

ASSOCIATE HANDBOOK

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Company History

The Arnold Machinery Company was incorporated in 1929 under the name "Stannard Arnold Machinery Company". Northwest Engineering Company was the original line of equipment. Rex Chainbelt Company was added in the second year. In 1930 the wholesale distribution of the Fordson tractor was begun, bringing the Company into the farm machinery business.

The first year in business was successful; however, this was followed by the depression years and many sacrifices were required just to stay in business. It wasn't until 1940, after the Ferguson tractor line was acquired, that the Arnold Machinery Company began to grow and become established as a company moving ahead and having a secure future.

To further strengthen the Company, it was decided to diversify and enlarge the construction and industrial machinery business. To accomplish this, the Hyster line was acquired in 1944. The following year, the farm machinery arm of the business was put under separate management as a wholly owned subsidiary, incorporated under the name of Tractor Implement Inc.

When the manufacturing agreement between Harry Ferguson and the Ford Motor Company came to an end, the implement division's coverage of the Ferguson line had extended from Canada to Mexico and from central Nevada to the Nebraska state line. This large area was reduced to our present territory in 1957 when Massey Ferguson acquired all of its distribution outlets. General Implement Distributors was started in 1952 to wholesale farm implements, which it does to this day.

A major growth step occurred in 1960 with the acquisition of International Harvester and Hough construction machinery product lines. These products and those of Galion Iron Works were later obtained by Dresser Industries and were consolidated into its Construction and Mining Equipment Division. Another product of major importance has been the hydraulic excavator manufactured by Hitachi Construction Machinery Company.

Meanwhile, the construction equipment and material handling equipment parts of the business continued to grow. In efforts to serve Idaho better, a branch was established in Idaho Falls in 1951, another in Boise in 1954, and another in Twin Falls in 1970.

Business growth in Nevada prompted a service location in Elko, which was expanded into a full service branch in 1988. In Reno, the growth from resident sales and service to full branch status occurred in 1989. This included the Volvo and Euclid franchise.

Western Machinery Company of Arizona was acquired and became a wholly owned subsidiary in 1989, adding Volvo, Euclid and Hitachi. In March of 1992, a material handling division was added along with the Hyster product line and the Arizona operation name was then changed to Arnold Machinery Company. In October of 1992, Vickers Truck Equipment Company was purchased by Arnold Machinery Company. One year later, in October 1993, expansion into Nevada continued with the acquisition of the Hyster dealership in Las Vegas. In February 1995, Construction Equipment Associates in Salt Lake City was purchased, adding the Volvo/Euclid franchise to Utah. One month later, in March 1995, the Volvo/Euclid franchise was purchased from Central Equipment for the state of Idaho. Also during the 1990's other major lines including Ditch Witch, Nordberg, and JCB, were added. S&W Machinery in Portland, Oregon was purchased in December, 2000, solidifying Arnold's General Implement Distributor Division in the northwest. In May 2001, the Volvo dealership in Las Vegas, Nevada was purchased, completing the representation of the Volvo line in all of Arnold's Construction and Mining Equipment Group's territory.

Many changes came about in 2002. Al Richer relinquished his position as the President/CEO and retained the Chairman of the Board title. Russ Fleming became the new President and CEO of the company. Kayden Bell became the Executive Vice President and continued on as CFO; Buz Nelson became the president of GID.

In 2003, we acquired Countryside Marketing in Billings, Montana as a branch of GID. Arnold divested itself of the Ditch Witch product line in 2003. Arnold Machinery Company celebrated its 75th birthday in 2004. In 2005, we happily added the states of Montana and Wyoming to our Construction and Mining Equipment Division and opened a branch in Gillette, Wyoming.

The Construction and Mining Division and the Material Handling Division added St. George, UT to their ranks in 2006. In Twin Falls, Idaho we added a Construction and Mining Division to the already existing Material Handling facility.

In 2006, Arnold Machinery Company made the purchase of Materials Handling Equipment Company of Denver, Colorado. This acquisition brought Arnold further into the East than ever before.

Today, Arnold Machinery stands at the threshold of the future, prepared to face the oncoming decades with the same enthusiasm, optimism, and dedication to customer satisfaction on which our reputation has been built. Our leadership is strong, and our finances sound, our relationship with our customers and manufacturers are resolute, and our associates are motivated and dedicated. Although we will continue to evolve, our SILVER SERVICE® attitude will never change, because Arnold Machinery Company
Customer Satisfaction Is Our Only Policy ®

Silver Service® and Our Customers

Every associate is responsible to make the customer happy and take care of them right then and there. They are not only empowered, they are obligated to do so. At Arnold Machinery Company, we believe in carrying our Silver Service attitude and commitment into everything we do. That commitment is connected solely to how well we serve our customers. Silver Service is a complete safety net it takes the worry out of owning equipment and is a way of building long term relationships.

Whether you deal directly with the customer all the time or not, you are vitally concerned with their attitude toward the Company. It may be the way you answer the telephone when they call or in speaking to them when they come into our place of business, but your every contact with them is important. In many cases, customers have been turned away by an unintentional snappy telephone remark or by lack of attention when they came to call. If there is a problem, take care of it right then and there. There is one way to find out what will make the customer smile and that is one simple question "What will make you happy?"

You are the heart and hands of Arnold Machinery. You are what make it possible to keep our Silver Service commitment. You are the difference on every level.

Company Organization

The organization chart indicates the general structure of the Company. Additional charts are available which outline the major divisions. The President of the Company is the Chief Executive Officer and General Manager with overall responsibility for the profitable operation of the Company.

The Company is now organized into three separate and fairly autonomous divisions. Two of these operate under the name of Arnold Machinery Company as the Construction and Mining Equipment Group and the Material Handling Division. The third is the wholesale division, previously described as General Implement Distributors.

In addition to these three divisions, there is a central headquarters group serving all divisions in accounting, data processing, credit management, human resource management and financial services. Advertising, promotion and corporate relations are also handled by a corporate department.

The Construction and Mining Equipment Group is based in Salt Lake and comprised of the Northern Division, the Central Division, and the Southern Division with offices in Idaho Falls, Boise, Elko, Reno, Phoenix, Tucson, Las Vegas, St. George, Gillette and Twin Falls. The Material Handling Division is also based in Salt Lake and has branch offices in Idaho Falls, Boise, Twin Falls, Phoenix, Tucson, Las Vegas, Flagstaff and Denver. General Implement Distributors operates from headquarters in Salt Lake with full service operation in Boise, Woodburn, and Billings.

Arnold Machinery Company Organizational Chart

Alvin Richer	Chairman of the Board
Russ Fleming	President, CEO
Kayden Bell	Executive VP/CFO
Tom Younger	President Construction & Mining
Rex Mecham	President MH Division/Corp VP
Wendell Nelson	President General Implement/Corp VP
Thomas O'Byrne	President Mining Equipment
Ken Koehler	Director of Advertising & PR
Gary Bryden	Director of Financial Service/Division VP
Rohana Parker	Director of Human Resources

What is Arnold Machinery Silver Service®?

- * It's twelve million dollars worth of parts inventory on hand.
- * It's our on-line computer network allowing all locations instant access to the entire parts stock.
- * It's communications direct to the manufacturers' depots for emergency shipments.
- * It's professional parts people with thorough product knowledge, expediting skills, and concern for the urgency of the customer.
- * It's our SILVER SERVICE® fleet of over seventy trucks, costing up to \$100,000 each equipped to do the job, traveling a million miles a year to solve problems.
- * It's our factory-trained and experienced mechanics, whose median service experience is over 10 years.
- * It's our shop facilities designed for the specialized work required, including component rebuilding, engine remake and testing, injection and hydraulic work, cylinder rebuilding, painting, welding, or routine servicing.
- * It's our sales force prepared to analyze the customers' job requirements and quote the machines that are right for the need.
- * It's the complete delivery of your machines and follow-up after they have gone to work.
- * It's support and execution of the manufacturers' warranty policies, plus the extra benefits we offer to make the warranties more valuable.
- * It's our tradition of quality and integrity for over 76 years.
- * It's the dedication of each associate to the goal that-

Customer Satisfaction Is Our Only Policy®

Locations

Construction and Mining Equipment Group

Idaho Falls, Idaho
Meridian, (Boise), Idaho
Salt Lake City, Utah
Sparks (Reno), Nevada
Laveen, (Phoenix), Arizona
Tucson, Arizona
Las Vegas, Nevada
St. George, Utah
Twin Falls, Idaho

Material Handling Equipment Division

Idaho Falls, Idaho
Meridian (Boise), Idaho
Salt Lake City, Utah
Twin Falls, Idaho
Laveen (Phoenix), Arizona
Tucson, Arizona
Las Vegas, Nevada
Flagstaff, Arizona
Denver, Colorado

General Implement Distributors

Salt Lake City, Utah
Meridian (Boise), Idaho
Beaverton, Oregon
Billings, Montana

Mining Equipment Division

Elko, Nevada
Gillette, Wyoming
Salt Lake City, Utah (Rebuild Branch)

Arnold Machinery Company

We believe that our mission is
to achieve business success
through the superior performance
of excellent people, who...

Demonstrate that fairness and honesty are the
foundations of our business dealings;

Build on the tradition and experience of those
founders whose ingenuity, effort and ethics have
provided us with a respected company in which
to grow;

Satisfy the need of our customers, which will generate
rewards to our stockholders;

Consider quality of product and service to be essential; and

Commit their talent and initiative to the attainment of
priorities and objectives.

In these ways will we show that
excellence is our standard

Introduction

This booklet has been prepared to help you better understand company policies, terms of employment, benefits provided, and set forth a few guidelines which will help make your association with our company a more satisfying and beneficial experience.

Foreword

You were hired because of your experience, ability, fitness and attitude. Our goal is to have good relationships between people here at work. You will get the most out of your job if you come to work expecting to improve yourself by doing good work. If each individual works at doing better, the entire group will make progress and be more satisfied, both on and off the job.

One of our goals is to work at having good attitudes between people working here. As each one of us improves, all of us will benefit.

Normally, you should get fair and respectful treatment from others. In turn, you are responsible to give that same kind of treatment to them. Do your full part to ensure there is teamwork and efficiency.

You are encouraged to express your constructive suggestions or ideas. A goal of each supervisor is to help you with your ideas and questions. Any associate can get a straight answer to any question.

We ask each associate to make a conscious effort to avoid mistakes. Having to do things over or correct errors is frustrating and costly. Your job will be much easier and more pleasant if you make the effort to do it right the first time.

All our futures depend in great part on the quality of the work done by all concerned. There are no certain roads to success and nothing contained in this booklet should be construed as a contract of employment or guarantee of a job. It is not our intention to guarantee anyone a job or create an expressed or implied contract of employment.

Employment is voluntary for both you and the Company. You have the right to terminate at any time for any reason or no reason at all and the Company reserves the same right for itself. No one other than the President of the Company has authority to enter into an agreement for a specific period of time or make arrangements contrary to this.

Each associate must fit the "Team". Working together, each of us can help make this a successful company with which each of us can be proud to be associated. Benefits and policies included herein are subject to change and revision.

TIME AND PAYROLL

Attendance and Punctuality

Each person here is important; the Company makes an investment to provide a job. Someone must be here to fill each position. Customers, other associates and the Company alike are all hurt when a machine sets idle, a desk is unused and/or work piles up. Everyone loses when an associate is late or absent. The work either goes undone or someone else has to fill in. The absent person also loses some feeling of responsibility and perhaps a little pay.

We ask all associates to make special efforts to develop good habits. Each person needs to be at work ready to go, on time, every time. In an emergency, get in touch directly with your supervisor either before work or as soon after your starting time as you can. Whenever you are late or absent it is your responsibility (not your supervisor's) to bring it to your supervisor's attention at the earliest possible time. We ask any new associate who can't at first see the importance of being regular and on time to consider his or her situation very carefully and to make a commitment to meet future work schedules as a condition of continuing to be a part of the Arnold Machinery Company team.

Time Cards, Pay Periods, and Payday

You may be one of the associates asked to fill out a time card. The time record must reflect your actual hours of work. Be on time. Be sure the time record shows accurately when you start and stop work. If you have a problem with your time card, see your supervisor immediately.

Our payroll week begins on Monday, and ends the following Sunday. Paydays are every other Friday. Your paycheck will be given to you through your supervisor. If payday happens to fall on a holiday or other non-working day, you will be paid the day prior.

Every effort is made to avoid paycheck errors. Report any error to your supervisor at once so that it can be corrected.

Job Classifications and Rates of Pay

Jobs are organized and classified according to departmental needs, the work to be done, responsibility, skill, training required, mental and physical efforts involved, and working conditions.

Differences between jobs and job rates are determined by evaluation. Each job is measured against all other jobs to determine proper internal relationships. Differentials are kept fair for everyone because the average rate for all jobs remain unaffected. In setting wage scales, consideration is given to profitability, job requirements, comparable area rated, living cost changes and associate skill levels. Those who show particular merit and superior performance in their jobs and overall company interest, ambition and responsibility are given extra consideration.

Overall wage levels are checked annually. Comparisons are made with other employers doing similar work and having similar competitive circumstances. All factors normally used by companies to achieve a good wage policy are carefully considered.

On an annual basis, you will be required to write a self-appraisal. Your supervisor will review this with you, discuss your qualifications and may recommend adjustments in your pay rate. We consider your pay confidential and believe you should too.

Length of Service

Your date of employment is important. It will be used for many things. Your date of employment will become the date from which future associate benefits will be credited, and employment decisions based on length of service will be made.

It should be understood that you have the right to terminate your employment at any time and the Company retains a similar right.

In the event of a reduction of force expected to result in the layoff of one or more associates, the Company will make an effort to retain the best and most efficient associates. Provided that attitudes, work record, willingness, ability and vigor to do the work are substantially equal between two associates, the associate with the least length of service will be the one to be terminated.

Continuous service will be broken and credits lost when an associate resigns, retires, misses three consecutive work days without notice or reasonable excuse, fails to return to work after a call back or leave of absence as approved, is terminated or laid off and not recalled.

Overtime and Hours of Work

Your supervisor will tell you of your individual hours of work. We normally schedule five eight-hour days in each week for full-time people. Firm and unchangeable hours cannot be guaranteed; however, any changes in working schedules will be planned and associates notified as far in advance as is reasonably possible.

The work week for determination of possible overtime pay is presently the seven-day period beginning on a Monday and ending on Sunday.

If you are classified as a non-exempt associate and subject to the overtime provisions of the fair Labor Standards Act, you will be paid at the rate for the hours worked in excess of forty in accordance with the federal laws whenever you are required to work more than forty hours in any work-week.

For the purposes of calculating overtime pay, whenever scheduled holidays occur during an associate's normal work-week, the holiday hours paid will be added to the hours actually worked to determine overtime hours in excess of forty for the week. The only exception to this is when required to work on a Sunday; your pay will be at one and one-half your normal pay rate, whether or not you have worked forty hours the previous week. However, work done on a Sunday is not considered overtime if Sunday is part of the regular schedule of work for that particular associate. Time taken off for illness or vacation is not added to the hours actually worked to determine overtime hours in excess of forty hours for the week.

Leaves of Absence

Leaves of absence without pay or benefit payments, except where required by law, may be arranged for causes such as sickness, accident, personal or family necessity. Total leave is limited to 12 weeks, with the associate's available vacation time considered part of these 12 weeks. Maternity leave for the one who is pregnant is the same as in the previous sentence. Requests and approvals must be in writing, so as to avoid misunderstandings. Where any leave lasts more than thirty days, it may be necessary to fill the job. If this happens, when you are ready to return, your same or similar job for which you are qualified will be made available to you. Leaves of absence required for military service can be for longer periods. All leaves of absence shall be in accordance with applicable laws.

Rest Periods

Each associate is allowed a fifteen-minute rest period during each half day to take care of personal needs. You should arrange this with your supervisor so that necessary business activities may be maintained. Changes in your schedule may sometimes be required. You should limit your personal business during the work day to these rest periods. Two rest periods are not to be taken together and used as a lunch break.

Vacation

You will be granted paid vacation time off, in accordance with the following provision. After one year of continuous full-time employment, two weeks vacation will be allowed. After seven years employment, three weeks vacation, and after twenty years employment, four weeks vacation granted. Service is calculated from the date of employment.

Vacation time must be scheduled with the approval of your supervisor and may be taken after your first anniversary and during each calendar year that follows. Vacation time may not be carried over from year to year without management consent. Consecutive annual vacations should be separated by at least 60 days.

If paid holidays occur during your vacation period, you may extend your vacation or arrange with your supervisor to take the day(s) off later. Payment made in lieu of vacation time off will not be permitted, except in extraordinary circumstances and with the approval of management. Unused vacation time will be paid at the time of termination.

Sick Leave

In the event that your illness or injury prevents you from being on the job and performing your assignment, it is your responsibility to notify your supervisor as promptly as you can. Following your initial thirty days of full-time continuous employment, consideration of payment to non-exempt associates for hours not worked will be given based on your request for pay during absence and supervisor's approval.

If your absence from work should be longer than one month, because of illness, application under the provisions of the Long Term Disability policy should be made. Compensation for absence because of illness or injury is subject to medical verification of your disability at the Company's request. All time taken under this policy will count against leave you are entitled to under the Family and Medical Leave policy.

Family leave and Medical Leave of Absence

The federal Family and Medical leave Act (FMLA) permits certain associates who qualify to take unpaid leave for their own serious health conditions, to care for a spouse, child or parent with a serious health condition, or to care for a newborn child, a newly adopted child, or a new foster child.

You may qualify for a family and medical leave of absence if:

- You have worked for this Arnold Machinery Company for at least 12-months, and
- You have worked at least 1,250 hours for our company during the 52-week period preceding the start of your leave of absence, and

Associates who qualify may take up to 12 weeks of unpaid leave, in a 12-month rolling period, in the following situations:

- After the birth or adoption of a child,
- To care for a child , spouse, or parent who has a serious health condition, or
- When a serious health condition prevents you from performing the duties of your position with Arnold Machinery Company.

The 12-month rolling period is the 12-month period immediately prior to the request. (The rolling period changes daily. As each new day is added...a day from 12 months ago is dropped off.)

A “serious health condition” is defined as an illness, injury, impairment, or physical or mental condition that involves:

- Inpatient care in a hospital, hospice, or residential medical care facility, or
- Continuing treatment by a health care provider

In some instances, the company may require or you may elect to use your paid sick leave, paid vacation, and paid personal leave for the leave under this policy. A paid time off benefit used during FMLA is provided in the same manner and under the same conditions as it is when used separate from FMLA.

Holidays

A full-time associate who is actively employed and meets the standards outlined in this section will normally get a day off without loss of straight-time pay if any of the holidays falls on a regular work day. If the holiday falls on a non-work day for the associate, an alternate day off will be arranged. A list of holidays will be provided at the beginning of each calendar year. All full-time associates who have completed thirty or more days of continuous employment will receive eight hours straight-time pay for holiday, provided they are on vacation or have been specifically excused in advance from such work. A floating holiday is given after six months of employment and you may choose the day and schedule it with your manager. No holidays are carried over.

Jury Duty Leave

If you are a full-time associate and are subpoenaed to serve on a jury, the Company will pay the difference between your straight-time pay and your jury duty pay up to a maximum of two weeks, provided you promptly return to work as soon as relieved from jury service.

Time Off for Funerals

You may have necessary time off to make funeral arrangements and to attend the funeral of a spouse, child, parent, parent-in-law, grandparent, brother or sister. Up to three days straight-time pay is allowed for full-time associates if those days are needed, unless you happen to be on vacation or a leave of absence at the time.

BENEFITS

Medical and Hospital Insurance

All full-time associates and their dependents can have the protection of a comprehensive group medical insurance plan. This protection is available upon proper and timely application after approximately one month of employment. The program also provides comprehensive coverage for unusual problems up to a lifetime benefit of one million dollars maximum. You should seriously consider participating in this program unless you have other adequate protection. Complete details are given in a separate booklet, which you may obtain from the human resources department.

Additional coverage to assist you with the cost of dental care is optionally available to you on a shared cost basis.

You must apply for insurance before you will have coverage. In order to ensure eligibility, prompt application should be made immediately when you are hired. To ensure coverage of new dependents, you should promptly notify the human resources department in writing of any life changes including marriage, divorce, births, death, or loss of insurance with a separate company.

Arnold Machinery Company has a "Cafeteria" plan which allows you to pay for medical expenses with pre-tax dollars.

Insurance during Absence

In the event of a leave of absence or a temporary lay-off that qualifies under The Family and Medical Leave Act of 1993, your insurance will remain in force through the eligible time period. The associate share of the premiums will be required to be paid by you each month in advance in order to qualify for coverage.

Insurance upon Termination

Federal regulations affect the requirements in connection with health insurance upon termination. All terminated associates are eligible for insurance benefits under the Cobra rules. The entire insurance premium (both the company share and the associate share) plus a 2% handling fee is required to be paid by you each month in advance in order to qualify for coverage. Please check with the human resources department regarding your rights for health insurance upon termination.

Group Life Insurance

Through a group program, life insurance policies are provided for all full-time associates. All premiums are paid by the Company. Coverage is effective the first day of the month following date of employment if you start before the twenty-fifth of the month, or the first day of the month following thirty days of employment if you start after the twenty-fifth of the month. You must apply for this insurance in order for it to be in force. This is term insurance, providing family protection during your working years. The policy is terminated if you discontinue your employment.

Accidental Death and Dismemberment Insurance

Accidental death or dismemberment insurance is available to any associate and also for your spouse and children. Insurance is obtained at the associate's own expense, but at special group rates. Policies can be written in amounts up to \$250,000 in multiples of \$10,000. Premium payments will be made by the Company and deducted from your paycheck. New applications for accidental death and dismemberment insurance or changes in coverage amounts may be made the first of April and the first of October each year. Rate schedules are available upon request.

Short & Long-term Disability

Coping with an injury or illness is difficult enough without worrying about lost pay. That's why Arnold Machinery offers you the opportunity to regain part of your pay for non-work related injury and illness while you are unable to work. Short-term disability insurance provides income should you be unable to work for more than 30 calendar days. Claim forms must be requested from your Human Resource office. **Arnold pays the premium for this benefit.**

During the first month of a qualifying disability, the Company may continue to pay your full straight-time pay. Beyond this period, benefits are based upon the insurance plan in effect. Benefits under the short term plan begin after one month of proven disability and provide 60% of the first \$833 regular Company income to a maximum of \$500 per week.

Long Term Disability Insurance replaces a percentage of your income on a monthly basis in the event you are unable to work due to an accident or illness. Long-term benefits begin 180 days after disability. The long-term insurance provides 60% of the first \$11,667 of your regular

Pre-disability Earnings, reduced by Deductible Income. Please see the Summary Plan Descriptions or the Human Resource Department for more information.

Long Term Care Insurance

Long-term care insurance (LTCi) picks up most, if not all, of the expenses associated with skilled and custodial care for people who can be cared for in their own homes, in adult daycare centers, in assisted living facilities and/or who require skilled care in a nursing home environment. It is typically inclusive of prescribed diagnostic, preventive, therapeutic and rehabilitative services for patients who are chronically ill and/or who have a severe cognitive impairment, such as Alzheimer's disease.²

Prudential Insurance Company has teamed with Arnold to bring our associates LTCi at a discounted price. This insurance helps protect your freedom of choice. You can remain in control over where you are going to receive long-term care—whether it is in your own home, an assisted living/residential care facility or a nursing home.

Retirement Plans

Making plans for the future, including economic plans for your retirement, is a worthwhile thing to do. The benefits you can accumulate, as a long-term associate of the Company should be part of those plans. The federal Social Security program, to which payments are made by both you and the Company, will provide protection and benefits to you and your dependents according to law. Additionally, the Company provides retirement benefits by contributions out of Company profits to established plans such as the Profit Sharing Trust, the Employee Stock Ownership Trust and 401-K plan. These plans are subject to government regulation and are somewhat complex; however, summaries and the detailed plans are available. All plans are managed by associate committees appointed by the Board of Directors. You will receive periodic notification regarding the value of your accounts.

Flexible Spending Account Plan

A cafeteria plan (I.R.C. SEC. 125 or Flexible Spending Account) allows associates to reuse their salaries by a pre-determined amount for the following purposes:

- day care expenses for eligible dependent as necessary due to employment,
- associates contributions for Medical, Dental, Vision, Group term life, AD&D, Prepaid legal, Disability Income, and
- associates health expenses not covered under the employer's benefit program (deductibles, co-insurance, etc.)

Advantages to participants include generating tax savings and reducing their salaries which allows the payment of certain medical expenses with pretax dollars. Please find the cafeteria plan sign-up within the New Associate Packet or call Human Resources for a copy.

Credit Union

Associates of Arnold Machinery Company may qualify for membership in the Hercules Credit Union. An initial deposit and minimum balance of \$50 is required. Savings programs based on payroll deduction may be arranged or individual deposits may be made. Interest is earned on the share amounts. The Credit Union may also provide a convenient source of loans available to members.

Savings Bonds

You may purchase United States Savings Bonds through a payroll deduction program. If you are interested in this, please contact the human resources department.

Meal Allowance

When associates are required to attend meetings or work overtime extending beyond the normal dinner hour, allowance will be made to cover reasonable expense for the meal. Associates attending civic luncheons on behalf of the Company will also be reimbursed for the cost of the meal.

Associate Purchases

Inventory items may be offered, or you may request to buy items at a special associate discount for personal use. This includes use by the associate or an immediate family member only.

A further privilege of allowing the use of a Company purchase order to another supplier for the special purchase by an associate is subject to strict provisions. You must get authorization from your supervisor for the purchase before obtaining the purchase order. You must pay cash for the purchase to the vendor at the time the merchandise is received.

Any exceptions to this policy must be made with your supervisor and the Company Treasurer before the purchase is made.

Use of Company Vehicles

Prior to employment, the Company or its insurance company may do a Motor Vehicle Report (MVR) check on any associate that will be assigned a company vehicle. MVR checks may also be done by the Company or its insurance company in the case of suspicion or an accident. Because virtually all associates may drive a company vehicle on company business, the Company's insurance company does frequent MVR checks on associate assigned a company vehicle. If the insurance company determines that an associate is uninsurable then that associate will no longer be allowed to drive a company vehicle or his/her own vehicle on company business.

The associate may hold a current valid driver's license and still not be allowed to drive a company vehicle because of his/her driving record. If driving is a requirement of your job, such as field service or salesperson, then this will be grounds for termination.

Under no circumstances may an associate under the age of 18 years old drive a company vehicle. Associates assigned a company vehicle are required to report any moving vehicle violation incurred by the associate within 72 hours of the violation. Failure to report timely will be grounds for termination.

It is expected that all associates operating company vehicles will obey traffic regulations and any fines or penalties assessed for violations are considered as a personal expense. Any motor vehicle violation involving alcohol or use of an illegal substance will necessitate immediate termination of Company vehicle privileges.

The Company strongly discourages eating or talking on cellular phones while driving. If you receive a call on your cellular phone or have to place a call while driving, pull off to the side of the road if safely possible, and complete the call.

MVR checks are done by the Company's insurance carriers on an annual basis and by Arnold Machinery Company in case of reasonable suspicion.

Company vehicles are not to be used for personal use except to drive to and from work. They are for the express use of authorized company associates and authorized passengers. Authorized passengers would be considered Arnold Machinery associates and those people with whom we are doing business. The company vehicles are not to be used by family members or unauthorized associates.

Part Time Associates

The only part-time associates that are eligible for benefits are those hired with the intent to be employed long-term. Part-time associates hired for a specific short-term project do not qualify for any benefits.

The only benefits that part-time associates are entitled to are pay for sick, vacation and holiday. Those benefits will be prorated and follow the rules defined elsewhere in the handbook.

Any associate who works more than 1000 hours in a fiscal year will automatically be enrolled in the retirement programs.

Full time is defined as being hired to perform 32 hours or more work per week.

Tuition Reimbursement

The Company will pay one third of the cost of your education (includes books and tuition) at time of enrollment and one third upon a satisfactory completion of the course. Satisfactory is considered to be a "C" or better grade.

Contact your supervisor for the details if you are interested.

Personal Protective Equipment

When the nature of certain jobs indicates the need for some form of personal protective equipment other than the approved safety shoes, it will be provided by the Company, and you should use it properly. Policy also provides for a partial reimbursement to the associates for the cost of approved safety shoes and safety glasses. The partial reimbursement offered for safety glasses is \$40.00 and the partial reimbursement offered for safety shoes is \$50.00. The \$50.00 may only be obtained if the associate uses an approved company vendor and/or product. The current approved company is Iron Age.

Bonuses

R.O.A. & DISCRETIONARY BONUSES are most likely the favorite benefit that Arnold offers! The Discretionary Bonus is given when we have a good year and the amount given is determined at the Chairman of the Boards' "discretion". The Return on Assets (R.O.A.) bonus is dependent upon a Net Income versus Assets goal set before the year starts. To be eligible for either bonus, one has to have been employed by Arnold for the entire fiscal year. One also has to be employed with Arnold when the bonuses are paid out. It is doubtful that you will find another company that pays its associates so much of its profits!

Other Benefits

UNEMPLOYMENT INSURANCE taxes based on your pay are paid by the Company to provide partial income replacement for you in the event you are laid off or terminated through no fault of your own, such as a reduction of force. If you quit work without cause or are terminated for personal misconduct or something similar you may be disqualified for unemployment benefits.

SOCIAL SECURITY costs are one half paid for by the Company and one half through deductions from your pay. In addition to providing some retirement income, the program helps your dependents in the event of your death and provides help with medical bills after retirement. It is imperative that you provide the Company with a form W4 indicating your correct social security number before you start work.

WORKERS COMPENSATION INSURANCE is provided. This protects you if you are injured on the job or incur job-related illness. The total cost of this insurance is paid by the Company. Benefits include payment of medical and hospital bills and partial income replacement if you are

off work for any physical impairment. This applies to any on-the-job injury subject to Workmen's Compensation, regardless of the length of employment.

POLICIES & OTHER

Orderly Process for Solving Problems

Your work will always involve other people, rules, and procedures. There may be problems you think can be avoided or things which may be made better. You may have suggestions you would like to have considered. Provided you participate in a responsible way, you can have a review of any such matter by someone in management; the manager will listen and try to satisfy your suggestion. Your supervisor is responsible to try to see that this review is effective. First explain briefly the subject that you want to discuss. The supervisor will then set a time when the two of you can go over this together, without interruption or distraction. At that time do your best to make sure your position is understood. If you don't think your supervisor understands, say so; make it clear. Try to avoid argument, ill-will, or animosity. Most often, this private discussion will lead to reasonable satisfaction. Your supervisor is expected, as a part of his or her job, to try to confirm your satisfaction or arrange for you to review the matter further with someone else. You should be asked if you want further review. If your supervisor does not ask this, you should request further review. Your supervisor will then arrange an appointment for you to discuss the matter with other management personnel.

The important thing for you to know is that you have a way to review problems, suggestions, and personal difficulties with people in the company who are interested, and are the ones in the organization best able to help you.

If you want or need help in any of these procedures, your immediate supervisor is responsible for trying to see that you get the help you need.

If you feel the matter was not handled in the problem-solving or question answering spirit of this procedure, go directly to the person who makes the appointments or arranges the schedule of the top manager at your location. Ask that a review be arranged.

This procedure is set up as an open channel to improve communication. Don't hesitate to use it. It is our intention that no associate is to be retaliated against for using it. If you ever feel that has happened, let us know and we will do our best to get things corrected.

Another method of discussing concerns with the Company is to bring them to your annual luncheon meeting. Once a year, the President of the Company has a luncheon meeting with all of the associates. There are 15-20 associates in attendance at each of these meetings, and they are allowed and encouraged to discuss any subject that pertains to the Company.

Review of Discipline

We like to avoid discipline. Where we believe improvement or change in personal performance or attitude might make it so your employment could be continued, a supervisor will talk with you in private. You and the supervisor should try to solve the problem and agree on what is to happen in the future. If agreement cannot be reached, ask your supervisor to make an appointment for you to discuss this with a person in management who will also try to work it out by reaching agreement with you.

If agreement still cannot be made so as to correct the problem and avoid recurrence, or if there have been repeated problems, or if there are serious offenses such as dishonesty, willful and deliberate insubordination, threats of bodily harm, fighting, conduct that could cause costly damage, use or possession of alcohol or illegal drugs or substances, then suspension or dismissal will be deemed final and acceptable to you.

"See ""ORDERLY PROCESS FOR SOLVING PROBLEMS"" for further method of review of disputes.

No Discrimination

We believe in equality and that every qualified person has the same opportunity for hire, assignment and advancement without regard for race, color, religion, gender, national origin, age, veteran status, sexual orientation, disability, or marital status as these are defined by law. We believe in the inherent dignity of the individual; that without exception everybody is entitled to courtesy, fairness and respect and all associates are expected to work in harmony with others. Any reference to "he" or "she" or "associate" in this handbook is intended to apply equally to males and females alike.

Consistent with this philosophy it is a violation of Company policy to subject any associate to unfair treatment in any way. Rules and guidelines are to be enforced and administered evenly toward all associates. The Company will not tolerate violations of this policy. Associates who violate this Policy will be disciplined or discharged. Please report any deviation of this policy to an appropriate supervisory person.

Anti Harassment Policy

I. Equal Opportunity

We are proud of our tradition of maintaining a work environment in which all individuals are treated with respect and dignity. We believe that each associate has the right to work in an environment free from all forms of unlawful discrimination. Accordingly, the Company is committed to treating all associates fairly and without regard to race, color, sex, sexual orientation, religion, national origin, age, disability, veteran or marital status or any other basis protected by local, state, or federal law.

If you have any question regarding equal employment opportunity at the Company, or if you believe this policy may have been violated, you are strongly encouraged to contact your supervisor and member of the Company's management team or the Company President. Any associate found to have engaged in any type of lawful discrimination will be subject to disciplinary action, up to and including termination of employment.

II. Anti-Harassment Policy

A. Definition of Harassment

Harassment is a form of misconduct that undermines the integrity of the employment relationship. It is inconsistent with our Company's values and it may also be illegal.

1. Creates an intimidation, hostile or offensive working environment; or
2. Has the purpose or effect of unreasonably interfering with an individual's work performance or otherwise adversely affects an individual's employment opportunities.

The company also prohibits general workplace harassment even if the harassment is unrelated to a legally protected status. General workplace harassment is offensive treatment or behavior which to a reasonable person creates an intimidating, hostile or offensive work environment. Examples can include but are not limited to: Verbal or physical behavior which is derogatory, abusive, bullying or threatening; disrespectful behavior; or ridiculing or undermining an individual with vindictive or humiliating words or acts.

With respect to sexual harassment, the following conduct is strictly prohibited:

1. Unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when:
 - a. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; or
 - b. Submission to , or rejection of such conduct by an individual is used as a basis for employment decisions;

Unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature which has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Examples of sexual harassment include, but are not limited to:

Demeaning and/or derogatory conduct related to one's gender;

Demeaning behavior, staring, pinching, touching and other physical conduct, or blocking the movements of another person;

Unwelcome sexual comments, innuendos, jokes, abusive personal remarks, etc.;

Sexually explicit displays or distribution of pictures, materials or objects in the work area;

Offering or implying a reward or threat concerning work assignments, performance reviews, discipline, promotions or other terms or conditions of employment in exchange for sexual favors;

Unwelcome amorous advances or propositions, physical conduct or obscene gestures;

Obscene letters, phone calls, emails, or unwelcome words or comments with sexual or other discriminatory meanings;

Unwelcome requests for sexual favors or repeated social contact; or sexual assault or other unwelcome sexual contact.

Responsibilities of Supervisors and Managers

Supervisors and managers, through their actions, are expected to assist the Company in implementing this policy by:

Modeling appropriate behavior by his or her own conduct;

Encouraging associates to report any incidents of harassment and/or discrimination;

Taking remedial measures to stop harassing behavior whenever reported or observed;

Notifying appropriate members of the Company's management team of allegations or incidents of discrimination or harassment in the workplace; and

Ensuring that retaliatory behavior is not allowed

Reporting Discrimination or Harassment

If you feel you are being harassed by another associate or a customer, supplier or any other person with whom the company is conducting business, you are strongly encouraged to notify your supervisor, any member of the Company's management team, the Human Resource Director or the Company President. In addition, any associate who observes such conduct should immediately report it to his or her supervisor or a member of the Company's management team. Any complaints or reports of harassment will be investigated promptly, impartially and in as confidential manner as possible. Any associate found, after appropriated investigation, to have engaged in harassment of

another associate will be subject to appropriate disciplinary action up to and including termination.

Protection against Retaliation

The Company also prohibits retaliation against any associate who complains of harassment or discrimination, provides information related to such complaints or opposes harassing and/or discriminatory behavior. Retaliation is considered as serious as prohibited discrimination or harassment. Accordingly, individuals found to have engaged in acts of retaliation will be subject to immediate and appropriated disciplinary action up to and including dismissal.

Examples of retaliation can include but are not limited to negative actions such as poor performance evaluations, changes in job duties, or other negative employment decisions, laughing at, ignoring or failing to take seriously reports/complaints of discrimination or harassment, or continuing/escalating harassing behavior after the associate objects.

Sexual Harassment

"Sexual harassment" has no place at work. It is against company policy and a violation of Federal law. It must be avoided and will not be tolerated by this Company. Unwelcome sexual advances, requests for sexual favors, and any verbal or physical conduct or material of a sexual nature is sexual harassment when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment or is used as the basis for employment decisions affecting an individual; or
2. The action has the purpose or the effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

The Company will not tolerate any such conduct. Associates who violate the Policy will be disciplined or terminated. Any associate who experiences harassment or who witnesses harassment of another associate should promptly report the incident to management, so the incident may be fairly investigated and any prompt remedial action needed may be taken.

We encourage associates to report incidents directly to their immediate supervisor, but any associate who is concerned or apprehensive may instead report any incidents to the manager of their division. There is to be no retaliation against any associate who reports a complaint or who provides a witness statement during its investigation. Reports of alleged harassment will be treated as confidentially as possible. No associate will be discriminated against for lodging a complaint with management under this policy.

Our Substance Abuse Policy

People at this Company want a safe and healthy place to work. Our policy is in two parts: A. Illegal drugs are wrong. There is no place here for them or the people who use or traffic them. If a person "does" drugs, we do **NOT** want that person to work here. B. Associates are obligated to manage their use and possession of alcohol or legal drugs off the job consistent with the effective performance of their job requirements and our Rules of Conduct.

Job applicants will be asked to take a standard medically approved substance abuse screening examination as part of any pre-employment physical exam. An applicant who refuses

to take a drug test if asked or takes one and fails will not be eligible for employment, barring satisfactory explanation or special circumstance.

If there is a job-related accident involving damage or injury, the involved associate(s) are required to submit to a medically-approved drug screening test in compliance with Company policy, applicable law, or regulation. A supervisor may request an associate to take a medically approved drug screening test if there is reason to suspect the associate may be "under the influence." Any periodic physical or licensing examinations may include similar screening tests. All required testing will be performed at a Company approved facility and at Company expense. If our customers demand our associates to take drug tests, we expect them to cooperate. Associate cooperation in all investigations and testing is voluntary, but is expected. Refusal or failure to cooperate will result in suspension of employment and pay pending explanation or termination. Possession of an illegal substance on Company property or while at work is grounds for immediate termination. Company-owned storage facilities, vehicles, desks and associate lockers are subject to inspection if deemed necessary.

Tests for drugs and alcohol will consist of the following:

A. Controlled Substances- Associates will be considered to have tested positive when the Company receives a confirmed positive test indicating the presence of controlled substances above the cutoff limits:

DRUG	SCREENING CUTOFF
Marijuana metabolite	50 ng/ml
Amphetamines	1000 ng/ml
Cocaine metabolite	300 ng/ml
Opiates (codeine, morphine)	300 ng/ml
Phencyclidine	300 ng/ml
Benzodiazepines	300 ng/ml
Barbiturates	300 ng/ml
Propoxyphene	300 ng/ml
Methadone	300 ng/ml
Methaqualone	300 ng/ml

B. Alcohol. All associates will be considered to have tested positive for alcohol when the Company receives a positive breathalyzer test indicating the presence of alcohol in the body at or exceeding .04% or exceeding the limit prescribed by applicable state law, regarding driving under the influence of alcohol.

C. Prescription Drugs. "Illegal drug" means any drug which is not legally obtained, which is not legally obtainable in our state, which is not lawfully prescribed for us, or which is not being used for a lawfully prescribed purpose. For example, if another member of your household offers you their prescription drugs, these would be considered illegal drugs.

Rules of Conduct

People of good sense want to live and work in orderly ways. Commonly accepted standards of conduct help maintain good relationships at work, and promote both responsibility and self-development. You avoid misunderstandings, friction, and other problems by avoiding thoughtless or wrongful acts, such as the following (this list is not all-inclusive, it lists only examples):

1. Dishonesty or falsification in any form or degree.

2. Damage, loss or destruction of company, associate, or customer property due to willful or careless acts.
3. Unauthorized possession, removal or use of property belonging to the Company, customers or other associates.
4. Being under the influence of, or possession or using alcohol or illegal drugs during work time.
5. Loafing or sleeping on the job, failure to perform work. Inefficient performance, incompetence or neglect of work.
6. Refusal to perform work as directed (insubordination).
7. Negligence in observing fire prevention or safety regulations.
8. Unexcused or excessive absence or tardiness.
9. Unwillingness or inability to work in harmony with others, discourtesy, conduct creating disharmony, irritation or friction.
10. Fighting, gambling, horseplay or using profane, obscene or abusive language while at work; threatening, intimidating or coercing others on company premises or carrying unauthorized weapons.
11. Soliciting or selling on company premises, except when all concerned are relieved from duty.
12. Violation of any other commonly accepted reasonable rule of responsible personal conduct.

For minor offenses with minor consequences, an associate will be expected to agree to improve behavior. This may afterwards be recorded as a warning record for future reference. Suspension or discharge will result from major offenses, those with serious or costly consequences, or for habitual or repeated minor offenses of minor consequences, which show a lack of responsible effort to correct deficiencies. The purpose of discipline that might be needed is to preserve good conditions for other associates and to encourage each one to be a responsible and good person. However, neither you nor the company is working under a contract of employment. Employment is voluntary for both you and the Company. Nothing should be misconstrued as a guarantee of employment or granting an associate a vested interest or a guaranteed right to a job. Having a job is a privilege extended voluntarily to you by the Company and accepted by you on that same basis. You have the right to terminate your employment at anytime for any reason, and the Company reserves that same right for itself.

Termination

Your employment here is entirely voluntary. You have the right to terminate your employment whenever you choose, for any reason or for no reason at all. The Company reserves that same right for itself. No one but the Company President has the authority to take any employment arrangement or commitment to the contrary.

Safety

The importance of safety and accident avoidance is recognized throughout our Company. All associates, especially those in the service and warehouse areas, should be aware of the potentially hazardous exposures and should practice safe methods of handling materials and operating equipment.

You are requested to report promptly any unsafe condition to your supervisor. If you should be injured on the job, you must notify your supervisor as soon as practicable.

However, only the associates can make this a truly safe place to work. The job is only as safe as those doing the work. Observance of posted safety rules and use of safety devices and

protective equipment as instructed by the Company are a condition of employment.

Safety is no accident; it begins with you.

Personal Appearance & Demeanor

An associate's use of discretion in style of dress and behavior is essential to the productive and efficient operation of the workplace. Therefore, while performing duties for the Company, you will dress in attire appropriate to the business environment, and you will behave in a professional and businesslike manner.

Associates must wear work clothes or uniforms that are clean, neat and in good repair so that your clothing does not create a safety hazard for you. All associates need to wear safety glasses when entering or working in any shop areas. Technicians are required to wear safety shoes when working. They also need to be conscious of jewelry and other loose personal items that might be caught in machinery.

At no time will associates wear clothing or groom themselves in such a way that they appear dirty, ragged, or sexually provocative. Sexually provocative clothing such as tight, torn or revealing pants, shirts and blouses are not acceptable. And at no time will associates wear clothing that is imprinted with illustrations or messages that are or may be insulting, demeaning, harassing or offensive to co-workers, customers or the public.

Associates failing to comply with these standards of dress and appearance are subject to disciplinary action, which may include termination. Associates desiring to wear clothing different from the guidelines in this policy may do so for religious or health reasons which are explained to, and approved by, their Manager or the President of the Company.

Light Work Duty Policy

Arnold Machinery Company has determined that light duty work can be made available on a limited basis. The rules are to be followed exactly:

- Each case will be decided on its own merit.
- In order to be eligible for light duty work an associate must currently be on workers compensation as a result of a job related injury.
- Our workers compensation carrier must approve the light duty work and agree to participate in the cost of the work.
- Arnold Machinery Company must have legitimate light duty work that the associate is qualified and able to perform.

- The term of the light duty work must be defined in advance and not run longer than 30 days.
- The amount of pay will be equal to the rate paid by the workmen's compensation carrier while an associate is not working.
- All payments by the workmen's compensation carrier are to be sent to the human resources department for processing before being cashed.
- Final approval for all light duty work must be given by the Company President.

Job -Related Training

The Company has a plan, which you may use to receive partial reimbursement for the cost of job-related training and education. To qualify for any reimbursement for education you must have been employed full time for at least one year. The class must be approved by your supervisor and have some relationship to your current job for which you are preparing within the Company. The Company will pay one third of the cost of your education (includes books and

tuition) at time of enrollment and one third upon a satisfactory completion of the course. Satisfactory is considered to be a "C" or better grade. Contact your supervisor for the details if you are interested.

United Way

Believing that those of us who benefit from our American Free Enterprise System should take a lead in the voluntary service to the less fortunate, the Company has always strongly supported the United Way. We urge you to do likewise and we provide a payroll deduction plan for you to use to help with your budgeting. You may arrange for your contribution when you have your initial orientation interview or during the annual United Way pledge campaign.

Company Donation Guideline

Because there are so many worthy donation opportunities available, Arnold Machinery Company has determined that it can't possibly support them all. Accordingly, the company has determined to make a substantial donation annually to the United Way. Donations are made to the local United Way organization in each city that has an organization and an Arnold branch.

All other donations must have the approval of your division president in advance. Donation commitments made without advance approval will not be honored and the associate making the commitment will be expected to reimburse the company for any donation made.

Any questions about this guideline should be directed to Kayden Bell. You are also welcome to direct any solicitations for donation to Kayden Bell.

Gift Giving

You should not solicit associates for contributions to make gifts to other associates; however, this does not prohibit individuals or groups who spontaneously wish to join in giving a gift to someone leaving the company or for some other reason.

On behalf of the Company and of all associates, flowers or other recognition is sent to associates or their families during long illness or hospitalization. Please let us know of any circumstances that deserve this so that they will not be neglected.

ENVIRONMENT

Buildings

Our buildings are the culmination of a long-time dream and much planning. They are some of the finest machinery dealer facilities in the country and a monument to the good efforts of everyone in the Arnold Machinery family.

In designing the buildings, great consideration was given to their efficiency and convenience, and to the comfort of those who work there. Each of us shares in the responsibility to keep our facilities clean and neat so that they will not only look nice, but will be more efficient and pleasant places for us to work. Neatness contributes materially toward effectiveness of our work and the confidence of our customers in our company.

Constant attention should be given to maintaining high safety standards. A casual attitude toward a neat, efficient department can contribute to accidents. It is important that we all do our part to keep our buildings and areas looking nice, maintaining pleasant conditions in which to work, and putting our best foot forward of our customers.

Lunch Rooms

Space is provided in most of our facilities for your use during lunch or break periods, At Salt Lake, a light lunch is available and beverages can usually be obtained. These areas are provided for your use and you are encouraged to make use of them.

Parking

All locations of the Company have specific areas designated for associate parking. There are also designated parking places at all Company facilities that are reserved for customers, visitors and for short-duration business parking. Please observe parking regulations.

Postage Attainment

The mail room associates are not permitted to place postage on personal mail nor to sell postage. You may purchase stamps in the human resources office.

Smoking Policy

In keeping with the Indoor Clean Air Act adopted by several states, Arnold Machinery Company has established the following smoking policy.

Smoking is not allowed inside any building owned or leased by Arnold Machinery Company. That includes but is not limited to any smoking in any offices, conference rooms, bathrooms, dining facilities, parts warehouses and shop facilities.

Additionally, smoking is not allowed within 25 feet of any entrance-way, exit, open window, or air intake of any building owned or leased by Arnold Machinery Company. Ashtrays may be placed near entrances for convenience only and the area around them is not a smoking area.

When smoking, please be sure to be in a designated area within a building or well away from the entrances to the building.

Solicitations

The collection of donations or pledges in the work place is allowed only with specific prior management approval.

Use of the Telephone

Our telephone lines are required for business use and should not be used for visiting or social calls. Please limit their use for personal business to occasional brief calls.

Notice of Revision

This Associate Handbook is a revised version of any previous Associate Handbook issued by Arnold Machinery Company.

This Handbook supersedes and revokes all prior versions of a Handbook or any memo, bulletin, policy or procedure, on any subject discussed in this Handbook that has been issued prior to the date occurring below.

This revised associate Handbook is effective October 17, 2007.

Conclusion

We hope the information outlined in this booklet will be helpful to all associates. As you can see, you are entitled to many benefits that have been established over the years and also have many responsibilities as a member of this group.

We hope that you are happy here and that you find Arnold Machinery Company to be a good place in which to work. A job of any kind can be meaningful and satisfying if you make it so by bringing a good and cheerful attitude to work and by showing your willingness to do your part. YOU benefit the most if you try to increase good will, good spirits, efficiency, and self-responsibility on your job. There are many things you can do to improve things within the

Company. A few of these are:

Always be fair and honest
Exchange ideas for the good of the Company.
Treat other associates with courtesy and respect.
Cooperate and communicate with your fellow associates.
Practice safety at all times.
Foster the spirit of teamwork.

We are a sales organization that provides products and services to other people-our customers. How well we serve them determines our degree of success.

It takes the constant best effort from each individual in the Company to produce the team that can out-distance the competition and give us all our share of security, happiness and prosperity.

What is Silver Service®?

It's an attitude.
It's a commitment.
It's what distinguishes us from competitors.
It's the reason we are in business today.

You see, ours is a very competitive marketplace. To survive in it, to flourish and grow in it, we have had to keep these basic truths firmly in mind:

1. That our success depends on our customer's conviction that he or she will receive better service from us than from our competitor;
2. That no machine is more reliable than the people who stand behind it;
3. That a customer unsatisfied for any reason will soon become someone else's customer.

As a result, we have dedicated ourselves to an ideal of superior customer service. We have promised our customers something we have come to call Silver Service®. It is a promise to focus the efforts of every Arnold Machinery associate on the goal of complete customer satisfaction.

That sort of promise is more often made than kept, and some of our first talks about Silver Service® were skeptically received. But hard work and promises kept have turned skeptics into believers and better service has brought better business. Our Future has never been brighter and Silver Service® is the reason. But in the final analysis, Silver Service® is more than a guarantee of what our customers can expect from us. It is a reminder of what we must always expect from ourselves.

**Service is our only business and:
CUSTOMER SATISFACTION IS OUR ONLY POLICY®**