



Employee Handbook

WELCOME TO ARROWHEAD TRANSFER, INC.

I would like to take this opportunity to welcome you to Arrowhead Transfer, Inc. We hope your new job will live up to your expectations and your stay with us will be a rewarding one. If you have been working for us, I wish to express my sincere appreciation for your valued service.

We are pleased to provide you with your Employee Handbook which outlines the personnel policies and practices in effect at Arrowhead Transfer, Inc. It is not a contract of employment. It should not be construed as a promise of specific treatment in specific situations. I'm sure the handbook will be a helpful reference during your association with our company. Also, we encourage you to freely ask questions of your supervisors and co-workers. By doing so, you will learn your job more quickly.

Early in your employment with us, you will realize that we have set very high standards for you. These are necessary if we are to sustain our growth and achievement in a highly competitive industry.

By working together in this way, I am confident that the future will be both productive and prosperous for all of us.

Sincerely,

Gordon S. Harang
President

I. AN INTRODUCTION

This handbook has been prepared to introduce you to our company. It will acquaint you with the policies, rules, pay and benefits which apply to all employees at Arrowhead Transfer, Inc.

The information contained in this handbook applies to all employees of Arrowhead Transfer, Inc. except officers of the company. It is presented as a matter of information only and its contents should not be interpreted as a contract between the company and any of its employees. Nor should this handbook be construed as a promise of specific treatment in specific situations.

Please read this handbook carefully and keep it handy for future reference. This handbook is only a summary of our policies, however, please review it with your supervisor or the Human Resources Manager if you have any questions.

Changes in Policy

Since our business is constantly changing, we expressly reserve the right to change any of our policies, including those covered here, at any time. Normally, we will notify you of these changes by posting them on the bulletin board or by other appropriate means. Changes will be effective on dates determined by the company and you may not rely on policies that have been superseded. No supervisor or manager other than the President of the company has any authority to alter the foregoing.

If you are uncertain about any policy or procedure, please check with your supervisor and/or the human resources manager.

Employment Relationship

YOUR EMPLOYMENT WITH THE COMPANY IS "AT-WILL" AND ENTERED INTO VOLUNTARILY. YOU ARE FREE TO RESIGN AT ANY TIME, FOR ANY REASON, WITH OR WITHOUT NOTICE. SIMILARLY, THE COMPANY IS FREE TO CONCLUDE THE EMPLOYMENT RELATIONSHIP AT ANY TIME, FOR ANY REASON, WITH OR WITHOUT NOTICE.

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This employee handbook supersedes all previous employee handbooks and management memos which may have been issued on subjects covered herein.

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ARROWHEAD TRANSFER'S MISSION

TO PROVIDE SOUTHEAST ALASKA WITH TRANSPORTATION AND TRANSPORTATION RELATED SERVICES THAT MEET OR EXCEED OUR CUSTOMERS NEEDS AND EXPECTATIONS.

- TO BECOME THE BENCHMARK IN QUALITY OF SERVICE BY WHICH ALL OUR COMPETITORS ARE JUDGED.
- TO ENHANCE OUR EMPLOYEES, OUR CUSTOMERS, AND OUR COMMUNITY.
- TO DO SO RESPONSIBLY, PROFITABLY, AND WITHOUT COMPROMISE.

II. EMPLOYMENT POLICIES

Equal Opportunity

Arrowhead Transfer, Inc. maintains a policy of nondiscrimination with employees and applicants for employment. No aspect of employment will be influenced in any manner by race, color, religion, sex, age, national origin, physical or mental disability, or any other basis prohibited by statute. Further, the company reasonably accommodates persons with mental or physical disabilities as long as the accommodation doesn't cause the company undue hardship.

Personnel Records

Important events in each employee's history with the company will be recorded and kept in the employee's personnel file. Change of status records, commendations, corrective action warnings and educational attainment records are examples of records maintained.

Your personnel file is available for your inspection in accordance with Alaska law. Contact your supervisor or the Human Resources Manager.

You are responsible for notifying the Human Resources Manager of changes in address, telephone number, and/or family status (births, marriage, death, divorce, legal separation, etc.), as income tax status and group insurance may be affected by these changes. This responsibility includes employees on lay-off status and leaves of absence.

Work Week: Time Records

The standard full-time work week is comprised of 40 hours of work in a seven (7) day period commencing at 00:01 a.m. Monday and ending at midnight the following Sunday. Lunch and rest periods will be scheduled by your supervisor so that staff will be available to provide customers with full and continuous services during office hours. You are required to be available and ready to work when the work day begins. Repeated tardiness will be subject to disciplinary action.

From time to time, your supervisor may need to change your schedule to meet scheduling or other needs. We will try to give you advanced notice of such changes.

Your timecard is a legal record of the hours you are at work and your paycheck is based on the time recorded on your timecard. Each employee is responsible for clocking in and out on his/her timecard. Punch in no more than 7 minutes early; punch out no more than 7 minutes after the end of your scheduled workday. Any addition, correction or change on your timecard must be made by your supervisor or Port Manager. Employee ID Badges are the property of the company and must remain in the ID Badge racks by the time clocks.

If you must leave work early for any reason, notify your supervisor. (See Attendance Standards and Absence Without Notice, Page 36.)

Rest Periods

Employees are entitled to two rest periods of fifteen (15) minutes each in each working day. Employees who work a full half-shift of at least four (4) hours shall be entitled to one fifteen (15) minute rest period. Rest periods shall be taken approximately in the middle of the applicable four hour work period. Rest periods shall be computed as time worked. Rest periods not taken may not be accrued. An employee may not report for work late or leave early in lieu of a break not taken.

Lunch Periods

The standard time allowed for lunch will be 60 minutes. You must get your supervisor's approval before taking a longer lunch period. Due to our work load, your supervisor may ask you to take a shortened lunch period. Time taken for lunch is not a part of the paid work day.

Lunch Rooms

Arrowhead Transfer, Inc. provides lunch rooms in most of its facilities for the convenience and comfort of all of its employees. It is expected that the lunch rooms will be maintained in a neat and orderly manner. Please clean up after you are finished with your coffee break or lunch period.

Consumption of Food and Beverages

If you consume food or beverages at your work station, i.e., in your truck, at your desk or in the warehouse; it is your responsibility not to damage table surfaces, equipment, customer's freight or other property of the company. For example, rings may be created on tables or other office equipment, liquids may be spilled onto copy machines, calculators, terminals or other electronic equipment or onto customer's freight. If you damage customer's freight or the property of the company, you may be held responsible for such damage.

Your Job Description

At Arrowhead Transfer, Inc. we may use job descriptions to aid in staffing, wage and salary administration and training. They also help employees and supervisors communicate about job responsibilities. However, job descriptions are not fixed company policy; they are only guidelines that are subject to change over time.

From time to time, employees are expected to perform duties and handle responsibilities that are not part of their normal job. If, over the months, the new duties and responsibilities remain a significant part of the assignment, the job description may be changed.

Job Posting

Arrowhead Transfer, Inc. seeks to promote qualified employees from within the organization. Available openings may be posted and be accompanied by a job description. You are eligible to apply for a posted position if you have been in your present position for at least six (6) consecutive months with no breaks in service. Promotions to available vacancies are based upon demonstrated ability; training for the job; experience in present and previous jobs; performance reviews; education; ability to work with others; attendance; and similar qualifications. We may also hire from the outside to fill vacancies.

A transfer to a new position is not always a promotion. Lateral moves are those where the employee is transferred to another position of like responsibility and does not necessarily mean an adjustment of wage. A lateral move can be just as beneficial to your career development as a promotion. A lateral move may afford you increased responsibilities earlier in your career.

If you are on leave (including vacation leave, sick leave, jury duty, approved unpaid leaves of absence, etc.) you must contact your supervisor if you want to find out about available positions. You may also want to contact your supervisor prior to taking a leave to discuss current openings or possible future openings which may be available. Should an unexpected opening arise during your leave, the company is under no obligation to contact you or advise you of it.

Return of Company Property

A departing employee must return all company property issued to him or her before receiving a final paycheck. All property is to be returned to your supervisor.

Business Expenses

Arrowhead Transfer, Inc. will pay bona fide expenses for all personnel on approved company business. Such expenses may include actual cost of meals, tips, accommodations and travel by public transportation.

Other Employment

There is no objection to your obtaining outside employment provided that you notify your supervisor of such employment. However, if the outside employment is with a competitor, adversely affects your performance, attitude, attendance or is of a type that reflects unfavorably upon the company or reduces the quality of the work you perform for the company, you may be asked to either leave your other job or your job with the company. (Also see Conflict of Interest on Page 34.)

All drivers need to remember that hours worked elsewhere count against the maximum number of hours that you work in a day and in a week. Federal regulations require that you have a minimum of eight (8) hours off between working hours. If, for example, you work at another job until 2 in the morning, you would not be able to start working for Arrowhead Transfer, Inc. until 10 a.m. As mentioned in the paragraph above, if your outside employment interferes with your job, as the above example does, you may be asked to either give up the other job or leave the company. All drivers will be provided with the DOT Federal Rules and Regulations and drivers need to be aware of the hours of service regulations in addition to the other regulations in the book.

Personal Property

Arrowhead Transfer, Inc. is not responsible for loss of or damage to the personal property of an employee.

Personal Status Change

Each employee is required to advise the Port Manager and the Human Resources Manager in a timely fashion, of any change in his or her telephone number, address, name, dependents and marital status.

Exit Interviews

In some cases, when you leave Arrowhead Transfer, Inc., you may have an exit interview with the Human Resources Manager or a designated representative on or before your last day. This exit interview documents the reasons you are leaving and solicits constructive feedback to improve the company.

III. WAGE AND SALARY POLICIES

General Wage and Salary Policy

We strive to pay wages and salaries at Arrowhead Transfer, Inc. that are competitive with those in our community and industry, recognizing individual effort and contribution to company success.

Our wage and salary plan classifies each position based on:

Knowledge and ability requirements

Variety and scope of responsibilities

Physical and mental demands

Established wage or salary ranges normally are reviewed once a year and adjusted as appropriate. If you are interested in knowing the wage or salary range for your position, ask your supervisor.

Wage or Salary Increase Policy

Our wage and salary policy provides for step-by-step progression within each position, consisting of several pay levels above the starting rate. Typically, your wage or salary rate will be reviewed once a year; more frequent reviews may occur based on extraordinary circumstances. If your work meets requirements, you may receive an increase to the next level until you reach the maximum rate for your position. Employees who are promoted to higher grade positions have the opportunity to earn additional increases. However, factors such as the local cost-of-living and the economic situation facing our company will also have a bearing on wage adjustments.

Overtime Pay

In accordance with state and Federal law, all non-exempt employees will be paid an hourly wage equal to one and one-half times their normal hourly wage for all hours worked in excess of eight hours in one day or forty hours in one week. Work requiring payment of overtime wages must be authorized in advance by the employee's supervisor or the Port Manager.

It has been an unwritten policy that non-exempt employees working weekends or evenings receive an automatic 2 hour overtime call out. Effective May 1, 2002 we will only pay for actual hours worked at the appropriate rate. Exceptions to this policy must be filed in writing and will be at the discretion of the Port Manager and subject to approval by Administration.

Effective July 7, 2016 Wrangell drivers (non-exempt employees) will receive a minimum 2 hour call out when working late night or weekend ferries. This policy agreed upon by Greg McCormack (Wrangell Port Manager) and Paul Haavig / Trevor Harang (Administration).

Travel Compensation

Performance of your duties may occasionally require that you travel to a location other than your home port. The Company recognizes the potential inconvenience of such travel. While away from your home port, the Company will reimburse you for reasonable expenses, including meals,

lodging and transportation. To the extent possible, arrangements for lodging and transportation should be made in advance through your Port Manager. Automobile rentals must be approved in advance by your Port Manager in order to be eligible for reimbursement.

To insure proper reimbursement, expenses must be promptly submitted, with appropriate receipts, on an Arrowhead Transfer, Inc. Expense Report Form.

It is the Company policy to compensate non-exempt employees for actual hours worked, plus two hours travel time, subject to a minimum number of hours equivalent to that employee's normal daily work schedule.

Example:

An employee normally works 8:00am to 5:00pm with one hour off for lunch. That employee's normal work schedule is 8 hours per day. The employee travels to another location to perform a job function requiring 4 hours of actual work time. However, travel schedule limitations require the employee to be away from his/her home port for a total of 11 hours. The employee will be compensated for 4 hours worked plus 2 hours travel time, totaling 6 hours. However, since the employee's normal work schedule is 8 hours per day, the employee will be paid his/her minimum of 8 hours.

For purposes of calculating overtime, the two-hour travel time allowance will be considered as hours worked.

Exempt employees will be compensated their normal daily wage.

Payroll Deductions

Various payroll deductions are made each payday to comply with federal and state laws pertaining to taxes and insurance. Deductions will be made for the following:

Federal Income Tax Withholding

Social Security (FICA)

State Unemployment Insurance (AUC)

Other Items Designated by the Employee

At the end of each calendar year, you will be supplied with your Wage and Tax Statement (W-2) form. This statement summarizes your income and deductions for the year. If you have any questions regarding these deductions, please contact the Human Resources Manager.

Pay Days

Payroll periods run from the first (1st) of the month through the fifteenth (15th) of the month and from the sixteenth (16th) of the month through the last day of the month. Pay checks will be issued within five (5) business days after the end of the pay period.

Pay Advances

Employees who experience financial difficulties and have worked for Arrowhead Transfer, Inc. for at least one year may request a pay advance from their supervisor or Port Manager. Pay advances are at the discretion of the company and are limited to one per year per employee as a benefit. Additional pay advances will be assessed a \$20.00 administrative fee per advance if they are granted.. Pay advances cannot exceed the amount that the employee might earn during the pay period. Checks for approved pay advances may be issued within 24 hours of request being received.

Vacation Pay Advances

No employee will be granted vacation in anticipation of future vacation earnings.

Cashing in Vacation

Employees are allowed to cash in their vacation time prior to leaving on vacation. Any employee wishing to do this must request this not less than three (3) days prior to a scheduled pay period. Arrowhead Transfer, Inc. will not issue checks at any other time.

Selling Accrued Vacation

Employees may elect to sell their accrued vacation back to the company rather than take time off.

If you wish to sell your accrued vacation, you must submit this request in writing and it must be received by the payroll department at least three days prior to the end of the pay period. Arrowhead Transfer, Inc. will not issue checks at any other time. Employees are encouraged to take time off rather than selling their vacation. Taking a vacation, even if you stay in town, can help you to do a better job when you return.

IV. EMPLOYEE BENEFITS AND SERVICES

Arrowhead Transfer, Inc. strives to provide a competitive employee benefit package for its eligible employees.

Complete and official details of insurance and payroll plans are contained in materials which employees will receive prior to enrolling in the plan. The descriptions in this handbook are only brief summaries for your general information. Contact the Human Resources Manager for more details.

Our group health insurance program may be continued if you leave the company under circumstances described by federal law. You and your spouse will receive a detailed explanation of this privilege upon termination.

The existence of these employee benefits in and of themselves, do not signify that an employee will be employed for the requisite time necessary to qualify for these benefits and plans.

Group Insurance

Arrowhead Transfer, Inc. makes available and pays the cost of a health, dental and life insurance program for non-temporary, full-time employees. Employees can also obtain coverage for their dependents. The company will pay 75% of the cost of coverage for dependents. Should an employee elect coverage for his or her dependents, the employee's portion of the premium for such dependents' coverage will be deducted from the employee's paycheck with equal amounts coming out of each paycheck. Benefits become effective on the first day of the month following 60 continuous days of employment. For more details and official terms of these plans, refer to the group insurance booklet, which you will receive prior to becoming eligible for enrollment or contact the Human Resources Manager.

Health and Dental Insurance. Soon after you become eligible for this coverage, you and your spouse will receive an identification card which you will need to present to your health care providers

Life Insurance. You will receive term life insurance in the amount of \$20,000.00 The company will pay the premium for this benefit.

Social Security

All employees are covered by the Federal Social Security Act. A required percentage of your salary is deducted from your paycheck to pay the employee's portion of this protection. The company matches your deduction dollar for dollar. The plan is designed for your future security and that of your dependents by providing for retirement, disability, death, survivor and Medicare benefits.

State Unemployment Insurance

This program is funded entirely by employers and employees in this state. The program provides weekly benefits if you become unemployed through no fault of your own or due to circumstances described by law.

Workers' Compensation

Arrowhead Transfer, Inc. carries insurance to cover the cost of work-incurred injury or illness. Benefits help pay for your medical treatment and part of any income you may lose while recovering. Specific benefits are prescribed by law depending on the circumstances of each case. To be assured of maximum coverage, work-related accidents must be reported immediately to your supervisor and the Human Resources Manager. The manager will help you file your claim.

Flexible Benefits Plan

Arrowhead Transfer, Inc. has a flexible benefits plan that allows eligible employees to select among one or more non-taxable benefits according to Section 125 of the IRS code. Participants who select this program will be reimbursed for qualifying medical expenses under Code Sections 105(b) and 106 and qualifying dependent care expenses under Code Section 129. The Plan also enables eligible employees to convert their premium contributions for health benefits from an after-tax expense to a pre-tax expense. Contact the Human Resources Manager for complete details of this plan.

Savings - 401(k) Plan

To help employees supplement their retirement income, this voluntary plan permits eligible employees to defer up to 15% of their earnings on a pre-tax basis to a savings plan allowed by Section 401(k) of the IRS. Employees may direct those funds into any or all of the investment options that are available. Arrowhead Transfer, Inc. matches your contribution up to 3% of your earnings. The Human Resources Manager will let you know when you are eligible to enroll in the plan. Notification will be sent out two to three months prior to your eligibility date. While this plan has important savings and tax advantages, other aspects require careful consideration. Read the special booklet describing the plan in detail and consult the Human Resources Manager if you have any questions.

Holidays

Non-temporary, full-time employees are eligible for eight paid holidays in each calendar year, following completion of 90 days of employment. To receive holiday pay, you must work the regularly scheduled workday before and after the holiday, unless an exception is approved in writing by your supervisor or you are already on vacation. A paid holiday does not count as a day worked in calculating overtime for the week.

Holiday	Date Usually Observed
New Year's Day	January 1
Presidents Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Company Floater**	10/18-11/11 day after Thanksgiving**
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

** Alaska Day/Veterans Day/day after Thanksgiving: The Port Manager has the discretion which one (1) of these holidays will be observed in their port as a paid holiday. The other (2) holidays will be considered normal work days. This has been common practice in recent years as each port has different workloads around these holidays and each community celebrates them in different ways. Also note that the Port Manager might decide to split his crew and have some employees observe one holiday and some another ... this to make sure we service our customers as expected.

If one of the above holidays falls on a day that the company is normally open, all offices will be closed. If a holiday falls on a Saturday or Sunday, the port managers have the option of closing the Friday before or the Monday after the holiday.

Due to the nature of our business, it may be necessary for some of you to work at least part of a holiday. If you do, you will be paid time and a half for the hours worked, plus you will be paid the holiday hours due you. If in the same week you work a sixth day, those hours will be treated as straight time up to eight (8) hours that day.

It is also acceptable for an employee to take a personal "floating" holiday in lieu of an actual holiday worked if agreed upon by the employee and the Port Manager. In cases like this the hours worked on the actual holiday would then be considered straight time.

Employee Classifications

	Full Time	Part Time* 30+ hours/week	Part Time < 30 hours/week
Medical	Yes	Yes	No
Dental	Yes	Yes	No
Flexible Benefits Account	Yes	Yes	No
Accidental Death & Dismemberment	Yes	Yes	No
Group Life	Yes	Yes	No
Employee Assistance Program	Yes	Yes	Yes
401(k) Plan	Yes	Yes	Yes
Paid Time Off	Yes	No	No
Extended Leave	Yes	No	No
Holiday Pay	Yes	No	No
Jury Duty	No	No	No

Full-Time: Employees customarily work at least 40 hours per week (173.33 hours per month) on a planned continuous basis.

***Part-Time 30+:** Employees customarily work at least 30 hours per week (130 hours per month) for more than 120 days/yr on a planned continuous basis.

Part-Time < 30: Employees customarily work at least 20 hours per week (86.67 hours per month) but less than 30 hours per week (130 hours per month) on a planned continuous basis.

Leave Policies

Leave Banks (PTO & EL)

ATI requires a strong commitment to teamwork and we expect you to make every effort to be at work on all days you are scheduled to work. However, we recognize that you have a responsibility to care for yourself and members of your family in the event of illness or injury. We have made Leave Banks available as a benefit to assist during those times.

Who is a covered "family member"?

- A child including: a biological, adopted, stepchild, foster child, or a child to whom the employee stands in loco parentis, is a legal guardian, or is a de facto parent, regardless of age or dependency status.
- A parent including: a biological, adoptive, stepparent
- A spouse.
- A grandparent.
- A grandchild or
- A sibling.

Scheduled: You must schedule your leave in advance with your Manager's approval with the exception of unexpected illness or emergency.

Unscheduled: Employees using leave for unforeseeable absences are still expected to follow ATI's normal notice procedures with respect to any absence. For unforeseeable absences, you are expected to communicate with your Manager as soon as possible prior to the start of your normal shift. Employees who are absent from work unscheduled, must communicate with their Manager each day prior to the start of their shift. Employees who are absent for 3 consecutive days without notifying their supervisor will be presumed to have voluntarily quit and will be removed from ATI payroll.

ATI will not retaliate against any employee for the employee's lawful use of leave and exercise of their rights provided under Federal, state and local laws. This policy will be applied in accordance with applicable Federal, state and local laws. Questions regarding this PTO & EL policy should be directed to Human Resources.

Non-Exempt Employees: Accrued leave bank may be used in any ¼ hour increment.

Exempt Employees: Accrued leave bank may be used in 8 hour increments.

Abuse of Leave Banks will result in disciplinary action up to and including termination.

Paid Time Off (PTO) Bank

ATI feels that paid time off is important for your well-being. It is an opportunity for you to rest and get away from your everyday work routine. ATI provides Paid Time-Off (PTO) benefits to Full-Time employees in order to provide flexibility in scheduling your time away from work.

We are a highly seasonal business and each department or area has its own individual "busy time" when staffing becomes critical. You are strongly encouraged to take paid time off during the slack time of year for your department/area. Consult with your Manager if you have questions about scheduling.

Accrued but unused Paid Time Off allowances will be paid at termination to employees who resign, retire or are released from employment.

Pay in-lieu-of time off is discouraged but may be authorized by a Corporate Officer on a case-by-case basis.

Eligible employees may use PTO for any number of reasons, examples include:

- Vacation
- Personal time
- Religious observances
- Absences due to mental or physical illness, injury, or health condition, including time off for preventative medical care or medical treatment less than 3 continuous days.
- Covered reasons relating to domestic violence, sexual assault, or stalking affecting the employee or an employee's family/household member

Accrual: Full-Time employees begin to accrue PTO the first pay period of employment according to the schedule below. PTO hours accrue each pay period that an employee is paid. PTO does not accrue during any unpaid leaves of absence. Your paystub will reflect your PTO balance.

	Years of Continuous Service as Regular Full-Time Employee			
	1 st Year	2 nd Year – 4 th Year	5 th Year – 9 th Year	10 th Year or More
PTO Accrual Rates per Pay Period	.0307 hrs/worked hr	.0500 hrs/worked hr	.0692 hrs/worked hr	.0884 hrs/worked hr
Annual PTO for Full-Time Employees	64 hours (8 days)	104 hours (13 days)	144 hours (18 days)	184 hours (23 days)
Maximum PTO Accrual Bank (MPTO)		320 hours (40 days)	320 hours (40 days)	320 hours (40 days)

Donation of PTO Hours: Employees may donate any or all of their accrued PTO hours to another employee. Paid Time Off counts as an absence from work and does not count towards a 40 hour worked week when computing overtime pay.

Extended Leave (EL) Bank

Extended Leave (EL) is offered above and beyond PTO. Extended Leave protects you during prolonged absence due to illness, injury or the death of certain family members.

Eligible employees may use EL for the following reasons, including:

Bereavement

Absences where you cannot work due to illness or injury longer than 3 consecutive work days

Maternity Leave

Care for a sick family member longer than 3 consecutive work days

Except for bereavement, to use EL days, you need to be away from work for at least 3 consecutive work days and be disabled due to sickness, injury, or caring for an ill or injured family member. You must first use PTO or unpaid leave during the 3 three days of absence before accessing your EL bank.

You must use EL at the beginning of the leave and during the disability period only. You cannot alternate between paid and unpaid status during the course of an extended leave.

Accrual: Full-Time employees begin to accrue EL the first pay period of employment according to the schedule below. EL hours accrue each pay period that an employee is paid. EL does not accrue during any unpaid leaves of absence. Your paystub will reflect your EL balance.

EL Accrual Rates per Pay Period:	0.0230 hours/worked hour
Annual EL for Full-Time Employees:	48 hours (6 days)
Maximum EL Accrual Bank (MEL):	240 hours (30 days)

Bereavement: You may use EL days for bereavement in the following amounts beginning on day 1:

Up to 5 working days to a maximum of 40 hours:	For spouse, child, parent, brother, sister
Up to 3 working days to a maximum of 24 hours:	For grandparent, father-in-law, mother-in-law, daughter-in-law, son-in-law

Donation of EL Hours: EL hours are not available for donation.

The company does not cash out accrued, unused EL upon termination or at any other time. Unused EL is forfeited upon termination. Extended Leave counts as an absence from work and does not count towards a 40 hour worked week when computing overtime pay.

Final Wage Payment

Your final payment of wages and any other amounts due will be made in accordance with all applicable laws.

Jury Leave

Arrowhead Transfer, Inc. recognizes and supports the responsibility of all citizens to participate in our system of law. Those employees who are selected for jury duty are encouraged to participate if they are able to do so, depending on their other commitments. If you receive a jury duty summons, notify your supervisor immediately so that arrangements can be made in advance for getting your work done while you are gone. You should consider your own personal circumstances when deciding whether jury duty would unduly burden you. If so, you should consider asking to be excused from such service. You are expected to report to work during the normal work hours when your presence is not required for such duty.

Unpaid Leaves of Absence

Arrowhead Transfer, Inc. may, in its discretion, grant leaves of absence to help alleviate difficult situations arising during an employee's career.

Factors In Deciding On Leave Requests:

Arrowhead Transfer, Inc. will consider the following factors in deciding whether to grant a requested leave: [a] the purpose of the requested leave, [b] the length of the requested leave, [c] the employee's work record, [d] Arrowhead Transfer, Inc.'s work load requirements, and [e] all vacation leave has been exhausted.

The following situations are ones which Arrowhead Transfer, Inc. may, depending on other factors, justify granting a leave:

Medical Leave: Absence from work due to severe illness, injury, pregnancy, childbirth, or other related conditions. Any employee who is absent from work for these reasons and has exhausted all accrued sick leave is required to request a medical leave of absence. Arrowhead Transfer, Inc. reserves the right to require a doctor's statement indicating the nature of the medical condition, anticipated date that the employee will be physically able to resume regular job duties, and any other necessary information.

Personal Leave: Absence from work due to illness in the family, travel, serious personal problems, paternity leave, discretionary maternity leave (after an employee has recovered from disability related to pregnancy and childbirth and is capable of returning to work from a medical standpoint), or when unusual or unavoidable circumstances require the employee's absence. Notwithstanding any other provisions of this Handbook, Arrowhead Transfer, Inc. will comply with all applicable laws governing the rights of parents to take time off following the birth of a child and other Family Medical Leave Act obligations.

Bereavement Leave: In the event of death in your immediate family, you may have time needed up to three working days, to handle family affairs and attend the funeral. "Immediate family" is defined as: current spouse, children, parents, grandparents, brothers, sisters, mother-in-law or father-in-law.

Military Leave: Absence from work due to voluntary or involuntary military service. Military services includes Reserve and National Guard Duty.

How To Apply: Except under emergency and other unanticipated situations when an oral request is sufficient, all requests for leave must be in writing and must be given to the employee's supervisor or Port Manager at least 15 calendar days before the date the desired leave is to begin. Advance approval is required from your supervisor and management. If the request for leave is denied, it may be returned to you with the reason for denial indicated on the request.

Length of Leave And Conditions Of Approval:

Generally, with the exception of military leave, a leave may not be granted for a period exceeding 90 calendar days. No more than one unpaid leave can be taken in a calendar year, except in cases where medical reasons require the employee to be absent and insufficient sick leave has been

earned to cover the time period involved. The 90 day maximum period includes other paid time off work (sick leave, vacation, etc.) taken during the same time period. In certain exceptional cases, however, an extension may be granted, at the discretion of management. Such an extension must be requested in writing. A request for an extension will be considered if it is received by your supervisor or Port Manager at least one week before the expiration of the approved leave and, in the case of a medical leave, it is supported by proof of continued disability in the form of a physician's statement. Under NO circumstances will a leave of absence be granted to an employee who wishes to obtain or engage in other employment outside Arrowhead Transfer, Inc.

Effect on Employee Benefits:

Vacation leave and sick leave WILL NOT accrue during any unpaid leave of absence.

If you take unpaid leave of absence of more than 30 days and wish to continue your health insurance coverage, you will have to request the coverage from the Human Resources Manager. The coverage is available under a Federal regulation called COBRA. If you take advantage of COBRA, you will be required to pay the applicable health insurance premiums until you return to work. Contact the Human Resources Manager for details and cost. If a Family Medical Leave is taken your benefits will be covered pursuant to Federal Law.

Reinstatement:

The granting of an unpaid leave of absence from Arrowhead Transfer, Inc. does not constitute a guarantee of re-employment. While Arrowhead Transfer, Inc. will make a reasonable effort to place an employee who has returned from a leave of absence to his or her former position or in an equivalent job, business conditions or other circumstances may make it necessary to fill or eliminate an absent employee's position.

While no loss of service credit occurs during an approved leave of absence, there are other factors to consider such as benefit continuation, reinstatements and approval processes. See your supervisor and/or contact the Human Resources Manager for these details.

Employee Assistance Program

Our employee assistance program (EAP) provides you and your family with confidential counseling services. They are staffed by experienced professional counselors who will provide information, immediate treatment or referral to other sources. All contact is confidential. Phone numbers for our EAP provider are posted on the bulletin board. For further information, contact the Human Resources Manager.

Education Assistance Program

Arrowhead Transfer, Inc. Provides a reimbursement program for those eligible employees who wish to improve their skills and capabilities in areas directly related to their job responsibilities with Arrowhead Transfer, Inc.

Eligibility:

All non-temporary, full-time employees taking courses through an accredited institution of advanced learning, including, but not limited to, colleges, community colleges, universities, technical schools, and licensed and accredited correspondence schools.

Procedure:

You must submit a written request to your supervisor or Port Manager prior to enrollment. The following information must be included on the request form: course/seminar title, school or sponsoring group, cost of registration, tuition, and books. If your supervisor or Port Manager approves the request, he or she will initial it and forward to senior management for final consideration.

Limitations: The following limitations apply:

1. The course must bear a definite relationship to your current position or positions within the organization.
2. The course load must not interfere with your ability to perform your current job.
3. Your supervisor or Port Manager may limit your course load if adverse effects are discerned.
4. You must receive a grade of "C" or better (or "pass" in a pass/fail grading system) in any class for which you seek tuition reimbursement.
5. You must receive advance approval from your supervisor or Port Manager, provide proof of the grade received, and a receipt for each item for which you seek reimbursement.

Whether a course bears a definite relationship to your current position or positions shall be determined by your supervisor or Port Manager and senior management and their decision is final. Expenses which will be reimbursed under this policy include the cost of registration, required books, and tuition. You will not be reimbursed for mileage, meals, supplies, non-refundable deposits, graduation fees, or time spent at class or study.

Automatic Bank Deposit

Many of our employees find it convenient to have their regular paycheck automatically deposited in their bank account. If you would like to make a similar arrangement, contact the accounting department.

Employee Purchase Program

Propane is available at a reduced employee rate in those ports where we sell propane. Please contact the propane customer service person in your port for the current price.

Other products sold by Arrowhead LP Gas may be purchased at an employee rate of landed cost plus 10%.

Donating Accrued Vacation to Another Employee

Arrowhead Transfer, Inc. may allow employees to donate any or all of their accrued vacation hours to another employee up to the hours needed by the employee. If more than one employee donates vacation hours, the hours donated will normally be shared equally by everyone making a donation.

When allowed:

A fellow employee has an emergency that requires the employee to be away from the job for long period of time and the employee has used up all of his or her accrued vacation time, (family emergency [death in family, illness of a family member not covered by the company's sick leave policy] etc.) or a fellow employee has medical problem that uses up all of his or her accrued sick leave and all of their accrued vacation time.

How hours are exchanged:

Examples: You donate 10 hours of vacation to another employee. Your pay rate is \$15.00 per hour. Receiving employee's pay rate is \$10.00 per hour. Value of your donation is \$150.00 (10 hours times \$15.00 per hour), receiving employee would get 15 hours of vacation (15 hours times \$10.00 per hour). If your pay rate were \$10.00 per hour and you donated 10 hours and the receiving employee's pay rate were \$15.00 per hour then the receiving employee would receive 6.67 hours of vacation time rather than the 10 hours that you donated. ($\$10.00 \text{ per hour} \times 10 \text{ hours} = \100.00 of value divided by $\$15.00 \text{ per hour}$ equals 6.67 hours).

If you wish to donate vacation hours to a fellow employee, you will need to submit a letter to the Human Resources Manager outlining who should get the hours and how many hours you wish to donate. You will need to sign and date this request.

Accrued sick leave can not be donated.

V. EMPLOYEE COMMUNICATIONS

Bulletin Boards

Each office has a bulletin board which is used to communicate important company information. All posted items must be work related only and approved in advance by the Human Resources Manager and/or Port Manager.

You are responsible for regularly reading the information posted on the bulletin board.

Concerns & Suggestions

You are encouraged to discuss any matters of concern with your immediate supervisor, your Port Manager or Management. You are also encouraged to submit suggestions that will improve services to our customers or working conditions. Management is particularly attentive to suggestions which propose [a] a new or different idea for adding income to the company by either

solving a customer's or a company problem; [b] ways to reduce costs by saving time; or [c] ways to upgrade working conditions, increase efficiency or eliminate job hazards.

If you have a suggestion for improvement in one of the above categories or in other areas, please submit it to your supervisor, Port Manager or Management. Your suggestion could bring you the recognition that is valuable for your career development.

Each port has a suggestion box where suggestions can be left. You do not have to sign any suggestions put into the suggestion box. If you do sign your suggestion, management will acknowledge your suggestion.

Complaint Handling Procedure

Under normal conditions, if you have a job-related problem, question or complaint, you should discuss it with your supervisor. The simplest, quickest and most satisfactory solution will often be reached at this level.

If the discussion with your supervisor does not answer your question or resolve the matter to your satisfaction, you may then present your complaint, orally or in writing, to the next higher level of management. If the matter is still not resolved satisfactorily, you may present your complaint in writing to the President who will render a final decision on the matter after appropriate investigation.

When the issue personally involves the supervisor or manager with whom you would ordinarily discuss a problem, you may bypass that individual and proceed to the next person in authority without fear of reprisal. At any time you may seek the advice and guidance of our Human Resources Manager.

Difficulties in using this complaint procedure should be brought to the attention of the Human Resources Manager.

Union-Free Employee Relations

Arrowhead Transfer, Inc. is union free and we intend to lawfully remain this way. Our policies and practices emphasize open-door practices in which you are encouraged to deal directly with your supervisor, the Human Resources Manager and other members of management regarding complaints. We believe your needs and ours are best met by avoiding the addition of an outside third party.

Mail

The company receives and sends large quantities of mail daily. The company's mail system must be restricted to business mail only. Please do not send outgoing personal mail through our in-house system nor direct personal mail to be delivered to the company.

Media Relations

Because much of the information we work with is confidential or sensitive, all contacts with the media must be referred to the Human Resources Manager, Vice President of Operations or the

Company President. All papers, articles, speeches or presentations to non-company persons must be approved by the Human Resources Manager, Vice President of Operations and or the Company President prior to publication or presentation.

VI. EMPLOYEE SAFETY AND HEALTH

Arrowhead Transfer, Inc. strives to provide safe working conditions for our employees. Arrowhead Transfer, Inc. observes the safety laws of the governments within whose jurisdictions we operate. No one will knowingly be required to work in any unsafe manner. Safety is every employee's responsibility. All employees are expected to do what is reasonable and necessary to keep the company a safe place to work.

Safety rules are posted on the bulletin board in each Port, and you are responsible to become familiar with them and observe them at all times. (See Standards Of Conduct, Page 33.)

Conditions of Work

Each employee shall perform his or her work in a safe and careful manner. In turn, Arrowhead Transfer, Inc. strives to provide a safe and healthful working environment for all employees. Arrowhead Transfer, Inc. strongly believes, however, that the best source of protection for the health and safety of the work force is the individual employee.

Fires and Emergencies

IN CASE OF EMERGENCY, Dial 911.

The facility where you work has an emergency procedure to follow in the event of fire or disaster. Exits, fire extinguishers and first-aid kits are located throughout the facility. We also have volunteers trained in cardio-pulmonary resuscitation (CPR) and first aid. These emergency procedures and the names of our trained volunteers are posted on the bulletin board. Exits and areas around fire extinguishers must be kept clear at all times.

Reporting Injuries

Any injuries suffered by an employee, customer or visitor while on property owned or controlled by the company or by any company employee while on company business in ANY location, must be reported, in writing, to your supervisor, Port Manager and/or the Human Resources Manager as soon as possible. For accidents requiring medical attention, the injured employee may not return to work without a doctor's release stating that the employee has recovered and is able to return to his or her former duties. See additional information on the job injuries and job related illness in the Workers' Compensation Insurance section of this Handbook.

Reporting Vehicle, Equipment and Cargo Damage Accidents

If you are involved in an accident of any kind while on company business, regardless of whether or not you are injured or whether or not the equipment involved belongs to the company, you must report the accident, in writing, to your supervisor as soon as possible and provide a copy of any

accident report prepared in connection with the incident. Failure to report accidents or incidents can result in disciplinary action up to and including termination of employment.

Return to Work

If you are on a medical disability leave of absence, you must return to work when your physician or a company-appointed physician determines that you are able to resume normal duties. We require your physician's release before reinstatement to the active payroll. If you wish to extend your leave beyond this point, you must apply for a personal leave of absence.

A physician's release may also be required when returning to work from sick leave or other, short-term, medically related absences. Your supervisor will advise you of this requirement when applicable.

Alcohol/Drug Abuse

The company has a strict FIT FOR WORK POLICY. The following is a summary of that policy. A complete copy of the FIT FOR WORK POLICY is available for review should you desire. Your Port Manager has a copy which you may review or you can contact the human resources office.

FIT FOR WORK POLICY

Purpose

Arrowhead Transfer, Inc. (ATI) is committed to achieving and maintaining a safe and productive workplace. ATI is also committed to providing safe, reliable and courteous service to our customers. Employees, independent contractors and their employees must be able to perform their jobs safely and productively, free from physical and emotional problems or inappropriate use or abuse of alcohol and other drug substances. Employees, independent contractors and their employees who are affected in their ability to perform their jobs jeopardize the integrity of the workplace and the achievement of the company's business objectives.

Overview

Employees have the primary individual responsibility for managing their own behavior. Independent contractors are, similarly, responsible for themselves and their employees and, if an impairment issue exists, to successfully resolve that issue.

Being Fit for Work addresses two issues: condition and conduct.

Condition: When a condition (physical illness, emotional distress, chemical dependency) interferes with safe and productive work, the employees or independent contractors need to take whatever measures necessary to correct the condition. ATI recognizes that its employees and independent contractors are a valuable resource. It is committed to helping them maintain their health and well-being and, therefore, offers strong encouragement to take advantage of the many opportunities of mutually beneficial endeavor. These opportunities include the company's group medical plan and the employee assistance program.

Conduct: The second part of being FIT FOR WORK is conduct. Employees and independent contractors are accountable for unsafe and unproductive work and the consequences of that work. Irresponsible behavior due to physical or emotional impairments or substance abuse impairments, will not be tolerated, and an employee or independent contractor engaging in such misconduct is subject to discipline up to and including dismissal. (see Procedure 3.0 in complete FIT FOR WORK package.)

ATI recognizes the need for safety, efficiency, and productivity and, therefore, affirms that the:

- use,- sale
- possession,- transfer or
- distribution,- being under the
- manufacture, influence

of alcohol in any form, on Arrowhead Transfer, Inc., Alaska Marine Line or Lynden, Inc. controlled property or while on duty by employees, independent contractors or their employees is strictly prohibited. The use, sale, possession, distribution, transfer or manufacture of illegal drugs on or off company property or on or off duty is strictly prohibited.

Employees or independent contractors who violate the prohibitions of this policy are subject to disciplinary action up to and including termination.

All employees, independent contractors and their employees are subject to drug and alcohol testing to include the following categories of testing: Pre-employment, reasonable cause, post accident/incident, periodic and random (for DOT covered and Safety Sensitive employees) and return to duty (after a positive test or return from treatment resulting from a management intervention).

Drug testing shall be conducted with accuracy and reliability. Regard for privacy and dignity in the specimen collection, testing and notification process is upheld. Employees, independent contractors or their employees and other applicable contractors who refuse to be tested or who are found with the presence of a prohibited substance in the body (blood or urine) and without adequate medical explanation, will be regarded to have violated the provisions of this policy.

The US Department of Transportation has enacted a rule, 49CFR, Parts 391 and 394. This rule mandates urine drug testing for commercial vehicle drivers, and prevents performance based on a positive drug result. The US Department of Transportation has also enacted "Procedures for Transportation Workplace Drug Testing Programs, 49 CFR Part 40," setting standards for the collection and testing of urine specimens. This policy incorporates those requirements for Safety Sensitive employees designated by FHWA and USCG and others when so noted. In addition, the Drug Free Workplace Act of 1988 requires the establishment of a policy, employee education and reporting of workplace drug convictions. This policy meets the requirements of that act.

Because of the above FIT FOR WORK Policy, the consumption of any kind of alcoholic beverage on company property or during work hours is not permitted. Any employee found in violation of this provision is subject to disciplinary action, up to and including termination of employment.

DRIVING WHILE INTOXICATED (DWI) CONVICTION

DRIVERS: Any employee who has been hired as a driver for the company, or who becomes a driver at a later date, will be unable to drive for the company if they are convicted of a DWI. This is a Department of Transportation Federal regulation.

Arrowhead Transfer, Inc. may provide work in a non-driving position to any driver convicted

of a DWI. The company will not guarantee employment for the DWI driver. The company will not be required to make personnel changes or move another employee in order to secure work for the DWI driver.

A DWI driver who does find work with the company in another position, may only work part time. If the DWI driver's hours are not enough to qualify him or her as a full time employee, his or her benefits may also be reduced or eliminated. This includes, but is not limited to: Medical and Dental Insurance, paid vacations, paid holidays, 401(k) participation, bonuses, etc.

The DWI Driver will also be required to contact the Employee Assistance Program (EAP) for treatment of alcoholism, follow the recommended treatment and sign a release allowing the company and the company Medical Review Office to review those treatment records.

NON-DOT EMPLOYEES: Employees who have been hired for jobs that do not require them to drive for the company, may be able to continue working for the company.

As mentioned above, all employees are covered under the FIT FOR WORK Policy, and employees must abide with the provisions of that policy.

Arrowhead Transfer, Inc. strongly recommends that any NON-DOT employee who is convicted of a DWI contact the company's Employee Assistance Program (EAP) for review and help, if recommended, in resolving their drinking problems. Call 1-800-523-5668.

DOT DRIVERS

Due to the nature of our work, all drivers fall under the rules and regulations as prescribed by the US Department of Transportation, Federal Highway Administration. The rules and regulations are found in the Federal Motor Carrier SAFETY REGULATIONS, PARTS 383,387, 390-399. (ORS-71) Drivers should become familiar with these regulations. You should also familiarize yourself with the information found in the following: Driver's Pocket Guide to HAZARDOUS MATERIALS, (2-ORS) the EMERGENCY RESPONSE GUIDEBOOK (14- ORS) and other guidebooks as they are distributed by the company. You received copies of the above guidebooks when you came to work for us and will receive updates as they are issued.

DOT drivers are also required to maintain a valid Commercial Drivers License. Drivers must make sure that they have the proper endorsements for the type of driving that they do for the company. Drivers will need a minimum of a Class B license with a hazardous endorsement. If you are stopped and found to be driving without the proper endorsement for the type of equipment you are driving and the type of load in your truck, you may be issued a citation. You will be responsible for this or any other citations that you receive. Should you receive too many citations, you could lose your driver's license, which in turn could mean the loss of your job with Arrowhead Transfer, Inc.

Arrowhead Transfer, Inc's insurance carrier also reviews the driving records of all employees that drive for us. If they determine that you have had too many citations or accidents, they tell us that you are no longer insurable. This could occur before the state determines that you have had too many citations. If this were to happen, you could also lose your job with the company.

DOT drivers are also required by Federal Regulations to take a DOT physical every two years. Federal Regulations state that if your physical has expired, you will not be permitted to drive until you have a valid physical. [You are responsible for the cost of your physicals.](#) Drivers are required to provide the office with the completed DOT physical form. This form must be completed and signed by the doctor who performed the physical and by you.

VII. STANDARDS OF CONDUCT AND CORRECTIVE ACTION

Groups of people who are working together for any purpose require certain guidelines pertaining to their conduct and relationships. Accordingly, Arrowhead Transfer, Inc. employees must be aware of their responsibilities to the company and to co-workers.

Arrowhead Transfer, Inc. strives to take a constructive approach to disciplinary matters to insure that actions which might interfere with operations or an employee's job are not continued.

Arrowhead Transfer, Inc. reserves the right to search employee personal effects such as lunch boxes, purses, tool boxes, desks, lockers, etc., on company premises.

Violations of our standards will result in one of the following forms of corrective action: discharge, suspension, oral warning or written warning. We reserve the right to terminate for any infraction, if we deem termination to be appropriate.

Although there is no way to identify every possible standard of conduct violation, the following is a partial list of infractions which will result in corrective action:

Falsified employment application, timecard, or personnel or other records.

Unauthorized possession of company property, customer property or employee property, gambling, carrying weapons or explosives, or violating criminal laws on or off company premises.

Fighting, throwing things, horseplay, practical jokes or other disorderly conduct.

Engaging in acts of dishonesty, fraud, theft or sabotage.

Threatening, intimidating, coercing, using abusive or vulgar language, or interfering with the performance of other employees.

Insubordination or refusal to comply with instructions or failure to perform reasonable duties which are assigned.

Unauthorized use of company material, time, equipment or property.

Damaging or destroying company property due to careless or willful acts.

Conduct which the company feels reflects adversely on the employee or company.

Performance which, in the company's opinion, does not meet the requirements of the position.

Rude or disrespectful behavior toward a co-worker, supervisor, customer or business visitor.

Violation of our Fit For Work Policy.

Engaging in sexual harassment or other inappropriate discriminatory behavior.

Engaging in such other practices as Arrowhead Transfer, Inc. determines may be inconsistent with the ordinary and reasonable rules of conduct necessary to the welfare of the company, its employees, or customers.

Negligence in observing fire prevention and safety rules.

Other circumstances for which the company feels that corrective action is warranted.

This list is intended to be representative of the types of activities which may result in disciplinary action. It is not intended to be comprehensive and does not alter the employment-at-will relationship between the employee and Arrowhead Transfer, Inc. Additional standards of conduct are described in the sections below.

Conflict of Interest

Arrowhead Transfer, Inc. expects our employees to conduct business according to the highest ethical standards of conduct. Employees are expected to devote their best efforts to the interests of Arrowhead Transfer, Inc. and the conduct of its affairs.

Business dealings that represent, or appear to represent, a conflict between the interests of Arrowhead Transfer, Inc. and an employee are unacceptable. Arrowhead Transfer, Inc. recognizes the right of employees to engage in activities outside of their employment which are of a private nature and unrelated to our business. However, a policy of full disclosure must be followed to assess and prevent potential conflicts of interest from arising. Contact your supervisor or the Human Resources Manager if you have questions regarding a possible conflict of interest. Also, you may be asked to complete a questionnaire dealing with conflict of interest once each year.

Use of confidential business information for personal gain or for the gain of others is strictly prohibited.

Harassment, Including Sexual Harassment

Arrowhead Transfer, Inc. is interested in human dignity and protection of their employees and are particularly concerned about the possibility of employee harassment, whether sexual, racial, ethnic or other type. Harassment in any form verbal, physical or visual is strictly against company policy and will result in corrective action. Defining sexual harassment precisely is not easy but it certainly includes slurs, threats, derogatory comments, unwelcome jokes, exposure to sexually oriented literature or pictures, teasing or sexual advances, and other similar verbal or physical conduct. If

you believe you have been the victim of harassment, or know of one who has, you must report it immediately to the Human Resources Manager or the President of the company.

Financial Transactions

Employees may not take cash draws out of the cash drawers, i.e., leave an IOU in the drawer.

Company Business Charge Accounts

Arrowhead Transfer, Inc. maintains accounts at various businesses in order to purchase supplies, merchandise and materials as needed for our day-to-day operation. Employees are not permitted to buy items for their own personal use and charge them to a company account. Employees that do this are subject to disciplinary action up to and including termination.

Use of Company Vehicles - No Deviations

Drivers and other employees who drive company equipment are not allowed to deviate from their appointed duties. Example, running personal errands while making deliveries, or taking a vehicle home for lunch. Your supervisor or Port Manager, may make exceptions to this rule. You must request this prior to deviating from your assigned job. Failure to do this could result in disciplinary action up to and including termination of employment.

Passengers In Company Trucks and Equipment

It is Arrowhead Transfer, Inc.'s policy and that of Arrowhead Transfer, Inc.'s insurance company that no passengers are allowed to ride in or on Arrowhead Transfer, Inc. trucks and forklifts. This also applies to Lynden Transport and Alaska Marine Line equipment under Arrowhead Transfer, Inc.'s control. The only exception is when the passengers are company employees or the Port Manager, Vice President of Operations, Human Resources Manager or the Company President has given prior approval for non employees to ride with a driver.

Gifts and Gratuities

Every customer is entitled to efficient and courteous service. Therefore, whenever gifts or gratuities are offered by the customer in appreciation of your service, they should be graciously declined. Since such service is given impartially to all, gifts or gratuities are not expected. Your satisfaction will come from knowing you have done your job well. Employees who have direct contact with customers, vendors or suppliers should also avoid accepting gifts or gratuities. The only exception is accepting a modest gift (for example, a plant or candy) or accepting items which are of an advertising nature (calendars, pens, pads, caps, etc.).

Honesty and Integrity

Arrowhead Transfer, Inc. expects each employee to maintain the highest degree of honesty. Great dependence is placed on employees to make accurate monetary transactions; to properly handle a customer's freight or personal belongings; to prepare accurate and reliable documents used in our business. Failure to perform such work truthfully will not be tolerated. Theft from other employees, customers, business associates or the company will result in immediate dismissal.

Attendance Standards

Punctuality and regular attendance are essential to the proper operation of any business. These also help you establish a good working reputation.

If you are unable to report for work for any reason, arrive late, or must leave early, notify your supervisor, Port Manager or, in their absence, the Human Resources Manager, before starting time.

Absence Without Notice

For us to operate our business effectively, we ask that you keep us informed of your status when you are off work because of illness or accident from any cause. If you fail to notify us after three days of consecutive absence, we will presume you have resigned, and you may be removed from the payroll. Likewise, you must call your supervisor daily while off work due to short-term illness or accident or we will presume you have resigned, and you will be removed from the payroll. If you must leave work for any reason before the end of the day, you must request permission from your supervisor.

Solicitation and Distribution

Soliciting by one employee of another, or collecting from one employee by another, is prohibited while either employee is on work time. Distributing literature and circulating petitions during work time or in work areas at any time is also prohibited. Trespassing, soliciting or distributing literature by anyone outside the company is prohibited on company premises on, in and around company property.

Confidentiality

In your work, you may have access to confidential information regarding Arrowhead Transfer, Inc., Alaska Marine Lines, Lynden Transport, Inc., Lynden, Inc. and their employees. You must maintain the strict confidentiality of this information and under no circumstances should you discuss it with friends, relatives, or persons not directly concerned. You can help maintain the confidentiality of such information by making sure that all such information is locked away at the end of each day. The reputation of Arrowhead Transfer, Inc. and its agency agreements with Alaska Marine Lines and Lynden Transport, Inc. can be seriously damaged by the mishandling of confidential information. Violation of this policy may result in disciplinary action or termination.

Dress and Personal Appearance

Personal cleanliness and neatness are extremely important. Arrowhead Transfer, Inc. desires to maintain a high standard of personal conduct and appearance. You are part of the image which customers and visitors have of our organization and your personal neatness, dress, grooming, and conduct will greatly influence the opinion others have of the company. Since what is deemed appropriate clothing will vary depending on the nature of your job, you should acquaint yourself with the standards of your department.

Each employee is individually responsible for dressing in a professional and appropriate manner. If an employee is not appropriately dressed, he or she may be sent home to change clothing, at the employee's own expense and on his or her own time. We recognize that styles change and that different styles are appropriate for different work locations, types of jobs, and personal appearance characteristics. Therefore, Arrowhead Transfer, Inc.'s dress code can be summarized as follows: Be professional, be neat and clean and avoid extremes. If you have any questions concerning personal appearance standards, see your supervisor.

Conduct off the Job

There are times when what an employee does on his or her own time reflects on Arrowhead Transfer, Inc. or has the potential to do so. Employees are requested to conduct themselves off the job so as not to discredit Arrowhead Transfer, Inc. or potentially harm a customer's confidence in Arrowhead Transfer, Inc.

Smoking

For reasons of safety, public relations, and other concerns, smoking is prohibited on Arrowhead Transfer, Inc. premises except in specially designated areas.

Telephone Use

Arrowhead Transfer, Inc. telephones are to be used for business purposes in serving the interests of our customers and in the course of normal company operations. Answer all calls promptly and courteously. On occasion, personal calls may be necessary, but we ask your cooperation in limiting them to emergencies or essential personal business and in keeping them brief.

Computer Hardware/Software Security

Arrowhead Transfer, Inc. equipment including computer hardware and software are valuable assets. They must be used for company business only. You may not copy or use company purchased/leased software contrary to the provisions of the contract.

From time to time, especially when you are on vacation, business trips and leaves of absence, your supervisor, manager or another employee may access your computer or files to better serve our customers and other business needs. You should not expect information left on your computer or files to be totally private.

ARROWHEAD TRANSFER, INC., AGENCY RELATIONSHIPS AND RELATED BUSINESS:

Arrowhead Transfer, Inc. maintains various agency relationships, partnershiping and partnerships with other businesses and also provides service to other businesses owned by Arrowhead Transfer, Inc.

Therefore, whenever an employee does work for or on behalf of those agencies or other businesses during the course of their employment, the same rules and regulations listed in this Employee Handbook will also apply.

The following is a list of businesses, partnership, partnershiping agreements and agency agreements that are covered. The list may not always be up to date, therefore, any work that you do is still subject to the rules and regulations listed in this Employee Handbook:

Alaska Marine Lines, Inc., Lynden Transport, Inc., Lynden, Inc. Jamestown Mini-Warehouse, Harang Rentals, and numerous agency agreements with various Household Goods Carriers.

Discipline Policy

As discussed above, rules and regulations are the backbone of Arrowhead Transfer's successful operation. Supervisors and managers are responsible for implementing these rules and regulations. It is the duty of each employee to follow Arrowhead Transfer's published rules and the directives of his/her immediate supervisor.

All employees should behave in an orderly, courteous manner and to fulfill the obligations of their jobs. If employees violate Arrowhead Transfer, Inc. rules of conduct, their immediate supervisors will discipline the employees at the company's discretion.

ARROWHEAD TRANSFER, INC.

HANDBOOK RECEIPT AND ACKNOWLEDGEMENT

I acknowledge that I have received a copy of the Arrowhead Transfer, Inc. Employee Handbook on the date shown below.

I understand that this Handbook is a general guide and that the provisions of this Handbook are not intended to be contractual and do not constitute a contract or agreement of employment or of any other kind nor does it constitute a guarantee of continued employment, nor does it constitute a promise of specific treatment in specific situations.

I understand that I have the absolute right to separate from my employment with Arrowhead Transfer, Inc. at will and at any time and that Arrowhead Transfer, Inc., likewise, has the absolute right to terminate my employment at will and at any time.

I understand that Arrowhead Transfer, Inc. reserves the right to change any provision of this Handbook at any time and for any reason.

In addition, I agree to familiarize myself with the contents of this Handbook.

Employee Signature Date

Employee's Name (Please Print)

Witness Signature Date

Please keep a copy of this acknowledgment for your records.