

To: ALL EMPLOYEES
 From: Bob Kasper
 Date: February 5, 2010
 Subject: PFP Clarification for All Hours & All Hourly Employees

In an effort to increase the performance incentive as a portion of your overall pay, the following pay structure takes effect on Monday, February 8th 2010. This pay structure includes ALL Daytime and Evening hours worked.

Performance Based Attendance Bonus Effective (PBAB)

	Group Per Hour	Bonus Threshold	Base Pay	Threshold Bonus Pay Rate (BonusRate)	Total Pay***
Winback	1.6	1	7.25	4.56	\$14.00
Residential	1	0.45	7.25	6.75	\$14.00
Business	0.65	0.3	7.25	9.90	\$14.00

The table above shows the Attendance Bonus you'll qualify for under the assumption of perfect attendance; calculated weekly.

Threshold Bonus Pay Rate (before adjusting for Missed Hours)

If Sales per hour exceeds "Bonus Threshold," Then PBAB equals

$$\text{PBAB} = \text{Hours Logged} * \text{BonusRate} * \text{Sales Per Hour} * \text{Missed Hours Ratio}$$

Then subtract Breaktime Offset Below

Missed Hours Calculation

Missed hours will be applied to PBAB using the following formula:

$$\text{Missed Hours Ratio} = (\text{Hours Logged} - \text{Missed Hours}) / \text{Hours Logged}$$

To qualify for PBAB's, your level of sales must exceed the Bonus Threshold, above. If you just meet the "Group Per Hour" sample numbers above, you'll achieve a Total Pay of \$14 per hour, assuming no missed hours.

Sales levels below the Bonus Threshold result in no Performance Based Attendance Bonus. In addition, all the requirements related to continued attendance apply. So, termination without completing 2 weeks notice or company termination of your position will impact this Attendance Bonus as it always has.

Here are a few definitions to help you better understand our Company's compensation plan:

- 🕒 “Clocked Hours”: hours on our premises for which you are scheduled to work, including all Paid Break Time (defined below), but excluding all Unpaid Break Time (defined below).
- 🕒 “Logged Hours”: hours logged in at your workstation. Logged Hours do not include any Paid Break Time or Unpaid Break Time (defined below).
- 🕒 “Paid Break Time”: break times of less than twenty (20) minutes. You will be paid the Base Pay (defined below) for these breaks, but, because bonuses are based on total Logged Hours, frequent and time-consuming breaks will reduce the time that qualifies for Attendance Bonuses (discussed below).
- 🕒 “Unpaid Break Time”: meal breaks or break times of twenty (20) minutes or more, whether or not scheduled by the Company.

In addition to the PBAB, the Company's compensation plan consists of the following components:

\$7.25 Base Pay: The base hourly pay is currently \$7.25 per hour for each Clocked Hour.

\$7.25 Breaktime Offset: Employees are encouraged to take breaks only as needed. Excessive breaks are costly to our company and cause operational difficulties. Therefore, the PBAB calculation (above) includes an offset which deducts \$7.25 per hour for all Paid Break Time.

\$\$\$\$ Discretionary Bonus: Management reserves the right to award an additional bonus in its sole discretion as a special reward for performance, effort, productivity, enthusiasm, attendance or professional conduct.

Only employees who are on the Company's active payroll on a payday will be eligible to receive Attendance Bonuses and any other bonus payments.

Missed Hours

The incentives for reporting to work on-time and not being absent are substantial. Employees must report to work as scheduled and finish the workday as scheduled. We offer sufficient flexibility to accommodate most schedules, but you must plan ahead and schedule needed time off a minimum of two (2) weeks in advance.

- Missed Hours are accrued in minimum increments of one (1) hour. Therefore, arriving to work even 1 minute late, or leaving 1 minute early, will count as an entire Missed Hour, and missing 1 hour and 1 minute would count as 2 Missed Hours. If you accrue more Missed Hours than Logged Hours in a given pay period, however, the excess will be carried over to subsequent pay periods, and may be carried over in fractional amounts.

- Missed Hours accumulated after the close of a pay period will also be applied in calculating Attendance Bonuses. For example, if by the end of the work week on Saturday, you have accrued a balance of 40 Logged Hours, but fail to report for work the following week, you will still receive your Base Pay for those 40 Logged Hours, but your Attendance Bonus will be reduced due to any Missed Hours accumulated in the following week.
- Missed Hours balances are reduced by accumulating Logged Hours or Flex Time (explained below), which may be used to offset Missed Hours. When Logged Hours plus available Flex Time exceeds Missed Hours, you are eligible for PBAB Attendance Bonus(es).
- Missed Hours do not constitute docking of pay. You will always be paid your Base Pay for all Logged Hours. Missed Hours impact your Attendance Bonuses only.
- Missed Hours balances will be applied as expeditiously as possible and will not necessarily be applied to the work week in which they are accrued. Therefore, this missed hours in any given week are likely to be applied to that week's paycheck rather than to the following week's check when you would get paid for that week's work.

Flex Time

- ❖ At the end of each calendar quarter (March 31, June 30, September 30 and December 31), Flex Time equal to one (1) 7-hour day is awarded to any employee who has worked at least 364 Logged Hours during that calendar quarter. Flex Time is only awarded at the end of each calendar quarter.
- ❖ During your first year of employment, if you have accumulated Flex Time hours and are in good standing, Flex Time may be used to "offset" Missed Hours.
- ❖ Commencing at the end of each calendar quarter after the first anniversary of your employment with the Company, Paid Flex Time equal to one (1) 7-hour day will be awarded if you worked at least 364 Logged Hours during that calendar quarter.
- ❖ Paid Flex Time will be paid at a the Average Daily Pay rate (ADP) earned within the past year. The ADP calculations do not include performance bonuses or other discretionary bonuses.

Overtime

Employees are not permitted to work more than 40 hours per week without written approval from management. Approved overtime will be compensated in accordance with applicable law.

Voluntary and Involuntary Termination of Employment

Employees who quit or who are terminated for any reason shall not be paid for and shall forfeit any and all Attendance Bonuses, discretionary bonuses, unused vacation time and unused FlexTime.

Print Name

Sign

Date