appearances as a witness when the employee must serve or is required to appear as a result of a court order or subpoena. A copy of the court order or subpoena must be supplied to the employee's supervisor/manager when requesting time off.

The employee is required to utilize accrued time off for payment during jury duty, unless otherwise mandated by law. All time off requested for court appearances as a party to any civil or criminal litigation shall not be compensated and the employee must arrange for time off without pay or use accrued vacation or personal leave for such appearances.

Voting

Creek Systems encourages all employees to vote. Employees are encouraged to use flextime hours for this purpose or to take advantage of polling hours prior to the beginning or following the end of your workday.

If this cannot be arranged, your supervisor/manager will approve time off to vote either at the beginning or end of your workday, provided that you give at least one day's notice to your supervisor/manager.

Employee-Incurred Expenses and Reimbursement

Creek Systems will pay all actual and reasonable business-related expenses incurred by employees in the performance of their job responsibilities. All items purchased or charged by the employee are to be itemized on the approved company expense report. His or her manager must approve all such expenses incurred by an employee before the accounting department will make payment.

Expense reports are to be submitted to the Accounting department and supported by evidence of proof of purchase, e.g., receipts. Expense reports are due in the Accounting department prior to the last working day of each month.

Expenses submitted after the last working day of the month in which they are incurred will be paid on a deferred basis.

Travel Reimbursement

This policy establishes the general guidelines and procedures to be followed when business travel is required:

1. Travel-related expenses are to be detailed on the company travel reimbursement form;

2. Employees who prefer to use their personal vehicles for their convenience on company business, including trips to the airport, will be reimbursed at the standard mileage rate provided by IRS, assuming that the time and distance involved is reasonable under the circumstances;
3. All parking expenses and highway tolls incurred as a result of business travel will be reimbursed;
4. All air travel must be approved in advance by the employee's supervisor/manager. All personnel will travel economy class unless extenuating circumstances require business or first class travel. The duplicate airline ticket receipt should be attached to the company reimbursement form;
5. The company insures employees who fly when traveling on company business with a travel accident rider to our regular group insurance policy. Purchase of additional air travel insurance is not a reimbursable expense;
6. Employees should request advance approval for use of a rental car at their destination. If a rental car is used, **Creek Systems** has existing liability coverage in place so additional liability coverage should not be purchased, however collision coverage and/or damage waiver **MUST** be purchased from rental agency. A copy of the rental car agreement form must accompany the travel reimbursement form and should detail these insurance coverage items;
7. Employees should select moderately priced lodging convenient to their destination to minimize time and expense. A detailed receipt from the hotel or motel must accompany the reimbursement form unless such is unavailable, in which case a credit card receipt is acceptable;
8. Employees must submit receipts for meals or accept the allowable per diem rates with the reimbursement form. Reasonable tips, when paid by the employee and noted on the receipt, will be reimbursed;
9. Travel reimbursement requests are due in the accounting department prior to the last working day of the month in which expenses are incurred.

Use of Rental Car on Company Business

Employees required to travel because of their job responsibilities may rent a car upon receiving the approval of their supervisor/manager.

An economy or compact size car will be the employee's first choice in obtaining a rental car. Again, please take note that **Creek Systems** has existing liability coverage in place so additional liability coverage should not be purchased, however collision coverage and/or damage waiver SHOULD be purchased from rental agency.

A copy of the rental car agreement must accompany the employee's monthly travel expense report.

Conferences and Meetings

Employees may request time off or company financial support or both to attend conferences or meetings sponsored by institutions or professional organizations. The subject matter to be presented must relate directly to the employee's position or provide beneficial information to be shared in the employee's department.

The employee's supervisor/manager and the CEO must approve the employee's participation in the conference or meeting.

The company will pay for the following expenses if attendance is approved: registration fees, travel costs, lodging and meal expenses not covered by registration.

Time off for attendance and travel during normal working hours will be paid at the normal rate of pay.

Relocation of Current or New Employees

Creek Systems shall not provide reimbursement for moving expenses incurred by any new or current employee without prior written approval by the CEO.

Temporary Assignment Allowance

Creek Systems will provide specified reimbursement for travel, reasonable accommodations, and other miscellaneous expenses to employees who are requested to take a business assignment that is beyond reasonable commuting distance and more than three but less than twelve months in duration.

Approval of temporary assignment allowances must be requested in advance and require the approval of the employee's supervisor/manager and the CEO. An expense allowance budget, prepared jointly by employee and supervisor/manager, will accompany the request.

Reimbursable expenses include the following when circumstances require them:

1. Coach class air travel for the employee;
2. Shipment of the necessary personal or household goods;
3. Home maintenance costs;
4. Housing expense at the new location, including full rent and utilities;
5. Leased car;
6. One 3-day trip to locate a temporary residence;
7. One round-trip, coach class, air fare every 3 weeks to visit immediate family at the employee's permanent residence or for a spouse or friend to visit the employee. If the employee chooses to travel using his or her personal vehicle, mileage will be reimbursed at the company's current rate;
8. Personal vehicle mileage will also be reimbursed for all trips between the employee's temporary residence and temporary work assignment in lieu of leased car.

All reimbursable or charged expenses should be submitted monthly on a company expense report to the Accounting department for processing and payment. Reimbursement will be made for all items listed in the approved expense allowance budget.

Required Management Approval

All employee travel, mileage, purchase requisitions and other business-related expense reports must have a supervisor's/manager's approval. Employees are required to request approval in advance of expenditures whenever possible to ensure no delay in company reimbursement. All expense reports are due in the Accounting department by the 15th day of incurring such expenses. Prior to being honored by the Accounting department, these reports must have the employee's signature and date and must be approved by the employee's supervisor/manager.

Miscellaneous Policies

Confidentiality of Company Information

It is the responsibility of all **Creek Systems** employees to safeguard sensitive company information. All employees sign nondisclosure agreements upon accepting employment with the company. In cases of conflict, these agreements supersede the Policy Manual guidelines that follow.

The nature of our business and the economic well being of our company are dependent upon protecting and maintaining proprietary company information. Continued employment with the company is contingent upon compliance with this policy. Each company supervisor/manager bears the responsibility for the orientation and training of his or her employees to ensure enforcement of company confidentiality. Sensitive company information is defined as trade secrets or confidential information relating to products, processes, know-how, customers, designs, drawings, formulas, test data, marketing data, accounting, pricing or salary information, business plans and strategies, negotiations and contracts, inventions and discoveries.

All such information shall be appropriately marked or verbally identified to each employee. When such information is transferred from one employee to another, the transferor must do all of the following:

1. Determine that the transfer is necessary and in the interest of regular company business;
2. Determine that the transferee has a need to know the information and has the necessary clearance;
3. Ensure that all cover sheets or markings which identify the information as proprietary, or classified, are conspicuous;
4. Give the information directly to the transferee and verbally identify the proprietary or classified information as such. Do not give it to a non-cleared employee, such as a secretary or office colleague, and do not leave it on the transferee's desk unattended.

In consideration of their employment with **Creek Systems**, employees will be exposed to information and materials which are confidential and proprietary and of vital importance to the economic well-being of the company. Employees will not at any time disclose or use, either during or subsequent to their employment, any information,

knowledge or data which they receive or develop during their employment which is considered proprietary by **Creek Systems** or which relates to the trade secrets of the company. Such information, knowledge or data includes the following which is by example only: processes, know-how, designs, drawings, diagrams, formulas, test data, accounting or financial data, pricing or salary data, marketing data, business plans and strategies, negotiations and contracts, research, customer or vendor lists, inventions and discoveries.

Upon termination of their employment with **Creek Systems** they must promptly return any and all documents containing the above information, knowledge or data, or anything relating thereto, to the company.

Confidentiality of Company Information — E-Mail

Company computers and e-mail system are company property, and as such, there should be no expectation of privacy. Creek Systems can and will reserve the right to view, intercept, archive, delete and handle any and all email correspondence through their system at any time, with or without prior notice.

All employees are expected to use good judgment in using electronic mail and to avoid indiscretions such as offensive or inappropriate messages or any other message, that the Company deems inappropriate. E-mail messages should be used for business and not for soliciting outside business ventures or other matters unrelated to the company's affairs. Misuse of e-mail may result in disciplinary action up to and including termination.

Software Usage Policy

Purpose

To reduce the legal exposure to the company of unlicensed software and reduce the effort required to operate and troubleshoot employee's machines, this policy has been established to restrict the installation of unauthorized software.

Scope

This policy covers all desktop and laptop computers owned or operated by **Creek Systems** and covers operating systems, 3rd party software, freeware and shareware applications and utilities. This policy does not govern servers. Servers will be under IT support.

Policy

The following list of operating systems and applications are authorized for use by **Creek Systems**. For information regarding the specific release of software, please contact IT or your local administrator.

Operating Systems:

- Windows XP and Windows 2000, 2007
- UNIX and Linux operating systems will be made available for application design and deployment will only be permitted with the direct approval of the Director of IT.

Intel Based Software Applications

The following list of software applications are authorized for use by **Creek Systems** Products employees on Intel-based desktop and laptop systems.

Base Software:

All systems will have the following basic software installed:

- Norton or Trend Micro Anti-Virus Corporate Software
- Internet Explorer
- WinZip when native compression is unavailable.
- Adobe Acrobat (where required)

Standard Office Productivity Software:

All systems will have the following basic software installed or will be connected to a Terminal Server running this software:

- Microsoft Outlook, Word, and Excel.
- Creek Systems Training Applications
- PowerPoint and Access will be given to those who require them

Software Not Permitted Without Permission

Due to network implications and security issues, the following software will not be allowed on any computer unless approved by IT.

This list does not contain all the possible software applications that cannot be installed. If any software has been loaded onto your machine that does not belong on the computer please request it be removed by the IT team. If software is found on your computer that does not belong, it will be removed and you will be held responsible. If you are not sure, contact your local administrator or IT.

- Yahoo Messenger, ICQ or any other Instant Messenger (IM) software
- Stock Tickers and Streaming Radio
- Any additional screen savers (Web Shots etc.)
- Any additional desktop patterns
- Distributed file sharing utilities (KaZaA, Morpheus etc.)
- Network sniffing or protocol analysis programs
- Password "cracking/decryption" tools
- Terminal emulation or Xwindow clients
- Unlicensed or pirated software

UNIX and Linux Applications

Contact IT for information on these applications.

Enforcement

Any employee found in violation of this policy may be subject to disciplinary action.

Inventions and Patents

All inventions conceived or developed by any employee of **Creek Systems** during the term of his or her employment shall remain the sole property of the company. **Creek Systems** shall be free to use any such discoveries, inventions or ideas without obligation of any sort to the employee. If patents or other intangible rights should result there from, the employee agrees that all such rights shall be the sole property of **Creek Systems**. The employee will cooperate fully in signing documents to transfer and perfect full rights, title, and interest to and for **Creek Systems**. This policy only applies to discoveries, inventions, and improvements conceived or developed during employee's working hours or at any time while the employee is using the company's facilities, equipment, supplies or trade secret information or data.

Conflict of Interest

No employee of **Creek Systems** shall engage in the same or a similar line of business or research as that carried on by the company. An employee shall not have a financial interest in a company which is a competitor of or supplier to the company.

Financial interests held by an employee or by his or her immediate family members in such companies are to be disclosed immediately to the company so that a determination can be made as to whether a conflict exists. Members of the employee's immediate family include spouse, children, and any other relative sharing the same home as the employee. Violation of this policy will result in immediate dismissal.

Gratuities to Government Employees or Officials

In adherence to government regulations, no employee may offer a gratuity to any government employee or official on behalf of, or in pursuance of, **Creek Systems** business. Gratuities are defined as meals, drinks, gifts, expenses, cash or any other item of value, including personal service.

Creek Systems strictly forbids any form of a business gift to federal, state, or municipal employees. Management is charged with the responsibility of informing all employees of this policy and maintaining adherence to it.

Violation of this policy will be treated as a major violation and, depending on the circumstances, may be grounds for immediate termination or other appropriate action.

Gratuities to Customer or Supplier Representatives

Employees of **Creek Systems** may not offer to give or accept a gift, cash or other item of value — including personal service — from an existing or prospective customer, supplier or a representative of either in pursuance of business or in conjunction with negotiating business on behalf of this company.

Expenses for meals as part of a seminar, convention or business meeting are not within the definition of gratuities for purposes of this policy. Invitations extended by a customer or supplier to participate in any program or activity, such as a party or football game, should be referred to your supervisor/manager for approval on a case-by-case basis.

Violation of this policy in any form will require immediate disciplinary action.

Political Activities

In recognition of its responsibilities as a business citizen, **Creek Systems** encourages its employees to accept the personal responsibility of good citizenship, including participation in civic and political activities, in accordance with their interests and abilities.

Creek Systems accepts without reservation the basic democratic principle that all employees are free to make their own individual decisions in civic and political matters. Therefore no employee's status with the company will be affected, in any way whatsoever, because of participation or nonparticipation in lawful civic and political activities.

Participation in civic and political activities is considered to be a personal matter and, as such, is generally to be carried on outside of normal working hours. No political activities or solicitations will be carried on within company premises.

Political activities are defined for purposes of this policy as activities in support of any partisan political issue or activities in support of, or in concert with, any individual candidate for political office, or of a political party, which seek to influence the election of candidates to federal, state, or local offices. The definition includes employees who are or may be candidates for political office.

Employee Privacy

Creek Systems recognizes our employees' rights to privacy. In achieving this goal, the company adopts these basic principles:

1. The collection of employee information will be limited to that which the company needs for business and legal purposes;
2. The confidentiality of all personal information in our records will be protected;
3. All in-house employees involved in record keeping will be required to adhere to these policies and practices. Violations of this policy will result in disciplinary action;
4. Internal access to employee records will be limited to those employees having an authorized, business-related, need-to-know basis. Access may also be given to third parties, including government agencies, pursuant to court order or subpoena;
5. The company will refuse to release personal information to outside sources without the employee's written approval, unless legally required to do so;
6. Employees are permitted to see the personal information maintained about them in the company records by scheduling an appointment with a Human Resources representative. They may correct inaccurate factual information by providing evidentiary documents or submit written comments in disagreement with any material contained in their company records.

Telephone

Personal calls of short duration may be received and made at your desk or workstation. Personal telephone call privileges are subject to change or termination at any time. For instance, if the company telephone lines become overloaded with calls or an employee is

found spending more than just limited time on personal calls, this privilege will be revoked either generally or specifically as to the offending employee.

Dress Code

Employee dress should be neat in appearance. **Creek Systems** employees are invited to dress “business casual” in a manner consistent with a professional atmosphere. The impression made on customers, visitors and other employees and the need to promote company and employee safety should be kept in mind.

Good individual judgment is the best guideline.

Kitchen/Break Room

At many locations, **Creek Systems** provides a kitchen/break room for the benefit of its employees. Employees shall be responsible to keep the area clean, including the washing of personal dishes and utensils. All trash should be disposed of in the trash container.

Visitors

The safety regulations for visitors should be established in accordance with the building safety regulations.

Law enforcement or government officials, including health or fire inspectors, shall be directed immediately to the Director of Operations who shall determine proper governmental authority, review court orders or subpoenas, and assist the law enforcement or government officials in a manner which provides full cooperation with minimal disruption to company operations.

Outside Employment

Employees are expected to be working for **Creek Systems** as their primary employer. Any outside employment should be promptly disclosed to Human Resources and the CEO. In certain circumstances, outside employment is acceptable, provided it does not interfere with the employee’s ability to accomplish the results required for their position. The company retains the right to review and evaluate each situation on an individual basis.

Emergency Closings

Except for regularly scheduled holidays, **Creek Systems** will be open for business on Mondays through Fridays during normal business hours. The company recognizes that circumstances beyond its control, such as inclement weather, national crisis or other emergencies do occur. On such occasions the company may close for all or part of a regularly scheduled workday.

In such event the company will endeavor to notify all supervisory personnel for the purpose of contacting employees. Employees may also contact their supervisor/manager or company offices. Any closing longer than one full work shift shall be assessed against employee’s sick leave or vacation time, whichever may be applicable and, if none, the closing shall be regarded as unpaid personal leave.

Mail and Shipping

From time to time, employees shall be permitted to utilize the company's shipping department to arrange for the shipment of personal goods. Any personal use is subject, of course, to the availability of shipping department personnel and to the priority of business related shipments. Any costs associated with personal shipments shall be charged back to the employee and shall be promptly reimbursed by the employee to the company.

Handbook policy sections end here.

Appendix Section

Appendix A -Medical

Appendix B – Dental

Appendix C - Vision

Appendix E – 401(k) Plan

INTRODUCTION TO YOUR PLAN

Creek Systems Retirement Trust ("Plan") has been adopted to provide you with the opportunity to save for retirement on a tax-advantage basis. The Summary Plan Description ("SPD") contains valuable information regarding when you may become eligible to participate in the Plan, your Plan benefits, your distribution options, and many other features of the Plan. You should take the time to read the SPD to get a better understanding of your rights and obligations in the Plan.

In the SPD, we have attempted to answer most of the questions you may have regarding your benefits in the Plan. If the SPD does not answer all of your questions, please contact the Human Resources or the Administrator (or other plan representative). The name and address of the Administrator can be found in the Article of this SPD entitled "General Information About the Plan."

The SPD describes the Plan's benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language. If the non-technical language in this SPD

and the technical, legal language of the Plan document conflict, the Plan document always governs. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

The SPD describes the current provisions of the Plan which are designed to comply with applicable legal requirements. The Plan is subject to federal laws, such as ERISA (the Employee Retirement Income Security Act), the Internal Revenue Code and other federal and state laws which may affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or Department of Labor (DOL). We may also amend or terminate this Plan. If the provisions of the Plan that are described in the SPD change, we will notify you.

You may obtain a complete copy of the SPD online or contact Human Resources and one will be emailed to you.

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Employee Acknowledgement Form

I acknowledge that I have received a copy of the Employee Handbook, which describes important information about Creek Systems, and understand that I should consult the Human Resource Department if I have questions. I have entered into employment with Creek Systems, voluntarily and acknowledge that it is for no specified length of time. Accordingly, either I or Creek Systems, may terminate the relationship at will, with or without cause, at any time, for any reason or no reason. I understand that neither this Handbook nor any other Creek Systems, policy, practice or procedure is intended to provide any contractual obligations related to continued employment, compensation or employment contract.

Since the information, policies and benefits described here are necessarily subject to change, I acknowledge that revisions to the Handbook may occur, except to Creek Systems, policy of employment-at-will. I understand that Creek Systems, may change, modify, suspend, interpret or cancel, in whole or part, any of the published or unpublished personnel policies or practices, with or without notice, at its sole discretion, without giving cause or justification to any employee. Such revised information may supersede, modify or eliminate existing policies. Creek Systems Operating Officers shall have sole authority to add, delete or adopt revisions to the policies in this Handbook. Any written or oral statement by a supervisor or department manager contrary to the employee handbook policy is invalid and should not be relied upon by any employee.

I understand and agree that I will read and comply with the policies contained in this Manual and any revisions, am bound by the provisions contained therein, and that my continued employment is contingent on following those policies.

Employee Name (Printed)

Employee Signature

Date