



"Builder of America's Finest Country Club Communities"

EMPLOYEE HANDBOOK

July 2012

This Handbook is intended to provide employees with a general understanding of some of the Company's personnel policies. It is not an employment contract or a legal document. The information in this Handbook should be helpful in familiarizing employees with the Company.

While Sunrise Company certainly hopes that every employee will find the employment relationship satisfying, at the same time, it recognizes that relationships are not always mutually satisfactory. To protect both parties' rights, it should be remembered that the employment relationship may be terminated on an at-will basis by either you or Sunrise Company. This means that you may quit at any time and Sunrise Company may terminate your employment at any time, for any reason, or for no reason. Moreover, no one other than the President and Chief Executive Officer of Sunrise Company has the right to modify the at-will nature of this employment relationship, and any such modification must be in writing and signed by one of these two designated individuals and the affected employee.

If you are an employee who is otherwise covered by the Handbook and you have entered into a written employment agreement signed by you and a designated officer of the company, the guidelines, procedures and benefits discussed in this Handbook are not applicable to the extent they are inconsistent with your written employment agreement. However, if the written agreement does not address conditions or terms set forth in the Handbook, the Handbook shall apply. This Handbook cannot anticipate every situation or answer every question about employment. Rather, this Handbook serves as guideline to your employment relationship with Sunrise Company. From time to time, circumstances will undoubtedly require that the policies, practices and benefits described in the Handbook be changed. Accordingly, other than the at-will relationship set forth above, which can only be altered by a written agreement signed by both you and a designated officer of the company, Sunrise Company reserves their right to modify, supplement or rescind any provision of the Handbook as it deems necessary. If any changes to the Handbook become necessary, the Company will endeavor to notify you of such changes by distributing revised pages to you. Please keep your Handbook readily available and insert updated material promptly so that it is current at all times. When new policies are added or existing policies are changed, the most recent policy shall prevail and govern any new action taken.

Throughout this Handbook, we have often used the words "he", "him" and "his" when the meaning includes "she", "her" and "hers". This wording is used solely for ease of reading and should not be interpreted as any form of bias. This Handbook supersedes any and all prior verbal or written policies or procedures of Sunrise Company.

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Message From:

William Bone, Chief Executive Officer

Dear New Employee:

Welcome to Sunrise Company. We are glad you decided to join our winning team. We sincerely hope that your position with us is both rewarding and enjoyable. You can make a difference!

This Employee Handbook is not a contract of employment. It was written to help you get acquainted our Company, to give you a brief explanation of our philosophy, and to outline some of our policies and procedures. The Handbook will not answer all of your questions, but it will serve as a guideline to your relationship with Sunrise Company Remember, always feel free to approach any member of our management team with your questions.

Our success is based on the personal attention and contributions of our employees. As a new member of the team, you will make a difference. We will be depending on YOU. We are proud you joined our Company and extend to you a warm WELCOME!

Sincerely,

A handwritten signature in black ink, appearing to read "William Bone". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

*William Bone
Founder and CEO*



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*William Bone
Founder and CEO*

SUNRISE COMPANY

SECTION

1

EMPLOYEE HANDBOOK

**SUNRISE
COMPANY &
YOU**

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About Sunrise Company

For more than 40 years, Sunrise Company has been developing master-planned, golf-course communities in the Western United States. Today, Sunrise Company is one of the nation's most respected residential and country club community developers. Sunrise Company's record of achievement includes highly successful residential and resort communities across the Western United States where the Company has constructed more than 13,000 homes, developed and managed 20 golf courses, built two resort hotels and developed numerous office buildings, shopping centers and commercial hotels.

In contrast to most community developers, Sunrise Company builds the homes in their communities in addition to designing and operating the club facilities. This allows Sunrise to control the design and quality of the homes and provides its residents and members with an integrated lifestyle-focused buying experience.

As a homebuilder, Sunrise Company has won numerous awards for architectural and design excellence including one of the highest industry accolades with the award of the National Housing Quality Silver Award for Commitment to Quality.

With its extensive legacy of successful golf community development and the longevity of the senior management team, who average 15 years with the Company, Sunrise Company is the one of the most successful and experienced community developers in the United States.

Sunrise Company – Current Developments

Royal Oaks Country Club located in Houston, Texas began construction in 1999. The 490 acre private community includes 849 homes and custom homesites surrounding an 18-hole Fred Couples Signature golf course. The private equity club includes a 48,000-square-foot Main Clubhouse plus an 11,600-square-foot Sports Club and Spa with extensive health and fitness amenities plus seven lighted tennis courts, three swimming pools and a pool side Grille.

Toscana Country Club is a private equity golf club and luxury residential community in Indian Wells, California. Construction at Toscana began in September of 2003. Upon completion, it will include 552 single-family detached homes and 68 custom home sites and 550 equity golf memberships. The community will feature two 18 hole Jack Nicklaus Signature Golf Courses, a 90,000-square-foot Club Villa featuring an exceptional array of private club and spa amenities.

Garden of the Gods Club is an existing private club and residential community in Colorado Springs, Colorado with approximately 525 residences and 1800 members. The Club features a 27-hole championship golf course, 43,000 sq. ft. main clubhouse, 108 hotel rooms, a 21,000 sq. ft. golf clubhouse and a 7,850 sq. ft. Recreation Center. There are approximately 290 acres of remaining residential land to be developed and Sunrise currently plans to build 522 homes ranging in size from 1,650 to 3,800 square feet. Sunrise operates and manage the Club.

Otay Ranch is a vibrant 5,300-acre planned community in San Diego County in California that combines the best of old-style neighborhoods, innovative community design, pedestrian parks, an extensive network of trails, paseos, and promenade streets with a unique Towne Center. Since opening in 1999, Otay Ranch has been San Diego County's top selling planned community, quarter after quarter. As one of four select guest builders, Sunrise will build 1,000 homes and develop two large neighborhood shopping centers through the completion of Otay Ranch.

Sunrise Company – Legacy of Success

Sunrise Country Club, Rancho Mirage, California

746 homes, 18-hole Ted Robinson-designed golf course, 13-court tennis club and clubhouse.

Rancho Las Palmas Country Club, Rancho Mirage, California.

858 homes, 27-hole Ted Robinson-designed golf course, 25-court tennis club and separate tennis and golf clubhouses.

Marriott's Rancho Las Palmas Resort, Rancho Mirage, California

465 rooms, 20-acre office, restaurant and shopping plaza.

Monterey Country Club, Palm Desert, California.

1,206 homes, 27-hole Ted Robinson-designed golf course, 19-court tennis club and clubhouse and golf clubhouse.

The Lakes Country Club, Palm Desert, California.

902 homes, 27-hole Ted Robinson-designed golf course, 15-court tennis club and clubhouse and golf clubhouse.

Palm Valley Country Club, Palm Desert, California.

1,274 homes, 2 18-hole Ted Robinson-designed golf courses, 19-court tennis club, clubhouse, fitness center and spa

PGA West, La Quinta, California.

500 homes, four 18-hole championship golf courses designed by golfing legends Pete Dye, Jack Nicklaus and Arnold Palmer, private golf clubhouse, daily fee clubhouse and private tennis clubhouse.

Marriott's Desert Springs Resort and Spa, Palm Desert, California

891 rooms, 10 restaurants and lounges, 18-hole Ted Robinson-designed golf course and 16-court tennis complex and spa.

Indian Ridge Country Club, Palm Desert, California.

1,068 homes, 36-holes of Arnold Palmer championship golf, sports club, spa and main clubhouse.

Red Rock Country Club, Las Vegas, Nevada.

1,116 homes, 36-holes of Arnold Palmer Signature golf, sports club, spa and main clubhouse.

Siena, Las Vegas, Nevada.

2,000 home active adult community, 18-hole championship golf course and golf clubhouse, community center, fitness center and spa

Part of Sunrise's unique focus on service, customer satisfaction and profitability is its flexible organization, consisting of divisions specializing in community design and construction, club operations, new home sales and interior design.

The Sunrise corporate culture has been a major factor in its continued dominance of one of the most competitive resort community markets in the United States. At Sunrise Company, good people are recognized as its most valuable asset, and the key to its success. The "Prerequisites to a Successful Employment Relationship" (Section 2) is an important component of the Sunrise Company corporate culture, which has cultivated such an outstanding and loyal team.

Introduction

We're happy you've become an employee and hope you thoroughly enjoy the challenges of your job. We have prepared this Employee Handbook to provide you with an overview of our policies and the benefits we provide, as well as to familiarize you with some of your responsibilities. Other than the at-will relationship discussed in the next section, this Handbook is not intended to be a contract or to otherwise create any legally enforceable obligations. Nonetheless, all of our employees are expected to read and comply with this Handbook and become familiar with all of its provisions.

As you can imagine, it is not possible to anticipate every situation which may arise during your job or to provide answers to every possible question you may have. In addition, from time to time, circumstances will undoubtedly require that the policies, practices and benefits described in this Handbook be changed. Accordingly, other than the at-will policy set forth in the following section, which cannot be changed except by a writing which is signed by the affected employee and the President or Chief Executive Officer, we must reserve the right to change, add to or eliminate any provision of the Employee Handbook as we deem necessary and appropriate. When provisions are added or removed, or existing policies or procedures are changed we will attempt to notify you of such changes by distributing new provisions or policies to you to be incorporated into the Handbook. When new policies are added, or existing policies or procedures are changed, the most recent policies shall prevail and will govern any new actions taken.

This Employee Handbook supersedes any and all of our prior policies and procedures, whether oral or written, and applies to all employees of the Company.

At-Will Employment

Throughout the course of your employment, you are free to leave your employment at any time, for any reason. We reserve a similar right to end the employment relationship, or change an employee's position, title, job responsibilities or compensation, at any time, with or without advance notice, for any reason or for no reason, and with or without cause. This is called "employment at will" and no one other than the Regional President or Chief Executive Officer has the authority to alter this arrangement, to enter into an agreement for employment for a specified period of time, or to make any agreement concerning the terms of your employment that is contrary to this policy. Furthermore, such an agreement must be in writing and must be signed by both you and the Regional President or Chief Executive Officer.

Your Classification

Exempt Employees

Exempt employees are employees whose duties and responsibilities are primarily of a managerial, professional and/or administrative nature and whose pay is such that they are exempt from state and federal law overtime laws. Such employees are not required to keep a time record.

Non-Exempt Employees

Non-exempt employees are employees whose duties and responsibilities are primarily secretarial /clerical and technical such as construction labor, customer service, general repairs and club operations service employees. The Company is required to pay such employees overtime in accordance with state and federal laws and these employees are required to keep a time record of all hours worked for payroll purposes.

Full - Time Employees

Full-time employees are defined as those employees who are hired to work on a regular basis for a minimum of 30 or more hours per week. They are eligible for most employer-sponsored benefits.

Part -Time Employees

Part-time employees are defined as those employees who are hired to work on a regular basis for less than 30 hours per week. They are eligible for employer-sponsored benefits only as provided in this Employee Handbook.

On-Call Employees

On-call employees are defined as those employees who are not scheduled regularly. They work only as needed and as called in. On-call employees are not eligible for most employer-sponsored benefits with the exception of the 401(k) retirement plan.

Temporary Employees

These are employees who hold jobs of limited duration arising out of special projects, seasonal needs, abnormal workloads or emergencies. An employee cannot change from

temporary status unless specifically informed of such a change in writing. Temporary employees are not eligible for any employer-sponsored benefits.

Union Employees

Union employees are covered by a collective bargaining agreement. Many of the terms of union employees' employment, such as computation of vacation pay, holiday pay, sick leave, bereavement leave, pension plans and other benefits, as well as overtime, may be specified in the union contract. A copy of your union contract may be requested from your union representative. To the extent the terms and benefits of your employment are covered by your union contract, the terms of the union contract will supersede any conflicting policies or benefits contained in this Employee Handbook. If the terms and conditions of your employment are not covered by your union contract, the terms and conditions set forth in this Employee Handbook will control.

Other Classifications

Because of the type of businesses we operate, other classifications may occur, i.e., piece workers, commission salespeople and independent contractors.

Your Accountability and Responsibility

Grooming and Dress Standards

It is in everyone's best interest for all employees of the Company to present a professional image to customers, homeowners, club members, clients and the public. Cleanliness is an essential part of providing this image. A neat, clean, businesslike appearance is a requirement for all jobs. In most instances, you may wear your hair the way you choose while working as long as it remains well trimmed, well groomed and businesslike in appearance. Your manager will inform you if business needs warrant additional requirements for your position.

All employees are expected to dress in a manner consistent with good hygiene, safety and good taste. The mode of dress varies in accordance with the type of work performed. For example, office personnel are required to wear clothes appropriate to a business office environment. At all times, employees are required to dress within the bounds of good taste (e.g., shorts, logo/souvenir type tee-shirts, tank tops, distressed (worn-out looking) or torn jeans or dungarees, and suggestive/provocative type clothing are prohibited.) Employees whose jobs require them to come in contact with customers, clients or the public are expected to wear apparel consistent with that worn by persons dealing with the public in the community in similar capacities. Furthermore, if you work with the public, all tattoos must be covered or not visible, and other than professionally worn ear piercings, no visible body piercings are allowed while on duty. Any employee who has a question about whether a particular item or outfit is appropriate should discuss the matter with a supervisor before wearing it. Employees who are inappropriately dressed will be sent home and directed to return to work in proper attire. Such employees will not be compensated for the time away from work.

Employees for whom a uniform has been provided must wear the appropriate uniform. Alterations to uniforms are allowed only if prior approval has been obtained from a manager and the alteration is only for purposes of a better fit. Uniforms must be neat, clean and pressed at all times. Missing buttons should be replaced and tears or holes sewn before wearing the uniform.

Hair nets or hats are part of the uniform in some areas. Nametags may be required as part of the uniform in some divisions of the Company.

This is an overview of the employer's policy on hygiene, dress and grooming standards. Employees are requested to ask their department heads for more specific dress standards for their departments.

Working Hours

Our standard workweek begins at 12:01 a.m. Saturday and ends at 12 midnight the following Friday.

While we usually work a 40-hour week, the Company makes no guarantee of a 40-hour week. All employees should be aware that overtime work might be required as a condition of employment. The Company will attempt to give advance notice of such required overtime, but you should know that this may not always be possible. Overtime may not be worked unless prior approval of your supervisor has been obtained. Employees who work unauthorized overtime may be subject to disciplinary action up to and including termination. Likewise, refusal to work overtime when requested may also result in disciplinary action up to and including termination. Overtime will be paid according to state and federal laws.

Rest and Meal Periods

For each four hour shift you work, you are entitled to and must take a ten minute break. Thus, if you work an eight-hour day, you are entitled to two ten minute rest periods daily -- one during the first half of your workday and one during the second half of your workday. All ten minutes of the rest break must be taken at one time -- i.e., employees may not accumulate a number of shorter rest periods -- and the break should be taken approximately in the middle of your four-hour shift. Rest periods may not be extended, tacked on to lunch hours, or used to compensate for late arrivals or early departures. Finally, your rest periods should be scheduled so as not to interfere with work activities, and you must remain on Company premises or designated work site during rest periods.

Meal periods are normally 30-60 minutes long and are not compensated. Non-exempt employees must clock out for each meal period taken, and clock back in when they return to work. Meal periods are to begin not more than five hours after the employee begins work. Absent a specific request from your immediate supervisor, you are not expected to, nor should you, work through your meal period.

Schedules

For most employees, our workweek begins on Saturday for purposes of scheduling and pay. Your manager will inform you of your schedule and/or show you the location of your department bulletin board and where work schedules will be posted. In most cases, these schedules will be posted prior to the start of the workweek.

Your manager will try to honor your schedule requests. However, while you may have been hired to work a certain shift, due to business demands and other considerations, it may be necessary to change your present shift or work station. It is therefore important that you realize that you are hired with the understanding that you will be scheduled as and where needed and

will be expected to work accordingly, under managerial direction. This schedule may change from week to week and therefore must be verified each week.

Your department manager is the only one authorized to make changes to a posted schedule. If you wish a change in the posted schedule, consult your manager.

Management reserves the sole right to schedule work hours without restrictions. It is your responsibility to know and follow your schedule.

On-Call Time

Non-exempt employees may sometimes be told to be available should the need arise for them to work. This is known as “on-call time”. If a non-exempt employee is completely relieved from duty and the time is long enough for the employee to use the time for his/her own purposes, on-call time hours are not considered time worked. Conversely, if an employee is required to remain on-call on the employer’s premises or nearby so that the employee cannot use the time effectively for his/her own purposes, the time is compensable.

If an employee is not required to remain on the employer’s premises but is required merely to leave word as to where he/she may be reached by phone, pager, mobile phone, etc., the employee is not actually working during on-call time and the time is not compensable.

The following factors are considered in determining whether on-call time is compensable:

- the degree to which the non-exempt employee is free to engage in personal activities;
- any excessive geographical limitations associated with the on-call time;
- any on-premises living requirement;
- the number of calls and whether the frequency is unduly restrictive;
- any fixed time limit for response that is restrictive;
- the ability of on-call employees to trade on-call responsibilities with other employees; and
- whether the employee actually engages in personal activities during on-call time.

The less restrictive the response time and the geographical restrictions, the more likely it is that the on-call time is not compensable. If employees are able to engage in activities that they normally do while not on-call, it is likely that the time spent on-call is not compensable.

All time spent working or responding to a call is compensable. If the employee is required to travel to the employer’s worksite or customer’s worksite, the travel time is compensable. The employee must be paid for his/her time spent driving to and from the worksite as well as any time spent at the worksite. If you have any questions regarding whether your on-call time is compensable, please contact Human Resources.

Paychecks

Currently, employees are paid bi-weekly (every other week). If payday falls on a holiday or weekend you will be paid on the day before the holiday or weekend. Employees will be

compensated for all hours worked during a pay period. Please report any payroll discrepancies (straight hours or overtime hours) immediately to your supervisor.

Deductions from Wages

Certain deductions required by law will be deducted from each employee's wages. These include federal income taxes, social security tax (FICA) and when applicable, any state required taxes. All legislated or court mandated deductions as well as voluntary employee authorized benefit deductions will also be subtracted from your paycheck. Each employee will receive a statement, which itemizes the gross pay, deductions and the net pay received.

Time Reports/Time Cards

Federal and state wage and hour laws require that accurate records be kept of each non-exempt employee's hours worked. To comply with the law, all non-exempt employees are required to complete time cards indicating time worked and leave taken. In most instances, a time clock machine will be used. If for any reason an employee fails to clock in or out on the time clock, the employee must notify his supervisor immediately so that the error or omission can be corrected and initialed. In accordance with state and federal law, the employer rounds clock-in and out time to the nearest one-quarter hour.

The following rules must be observed regarding the use of time clocks and time cards:

- Employees should not work or clock in on the time clock more than seven minutes before or seven minutes after their shift. Exceptions are permissible only when an employee has received advance written approval by his supervisor to work overtime.
- Employees must use only their own assigned time card. Violators are subject to immediate dismissal.
- Employees must clock out and in for meal periods or when leaving the premises for personal reasons.
- An employee's supervisor must authorize overtime before it is worked.
- The employee and his supervisor must initial any modifications or alterations to an employee's time card or time sheet.
- Employees must sign their time cards or time report at the end of each pay period, provided they are completely correct.

Change of Employee Information

It is essential that you keep your supervisor and the Human Resources Department informed of any changes of important information. Your present address and phone number are essential for many purposes, including mailings from the employer to your home and it is your responsibility to inform the employer immediately of any changes. If your marital status or dependents change, you may have to change the number of exemptions claimed for income tax

withholding purposes and to add or delete members of your family to the employer's health insurance plan.

Attendance

Every employee plays an important role in the successful operation of the Company. When you are not here, someone else must do your job. Accordingly, it is your responsibility to your fellow employees, to our clients, customers and homeowners, and to the Company, to arrive at work on time and work productively until the end of the day. If you will be absent, it is your responsibility to notify your manager as far in advance as possible (usually at least two hours notice should be given) before your scheduled starting time. This procedure must be followed each day of an absence. Any failure to notify management of expected absence may be considered an absence without notification and will be grounds for discipline, up to and including discharge. The Company reserves the right to terminate an employee for any unexcused absence.

If an employee misses three or more consecutive days because of illness, a written notification from a physician describing the reason for the illness and absence may be required. This will be done before the employee is allowed to return to work to ensure that the employee's health is adequate to perform work duties. The Company reserves the right to require a doctor's note, satisfactory to the Company, which releases the employee to return to work and to perform all of the usual job duties safely any time an employee is absent.

Punctuality

It is your responsibility to call your immediate manager, or whomever the manager has designated to accept employee calls, two hours before the scheduled starting time to inform the manager that you will be late. You must specify a time at which you may be expected to arrive for work.

Personal and Family Relationships

The Company desires to avoid problems that can potentially result from personal and family relationships between employees of the Company. Accordingly, this policy has been adopted in an effort to avoid such problems, which may include, but are not necessarily limited to: conflicts of interest; disruption in the workplace; creation of or contribution to a negative or unprofessional work environment; or concerns regarding supervision, safety, security or morale (collectively referred to in this policy as "Personal Relationship Problems").

As used throughout this policy, the term "Relative" includes, but is not necessarily limited to, the following relationships, whether they are established by blood, marriage or otherwise: spouse, father, mother, son, daughter, sister, brother, grandparent, grandchild, aunt, uncle, cousin, step-parent, step-brother, step-sister, step-child, brother-in-law, sister-in-law, mother-in-law, father-in-law, son-in-law or daughter-in-law.

As used throughout this policy, the term "Spousal Equivalent" includes, but is not necessarily limited to, any relationship in which the affected employees occupy the same place of residence or are otherwise involved in a close personal relationship (such as a dating relationship or other similar romantic involvement) without respect to whether the employees are either the same or opposite sex.

Although the Company will analyze all situations individually and determine appropriate action to minimize Personal Relationship Problems, we have established the following guidelines:

1. No supervisor may hire another individual to work under his or her area of authority if that individual is a Relative or in a Spousal Equivalent relationship with the supervisor.
2. No employee may work within the same area of authority of or directly report to a Relative or Spousal Equivalent.
3. In the event that two employees become Relatives or Spousal Equivalents, and are thereby subject to the guidelines set forth above, they must immediately disclose this to the Human Resources Department at the corporate office. Failure to do so will result in disciplinary action up to and including immediate termination. If, in the judgment of management, a Personal Relationship Problem may arise as a result of the situation, only one of the employees will be permitted to remain with the Company, unless, in management's judgment, reasonable accommodations (which may include, but are not limited to, transfers, reassignments, or change in shifts) can be made to eliminate potential problems or conflicts. The decision as to which employee will remain will be made by the Company, based on business needs.

The Company reserves the right to determine that relationships which are not specifically covered by this policy may present Personal Relationship Problems. In the event of such determination, this policy will be applied.

Any exception to this policy must be authorized by the Regional President.

Employee Conduct

The success of our business depends on our treatment of people. It is the responsibility of all managers and employees to treat our guests, clients, vendors and one another with respect and understanding. Therefore, while nothing herein changes the at-will nature of the employment relationship, any rudeness, i.e., profanity, yelling, use of vulgar or obscene language, suggestive or sarcastic gestures, etc., will not be tolerated and may result in disciplinary action up to and including immediate termination.

Member and Guest Relations

The Company wishes to promote positive relations between its employees and its members/guests. It is therefore important that employees are professional and respectful toward members and guests at all times. Accordingly, this policy has been adopted in an effort to avoid problems that can potentially result from relationships between employees of the Company and members or guests, which may include, but are not necessarily limited to: conflicts of interest; disruption in the workplace; creation of or contribution to a negative or unprofessional work environment; or concerns regarding supervision, safety, security or morale. This policy applies to all Company employees.

Because personal relationships between employees and members/guests can interfere with a professional environment, employees are prohibited from fraternizing or becoming

personally involved with members/guests when, in the opinion of the Company, such personal relationships create a potential conflict of interest, cause disruption, create a negative or unprofessional work environment or present concerns regarding safety or morale. In any case where the Company determines, in its sole discretion, that a relationship between an employee and a member/guest presents an actual or potential problem, the Company may take whatever action it determines to be appropriate. Such actions may include, but are not necessarily limited to, transfers, reassignments, changing shifts, or possible termination.

Leaving Property during Work Hours

It is recognized that, at times, an employee must leave the property during working hours to conduct personal business. However, the manager is also responsible for the whereabouts of all employees in the department and for maintaining proper staffing at all times. Therefore, when it is necessary to leave the property at any time during working hours, the employee must:

- Obtain permission from his or her manager before leaving the property.
- Clock out or sign out when leaving and back in when returning.
- Check back in with his or her manager at the time of return.

Returning To the Property after Work

At the conclusion of the shift, all employees are to leave the premises. Employees are not permitted to return to their work area after work. If you desire to use any of the Company facilities after hours or on your day off, you **MUST** receive prior permission from your manager.

Personal Phone Calls/Messages

Calls should be made either before or after your shift or on your meal or rest break. Employees having access to phones should, under no circumstances, make or charge a long distance call to the Company unless it is work related and approved by the employee's supervisor.

Employees are not permitted to receive personal phone calls at work, except in the case of an emergency. If it is an emergency, the call will be routed to the workstation or a message will be taken.

Cell phones should not be used in work-related areas for non-business purposes.

Restroom Use

Employees should use the restroom designated by their department manager.

Smoking

For health and safety considerations, the Company philosophy discourages smoking. Smoking is prohibited in all locations on Company property except those specifically designated as smoking areas.

Transportation

Transportation to and from work is the responsibility of each employee. If you have someone bringing you to or picking you up from work, they **MUST** wait for you in areas designated by your manager.

Rideshare

We encourage employees to carpool. Interested individuals may contact their manager for more information. Employees are encouraged to contribute suggestions to help develop trip reduction plans.

Visitors

To ensure Sunrise Company's security, and to reduce the potential liability for injury to outsiders, personal visitors are not permitted on Sunrise Company premises without permission from the employee's supervisor. All personal visitors must register at the reception area and can only enter Sunrise Company facility after approval of the employee's supervisor has been received.

No persons other than employees or authorized persons are allowed in areas of buildings other than areas designated as public access areas. This includes individuals providing transportation to employees.

Gate Passes and Parking

In certain positions, employees may be issued gate passes. These decals should be affixed on the lower left side of the employee's vehicle windshield. These allow you to enter and exit your work site without having to stop at the guardhouse each time.

Upon termination from the Company or sale of the vehicle, the Company decal must be removed from the automobile and returned to the Human Resources Department. The decal must be returned during the exit interview or before the sale of the vehicle.

Please observe the posted speed limit. All employees must park in designated parking areas. Please consult your manager for directions.

Recreational, Social Or Athletic Disclaimer Notice

Your employer and its insurance carrier will not be liable for the payment of workers' compensation benefits for any injury which arises out of your voluntary participation in any off-duty recreational, social, or athletic activity which is not part of your work-related duties.

Resignation

If you plan to leave the Company's employ, we ask that you provide some type of notice prior to departure. Although this notice is not required, it is requested so that the Company will

have the opportunity to locate a replacement before you leave. You are free to resign at any time, just as the Company is free to terminate your employment for any reason at any time.

Exit Interviews

All departing employees must go through a formal exit interview. Department managers and supervisors will coordinate this effort through the Human Resources Department. Individuals leaving the Company should return all uniforms, equipment, tools, and manuals, keys or any other Company issued items to the department prior to holding the exit interview. During the exit interview, employees should be prepared to return gate passes, photo identification cards and medical identification cards.

The exit interview is a formality that allows all employees leaving the Company, regardless of reason, to communicate their views on their work while with the Company. It is also an ideal time to answer or clarify any questions, concerns or problems, if any, prior to the departure of the employee. This meeting also provides the employee an opportunity to discuss issues concerning benefits and insurance.

Return of Company Property

As noted in the previous section, employees are expected to return all Company property in their possession or control immediately upon termination of employment for any reason. The Company may take additional action deemed necessary to protect or recover its property. Arrangements for clearing any outstanding debt with the Company and to receive final pay are also to be made at the time of termination.

Employee References

All oral and written job reference inquiries concerning former or current employees must be directed to the Human Resources Department. The Human Resources Department will respond to written requests that provide an authorized signature of the employee, former employee or applicant, and will provide only the following information: (1) dates of employment; (2) last position held; and (3) verification of final rate of pay. No other information will be provided. If an employee requests a personal and/or professional reference from his or her manager or supervisor, the reply must be the following: "It is this Company's policy to provide the employee's dates of employment and final position held. That information will be provided only through the Human Resources Department." If a third party seeks additional information, the only authorized response is, "It is the company's policy not to offer any additional information regarding current or former employees." No employee is authorized to provide any oral or written, formal or informal, on-the-record or off-the-record, information or opinion concerning any present or former employee's work qualifications or abilities. If a job reference or other information is provided in violation of this policy, the responding individual will be acting outside of the course and scope of his or her authority and may be personally responsible for any resulting liability. Any requests for information pursuant to a subpoena must be forwarded to corporate the Human Resources Department immediately.

Bulletin Boards

Communication among employees at all levels is essential in an organization as large as our Company. It is in your best interest to watch employee bulletin boards for information and

announcements. You should first ask your supervisor for permission should you wish to post a notice.

Personnel Files

Each employee has a personnel file that is kept in the Human Resources Department. This file is a record of your employment with the Company. It contains personnel action forms, evaluations, memos and records concerning your work history. After providing reasonable notice, current and former employees have the right to inspect their personnel files at a mutually convenient time. Inspections should take place during regular corporate business hours in the Human Resources Department. Files will be made available within a reasonable time of the employee's request. Please make arrangements with Human Resources if you wish to inspect the file.

Performance Reviews

An attempt to review each employee's job performance with the employee will be made by his immediate supervisor annually. If the employee receives a written evaluation, the original form will be placed in the employee's personnel file. Some divisions of the Company schedule additional reviews.

This method will provide each employee with an opportunity to note major accomplishments and progress as well as performance concerns and areas for improvement.

Promotions and Transfers

The Company encourages employees to apply for promotions to positions for which they are qualified. Promotions and transfers will be based on the ability, qualifications and potential of the candidates for the positions.

Employees who are interested in transferring to another position should contact their immediate manager and thereafter the Human Resources Department provided they have completed six months of employment.

All promotions and transfers are at the sole discretion of management.

Solicitation

Solicitation of employees during working time by, or on behalf of, an individual, organization, club or society is prohibited. The distribution of any literature, pamphlets or other material in a Company work area is likewise restricted. This means that employees may not solicit while they are engaged in the performance of work tasks, nor may any employees be solicited while working.

Spa and Fitness Services

The Company desires to avoid problems that can potentially result from relationships between employees of the Company and members or guests. Accordingly, this policy has been adopted in an effort to avoid such problems, which may include, but are not limited to: conflicts of interest; disruption in the workplace; creation of or contribution to a negative or unprofessional work environment; or concerns regarding supervision, safety, security or morale.

All spa or fitness services that the company provides to the members/guests of the club must be performed at the sports or fitness center. If a member requests that the employee provide services at the member/guest's home, office, etc., the employee must forward the request to the spa/fitness director to address with the member. No services are to be provided at a member/guest's home without prior approval from the spa/fitness director.

In some instances, an employee may have previously provided spa/fitness services to a member/guest prior to the member/guest visiting our facility, or prior to the employee's employment with the Company. Under these circumstances, before the employee begins working at the spa/fitness center, or once the member/guest first visits the facility, the employee must notify the spa/fitness director of this prior service relationship before continuing to provide any services to the member/guest at their home, office, etc.

Failure to notify the spa/fitness director of circumstances that are in conflict with this policy will be considered violation of company policy as shown in the Conflict of Interest Policy in Section 2 of the Employee Handbook, and may subject you to discipline up to and including immediate termination.

Discipline Procedure

In order for Sunrise Company to maintain a desirable level of employee conduct and productivity, our policies will be enforced. Should an employee violate a rule or policy, including those rules and regulations set by each department, disciplinary action may be necessary. As explained elsewhere in this Employee Handbook, employment is at the mutual consent of the employee and the employer, and may be terminated at any time, at will, by either the employee or the employer. Nonetheless, for some offenses of rules, regulations and incidents of poor performance, where the Company determines it to be appropriate in the exercise of its discretion, it may attempt to give an employee a prior oral or written warning and an opportunity to attempt to improve or correct the problem before discharge. However, if in management's sole discretion, a violation warrants immediate dismissal, or other discipline (for example, suspension), such action will be taken.

Standards of Conduct

Rules outlining acceptable conduct of employees are necessary for the orderly operation of any business and for the benefit and protection of the rights and safety of all employees. To promote understanding of what is considered unacceptable conduct and to encourage consistent action by the Company in the event of violations, examples of impermissible conduct are identified below. It is impossible to provide an exhaustive list of types of prohibited conduct. The following list, therefore, contains only some examples of prohibited conduct.

- Entering Company property or working at a job site while under the influence of, or having in your possession, any intoxicating beverage or illegal drug. This includes consumption, sale or transfer of such substances during break times, meal periods, or during work time in Company vehicles or in personal vehicles on Company business.
- Stealing or attempting to steal Company property or the property of other employees or customers.

- Bringing firearms or weapons of any kind onto Company property or job site.
- Fighting, scuffling or indulging in horseplay.
- Removing Company property without written approval.
- Intentionally destroying or damaging Company property or the property of other employees or tampering with any safety equipment.
- Refusing a direct order from your supervisor (insubordination).
- Falsifying employment application, health questionnaire or other documents required by the Company.
- Concealing mistakes.
- Failing to observe safety rules.
- Excessive tardiness or absenteeism.
- Soliciting, collecting funds, selling or attempting to sell any merchandise to other employees on Company premises during work time at workstations.
- Distributing any non-work related material of any kind during work time at workstations.
- Leaving the premises without permission.
- Threatening, intimidating, coercing, harassing or interfering with fellow employees or indulging in harmful gossip.
- Violating the Company's policy against harassment and discrimination.
- Performing activities other than Company work during working hours.
- Conviction of a civil or criminal violation requiring an absence from work of more than one workday.
- Using Company stationery and/or Company supplies or materials for personal use.
- Smoking in restricted areas.
- Failing to report immediately to the supervisor any injury, no matter how slight.
- Operating a Company vehicle or a personal vehicle on Company business without a valid driver's license, valid registration or insurance required by law.

- Falsifying time records.
- Loafing or sleeping on the job.
- Disposing of refuse or litter in other than the containers provided for that purpose.
- Gambling on Company property.
- Using profane, abusive, or threatening language towards fellow employees, supervisors, or customers.
- Engaging in immoral conduct or indecency.
- Failing to report malfunction of equipment to your supervisor.
- Driving faster than the designated speed limit in the Company parking lot, country clubs, or job sites.
- Any other serious misconduct.
- Any violation of any policy or procedure of the Company.

The above list is intended only as a guideline and not as an exclusive list of prohibited conduct. The Company may add work or safety rules at any time. Furthermore, all employees are employed on an at-will basis and accordingly, there need be no specific reason to discharge any employee.

Searches

At times, Sunrise Company may need to access materials in an employee's desk or working area, or may need to review data stored in the computer system. Working areas are not private. Similarly, the communications system (voice mail, electronic mail, telephone system, etc.) is not secure or private.

Any materials or personal information employees need to keep private should not be brought onto Company premises. If employees need to have a private conversation, there are pay telephones located in designated areas or they will need to have such conversations away from Company premises. Employees are requested to have all personal mail delivered to their home. All mail addressed to the Company address, regardless, of whom it is sent to, will be considered business related. This means that it may be opened and read and the addressee cannot expect any confidentiality of the contents.

The Company may search its property, vehicles, structures, and furniture and equipment, including but not limited to offices, desks, lockers, file cabinets and computers, at any time and for any reason. All employees therefore should refrain from storing on or in Company-owned property any personal information and communications (including personal correspondence) they wish to protect from inspection by Company officials.

By accepting employment and/or continued employment, each employee of the Company is deemed to have consented to unannounced searches of his/her work area. If the Company announces a request for a search and the employee refuses to allow such a search, it will result in the immediate discharge of the employee.

For security reasons, employees should not bring personal belongings into the work place. This includes backpacks, large or oversized purses, packages and or utility bags, etc. If you must bring any such personal belongings to work, you are required to leave them in employee locker areas.

Any personal property, including but not limited to packages, purses, lunch boxes, vehicles and backpacks of an employee brought onto company premises may be inspected at any time, at the sole and exclusive discretion of the Company.

In order to avoid search of personal property, please refrain from bringing personal property to work. Any employee observed taking any Company property, including, without limitation, Company food or equipment, from the company or club property, will be subject to disciplinary action including immediate termination. While this type of search will only be conducted with the employee's knowledge and consent, however, an employee's refusal to permit such a search of personal items will result in the immediate discharge of the employee.

Monitoring and Surveillance

Video monitoring is used by the Company to identify safety concerns, maintain quality control, detect theft, and deter acts of harassment, workplace violence and other misconduct.

The Company has installed, and may supplement in the future, video cameras that monitor non-private areas of Company property. Please be aware that your activities in all non-private areas may be viewed at any time, without further notice, by authorized personnel. Cameras have not been, and will not be, installed in restrooms, locker rooms, or any area designated for changing clothes.

SUNRISE COMPANY

SECTION

2

EMPLOYEE HANDBOOK

**IMPORTANT
GUIDELINES**

IMPORTANT GUIDELINES - SECTION 2
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OPEN DOOR POLICY

We take pride in our commitment to honest and open communications in our problem-solving procedure. As a Company employee, you have a support system to help you solve problems. For problems which involve your job, your supervisor and department manager are available to listen to you. We think the Open Door Policy makes it possible for fair treatment of your problems and in finding solutions to them.

If you are dissatisfied with your job, your treatment by your supervisor, or Company policies affecting your job performance, please feel free to discuss the problem with either your supervisor or department manager. The Company expects its employees and their supervisors to make every reasonable effort to resolve any issues in question. Should the supervisor's or department manager's efforts be unsuccessful, or if you feel that your supervisor is part of the problem, please take the matter to the division head, or the manager of Human Resources.

PREREQUISITES TO A SUCCESSFUL EMPLOYMENT RELATIONSHIP

In addition to being able to perform the duties of the job under consideration, there are certain "prerequisites" to employment at the Company that must also be met on a continuing basis.

The performance of each Company employee is reviewed on an ongoing basis, and more formally on an annual basis. Generally, the department head directly responsible for the employee reviews the employee and this performance review is then discussed with the appropriate Company officers.

The first question is always, "How are they doing on the prerequisites?" If the answer is positive, the individual's strengths, weaknesses, productivity, future training programs, growth and advancement prospects, salary adjustments, and discretionary bonus payments, etc. are discussed. If the answer to the prerequisite question is negative, then we discuss whether there has been a previous history of problems, including the employee's attitude, work performance, etc. If the consensus is that it may be possible for the employee to overcome these problems in the immediate future, this may be considered. However, if we believe the problems are not likely to be overcome any time soon, serious consideration will be given to terminating the employee.

There is naturally a minimum level of performance required, but an otherwise outstanding talented and productive employee who is not able to live up to the "prerequisites" cannot stay on the team.

The prerequisites are as follows:

1. **Honesty**. It is obvious that employees should not steal from the Company, but honesty in communication is equally important. When information is conveyed it must be the whole truth. Our definition of a lie includes intentionally leading someone else to the wrong conclusion, even if all the information communicated is true. This prerequisite greatly reduces the guessing and game playing that dominate many organizations. It allows a

tremendous level of faith and confidence in what everyone says; everything is aboveboard and can be taken at face value.

2. **Integrity.** Each employee must be someone others respect. They do not necessarily have to be liked by everyone personally, but respect is vital in order to have confidence in the team members. An employee who is not respected demoralizes the whole team.
3. **Loyalty.** We are all part of the Sunrise team. Information regarding the Company cannot be shared with outsiders because of the possibility of it helping the competition and thereby damaging the Company.
4. **Reliability.** When someone agrees to complete a task by 5:00 p.m. Friday, the supervisor of that person needs to have complete confidence at 5:01 p.m. that the task has been completed. If for any reason the task cannot be completed by the agreed-upon time, the burden is on the employee responsible for its completion to contact the supervisor as soon as it is obvious the task will not be completed on time (but certainly before the agreed upon completion time) to explain why it cannot be done and to agree upon a new time for the completion of the task.

This is a revolutionary idea in management. It eliminates the need for follow-up by the supervisor and greatly increases productivity. It also eliminates the necessity for the person who accomplished the task to telephone or write a memo to the supervisor advising that the task has been completed. Confidence in the reliability of each member of the team is vital.

5. **Positive Yet Realistic Thinker.** Nothing slows down the functioning of and demoralizes an organization as much as a negative thinker. It requires great negotiation and persuasion to convince a negative thinker to do what needs to and can be done. It is also time consuming and terribly inefficient. A positive thinker, on the other hand, approaches tasks from the viewpoint of “how can it be done” instead of “why it cannot be done.”

If a positive thinking employee responds that “it cannot be done,” the supervisor need not negotiate or try to persuade the employee otherwise, but can trust and accept the response and examine what other options can be pursued. Likewise, if an employee thinks an idea will not work but the supervisor insists it will, a positive thinker will go about the task with the same energy that would have been brought to the task had it been the employee’s own idea.

In the end, if it turns out the supervisor was wrong, the supervisor will not have any doubts about the employee “sandbagging” the assignment and can accept the results as having been given a 100% best effort. Conversely, if it turns out that the task could be done and the supervisor was right, the employee needs to have the confidence to recognize this and learn from the experience without feeling threatened, inadequate, inferior or guilty.

6. **Rational and Logical Thinker.** The exercise of good judgment and, therefore, good decisions depends on being rational and logical in order to consider all possible courses

of action, weighing the probabilities of each outcome and the benefit or detriment of such consequences. Being an organized person is an important ingredient to the thoroughness of “thinking things through.”

7. **Team Player.** Everyone on the team must do each delegated assignment with a 100% effort, even though they may question, not understand why, or be in disagreement with the assigned project. There will be reasonable time to discuss the assignment, but once the team leader makes the decision, everyone must perform with 100% effort. Loners, no matter how talented, cannot be effective in a task that requires team effort.
8. **Self-starter.** Each person must be able to see what needs to be done within his or her area of responsibility and then get on with getting it done. People who require excessive direction, instruction or guidance from their supervisory personnel create inefficiency, not only for themselves, but also for their supervisors.
9. **Pursuit of Excellence.** There must be a constant striving on the part of each employee for individual, personal and business improvement; increased efficiency; and increased competency. It is legitimate to question every assumption and every conclusion in an intellectual, non-emotional manner to be certain that what we are planning to do is the best way to proceed. New ideas and ways must be considered and tried in the “evolution of excellence” to which the whole Company is committed. A constant learning process must exist for each employee — learning from both successes and mistakes. The repetition of the same mistake is inexcusable. Take pride in your accomplishments! Be a thinker, not a blind follower.
10. **Curiosity.** It is important to think constantly about the task you are doing and try to figure out a better way of doing it. Ask why, how does it work and how can we do it better. Be a constant learner.
11. **Self-confidence and Self-esteem.** The most common cause of failure is an employee’s unwillingness or inability to recognize or admit that the task assigned is not one that he or she can accomplish and/or that the employee does not know what he or she is doing. This situation results from the employee’s own feeling of insecurity. All supervisory personnel should be happy to lend a hand to help the employee learn, grow and accomplish his or her tasks. Failure to ask for help demoralizes the employee; eventually the truth comes to light and it’s all over! Be confident enough, both in yourself and in the security of your relationship with the Company, to admit what you do not know and ask for immediate help.
12. **Anticipation.** It is important to think ahead and not be surprised by circumstances as they occur.
13. **Passion.** It is important that each employee is knowledgeable and has pride in his or her contributions to the Company. Don’t just go through the motions of doing your job – have enthusiasm for your job! Learn every aspect of your position, department and our Company so that you will have the knowledge for high performance. When you enjoy what you’re doing you will do a better job.

Conclusion:

We have found that people who possess the prerequisites are motivated by the overall welfare of the Company over their own self-interest. When those priorities are apparent, the Company, in turn, feels responsible for the employee's well being. No self-sacrifice is required, only mutual progress towards mutual goals.

CONFIDENTIALITY POLICY

The business activities of the Company, including, but not limited to, information concerning customers, business records and employees, is confidential. A single incident of disclosure of confidential information will be considered a serious violation of trust. Therefore, the utmost care must be taken by every employee not to discuss or even mention any of the Company's business activities outside the Company or even inside the Company if the person to whom you are giving the information does not have a legitimate need to know the information.

During the course of your employment, you will also be working with Company business systems, future plans, and other information that we consider confidential. Maintaining this confidentiality is important to our ability to achieve financial success, which, in turn, provides employment stability.

You are required to protect this information by safeguarding it when in use, filing it properly when not being used, and discussing it only with those within the Company who have a legitimate business need to know.

The following items, while not intended to be an exhaustive list, are examples of confidential business activities that may not be disclosed in any manner.

- Customer lists and other sales related data
- Memoranda, notes, records and other technical data
- Plans, sketches, drawings, designs, or other architectural, engineering, design or similar data
- Accounting matters, including customer billing prices and payment terms; vendor payments and payment terms; or any procedures relating to the Company's financial activities
- Computer programs or data related to Company operations, work procedures or other matters
- Future business plans
- Advertising, marketing, or similar data.

This prohibition not only applies to active employees during the term of their employment with the Company, but also all employees after their separation from the Company.

Violations of this policy by existing employees will result in disciplinary action up to and including termination and may, depending upon the severity of the breach of confidentiality, result in legal action against the active or past employee.

ARBITRATION OF DISPUTES

All new employees, as a condition of employment with the Company, are required to enter into a written agreement with the Company whereby the Company and the employee agree to resolve by final and binding arbitration the following claims involving the Company and any of its past or present owners, directors, officers, employees or agents: (1) any claim involving conduct alleged to be in violation of local, state or federal statutory or common law (including, but not limited to, any claim of unlawful discrimination, harassment or retaliation); and (2) any claim arising out of or relating to the ending of the employee's employment with the Company.

EQUAL EMPLOYMENT OPPORTUNITY

The Company believes that all persons are entitled to equal employment opportunities and does not discriminate against its employees or applicants because of race, color, religion, sex, pregnancy, national origin, ancestry, age, marital status, physical or mental disability, medical condition citizenship, sexual orientation or on the basis of any other classification protected by state, federal or local laws. Equal employment opportunities will be extended to all persons in all aspects of the employer-employee relationship, including recruitment, hiring, upgrading, training, pay, promotion, transfer, discipline, layoff, recall and termination.

All Equal Employment Opportunity questions should be directed to your manager or the Manager of the Human Resources Department.

IMMIGRATION LAW COMPLIANCE

Sunrise Company is required by federal immigration laws to verify the identity and legal ability to work of all individuals before they can be hired. In keeping with this obligation, documentation required by federal laws must be inspected. Each applicant must also attest to his or her identity and legal authority to work on a Form I-9 provided by the federal government. This verification must be completed as soon as possible after an offer of employment is made and in no event more than three business days after an individual is hired. All offers of employment and continued employment for positions in the United States are conditioned on furnishing satisfactory evidence of identity and legal authority to work in the United States.

UNION EMPLOYEES

If you are covered by a collective bargaining agreement, many of the terms of your employment, such as computation of vacation pay, holiday pay, sick leave, bereavement leave, pension plans and other benefits, as well as overtime, will be specified in your union contract. You should request a copy of your union contract from your union representative. To the extent the terms and benefits of your employment are covered by your union contract, the terms of the union contract will supersede any conflicting policies or benefits contained in this Employee Handbook. If the terms and conditions of your employment are not covered by your union contract, the terms and conditions set forth in this Handbook will control.

DISCRIMINATION AND HARASSMENT POLICY

Statement of Policy

The Company is committed to providing a workplace free from gender discrimination and sexual harassment, as well as discrimination and harassment based on: (1) an individual's actual or perceived age, race, color, ancestry, national origin, marital status, veteran status, registered domestic partnership status, medical condition (including genetic characteristics), physical disability, mental disability, citizenship, religion, creed, pregnancy or related conditions, or sexual orientation; (2) an individual's actual or perceived association with persons in any of the foregoing protected categories; and (3) any other basis protected by federal, state or local laws, regulations or ordinances. The Company will not tolerate such discrimination against, or harassment of, any of our employees or independent contractors by any supervisor or other employee. We will also attempt to protect our employees and independent contractors from discrimination and harassment in the workplace by non-employees. In keeping with this commitment, the Company maintains a strict policy prohibiting all discrimination and harassment in violation of this policy. This policy applies to all employees and independent contractors, whether supervisory or non-supervisory. This policy prohibits discrimination and harassment in violation of this policy in any form, including verbal, physical and visual discrimination or harassment, and also prohibits retaliation against any person who reports or threatens to report discrimination or harassment with a good faith belief that such discrimination or harassment has occurred, or who truthfully cooperates in an investigation of alleged discrimination or harassment.

Harassment Defined

Harassment is unwelcome conduct which relates to any of the foregoing protected characteristics and creates an intimidating, hostile or offensive working environment or interferes with work performance. Such conduct constitutes harassment when: (1) submission to such conduct is made an explicit or implicit term of employment; (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or (3) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

By way of example, all of the following types of conduct are prohibited by this policy:

- **VERBAL CONDUCT** relating to any protected characteristic, such as epithets, derogatory comments, slurs, comments about an individual's body or dress, dirty or offensive jokes, persistent requests for dates, or unwanted sexual advances, invitations or comments.
- **VISUAL CONDUCT** relating to any protected characteristic, such as derogatory cartoons, pictures, photographs, drawings or gestures.
- **PHYSICAL CONDUCT**, such as assault, battery, blocking normal movement or interference with work, directed at an individual because of his or her sex or other protected status.

- **THREATS AND DEMANDS** to submit to sexual requests in order to keep a job or avoid some other loss, and offers of job benefits in return for sexual favors.
- **RETALIATION** for having reported or threatened to report discrimination or harassment with the good-faith and reasonable belief that such discrimination or harassment has occurred, or for participating in an investigation of alleged discrimination or harassment.

Reporting, Investigation and Discipline

If you believe that you or any other individual has been subjected to discrimination or harassment in violation of this policy, whether by a partner, employee or non-employee, you must promptly report the facts, details, the names of the individuals, and any witnesses to your supervisor, or, in the alternative, the Human Resources Department. Members of management who learn of/or observe discriminating or harassing conduct should immediately inform their supervisor or the Human Resources Department. Any employee who learns of or observes discriminatory or harassing conduct in violation of this policy must immediately inform their division head, or, in the alternative the Human Resources Department. Complaints of discrimination or harassment in violation of this policy will be promptly and thoroughly investigated. All parties contacted in the course of such investigation will be reminded that the Company will not tolerate retaliation in any form against any employee who holds a good-faith belief that discrimination or harassment has occurred and reports such conduct, or who truthfully cooperates in an investigation of such alleged conduct. The Company will also not tolerate a claim by an employee that the Company concludes was false at the time it was made (as opposed to a genuine misunderstanding) and intended to injure or harm the individual or individuals accused of violating this policy.

If, following an appropriate investigation, the Company concludes in good faith that it is more likely than not that conduct in violation of this policy has occurred, appropriate disciplinary measures will be taken. Please be aware that, in many jurisdictions, individual employees, regardless of their position with the Company, can be held personally liable for their own harassing conduct in violation of this policy.

State Enforcement Procedure

Complaints of harassment may also be directed to the appropriate state agency, which has the authority to conduct investigations of the facts. In California, complaints may be directed to the California Department of Fair Employment and Housing. In Nevada, to the Nevada Equal Rights Commission, Colorado Equal Employment Opportunity Commission and in Texas to the Texas Commission on Human Rights. You can contact the nearest office at the locations listed on the employee right to know poster located on the Company bulletin board or by checking the state government listings in your local telephone directory.

Disability Discrimination

The Company is also committed to providing equal employment opportunities to otherwise qualified individuals who have a disability, a record of a disability or are regarded as having a disability. We will provide reasonable accommodation to such individuals to the full extent required under the Americans with Disabilities Act, and any applicable state or local law,

regulation or ordinance. If you require a reasonable accommodation, you must notify your supervisor. We will then engage in an interactive process with you to attempt to determine what type of reasonable accommodation would be effective. Your suggestions and input throughout that process are encouraged. Under certain circumstances, we may ask you: (1) to provide documentation (to the extent permitted by law) from a licensed health care provider confirming your inability to perform an essential function of your job without reasonable accommodation; or (2) if such documentation is necessary and is not available, to visit an appropriate health care professional of our choice to substantiate the existence of a disability and the need for reasonable accommodation.

Conflict of Interest – Other Jobs

You must advise your supervisor of any outside business activities or alternate employment you may have. Although you are free to do as you wish on your own time, no employee should engage in activities which are in direct competition with the Company. If your outside employment affects your ability to satisfactorily perform your job with us, we may request that you relinquish your alternate employment. Any injuries suffered on an outside job are not covered by Sunrise Company's Workers' Compensation Insurance carrier.

Conflict of Interest – Acceptance of Gifts from Vendors and Others

Employees may from time to time receive a gift from a vendor, supplier or other business acquaintance. This policy will define procedures to ensure that gifts do not influence business decisions, transactions or service.

To avoid any suggestion of impropriety, the Company requires that employees decline accepting gifts having more than nominal value (\$50) from individuals or entities that transact, or desire to transact, business with the Company. For gifts, trips, etc, over \$50 in value, the employee must have his or her direct manager's approval before accepting gifts, trips, etc.

This policy is designed to protect employees from potential conflicts of interest. Gift givers may incorrectly assume that they earned favored status or that an employee is beholden to them. Colleagues and fellow employees may view the acceptance of a gift suspiciously and may conclude that an employee who accepts a gift is unable to act objectively and without bias.

This policy does not preclude participation in meals or events having business-related purpose, nor does it preclude accepting an occasional invitation to what might be considered a social event, such as a golf outing or sporting event. The Company encourages friendly and professional relationships between its employees and those of its business partners. Employees should not, however, accept repeated invitations of this kind from a single individual or company and all trips or outings valued at more than \$50 must be approved by employee's manager before the trip or outing takes place.

It is recognized that accepted customs, practices and business etiquette may on occasion require the acceptance of small tokens of appreciation and goodwill. Employees are expected to exercise their best judgment on such occasions and, as necessary, seek guidance from their division managers. Gifts are generally acceptable when an entire office or department is a collective recipient, provided that the gift is modest and appropriate for the circumstances (e.g., candy or fruit at the holidays).

Suppliers and subcontractors often purchase season tickets to sporting and theater events, to be used for business entertainment. Acceptance of tickets is appropriate, provided that cost is modest and invitations are not repeated and the employee receives prior approval from their manager. Management personnel who are offered tickets are also encouraged to share the proffered gift with other personnel.

Acceptance of a gift in violation of this policy may subject an employee to discipline including termination of employment.

Mobile Phone Safety

Research has established that drivers are more likely to have accidents when they talk on the telephone while driving, especially when engaged in a business conversation that demands focus and concentration. This holds true whether a driver uses a handheld or hands-free telephone.

Therefore, to protect the Company and its employees against potential injury and liability, you are prohibited from using any telephone for any work-related business purpose while operating any vehicle. If you want to use a telephone for work-related business while driving, please first bring the vehicle to a complete stop in a safe location and put the vehicle in parking gear. Please do not resume driving until you have concluded your conversation.

Computer Usage and E- Mail Policy

The Company makes the electronic mail (e-mail) system and Internet access available to its employees for conducting Company-related business. The records created through the use of these systems are the property of the Company. Internet access (including e-mail) is provided to assist and facilitate business communications and work-related research. These services are for legitimate business use in the course of the employee's assigned duties. While limited personal use of these systems is acceptable, under no circumstances shall these systems be used for solicitation for religious, political or charitable purposes, or for advertising for personal enterprises. All materials, information and software created, transmitted, downloaded, or stored on the Company's computer systems are the property of the Company and may be accessed only by authorized personnel.

Inappropriate Internet and e-mail use includes transmitting harassing, offensive, obscene or unprofessional messages; accessing any site that is sexually or racially offensive or discriminatory; displaying, downloading or distributing any sexually explicit material; and transmitting any of the Company's confidential or proprietary information, including client data or other materials covered by the Company's confidentiality policy.

Employees should not consider their Internet usage or e-mail communications to be private. To the contrary, the Company reserves the right to monitor the use and operation of the e-mail and Internet systems, to access all of the records within them, to retain or dispose of records as it deems necessary, and to track employee use of the Internet, including sites visited and frequency of use. Information Systems must have access to all personal passwords at all times. Each time an employee changes his or her personal password, the employee is required to send an e-mail advising Information Systems of the change.

Further Rules:

- **The primary e-mail rule.** The content of your e-mail messages should be appropriate for a formal memo or letter. You should always assume that any message you write, business or personal, will be recorded permanently and could be made public.
- **Always comply with company policies.** E-mail or Internet use that violates any of the Company's policies, including those prohibiting discrimination and harassment and gambling, will not be tolerated.
- **Be polite.** Remember that readers do not hear the tone of your voice when they read your message. A message you believe to be efficient and clear could be interpreted as curt and brusque.
- **Edit your messages.** Carefully proofread all messages and use the spell-check feature as needed. Although messages without capitals and proper punctuation are fairly common in e-mail, we discourage sending messages that are grammatically incorrect. Also, you should not write messages in all capital letters, as it represents the e-mail equivalent of shouting.
- **If you would not say it in person, do not say it in e-mail.** E-mail must not be used to send angry or rude messages that fail to consider the interpersonal relationships involved and standards of courtesy and professionalism.
- **Do not use e-mail when you should use the telephone.** E-mail provides an efficient means for having brief exchanges of information. However, please keep in mind that a short conversation will generally be more efficient than exchanging several e-mail messages.
- **Do not access or forward offensive material.** The Company will take immediate and appropriate disciplinary action against any employee who accesses Internet sites that contain information that is inappropriate for the workplace, such as sites containing sexually explicit content or games. Additionally, sending or forwarding offensive jokes, cartoons, racial or ethnic slurs, or inappropriate comments is strictly forbidden.
- **Never forward "chain" e-mail.** "Chain" e-mail messages are like chain letters. They take up valuable space on the e-mail system and should be avoided.
- **Protect confidentiality.** Never send or disclose messages containing confidential or proprietary information to anyone who does not have a right to know such information. Also, never access the files or communications of others unless you have a legitimate business purpose and authorization to do so.
- **Internet e-mail is not secure.** While not common, there is always the potential for any Internet message and any documents or files that are attached to the message to be intercepted and read.

- **Deleting does not always mean destroying.** The Company's entire e-mail system is backed up at regular intervals. *Never assume that an e-mail message you have deleted is deleted for all purposes.* A message deleted from your "in-box" may be available elsewhere on the system. Internet e-mail sent outside of the Company may remain on the recipient's system indefinitely.
- **Always log off.** Log off the system when you are not using your computer. An unattended computer can be accessed by unauthorized persons.
- **Never divulge your system login ID or password.** If a request appears asking for your system login ID or password (or any other personal information), do not release the information to anyone.
- **Use caution before downloading any file from the Internet.** Keep in mind that you are on the Company's computer system and the downloading of files may put the Company's entire system at risk.
- **Be aware of the potential security risk of downloading working documents.** For example, Microsoft Word documents can be embedded with destructive macros. Please perform a virus scan on all files and documents downloaded from the Internet before accessing them.
- **Be aware of copyright infringement.** The e-mail and Internet systems may not be used for unlawful activities, including sending copyrighted materials in violation of copyright laws or license agreements, or misusing software trial versions, shareware and any other software programs.
- **Be aware of company representations.** Only authorized employees may communicate via the Internet on behalf of the Company. Employees may not express opinions or personal views that could be misconstrued as being those of the Company. Employees may not state their company affiliation on the Internet unless required as part of their assigned duties.

Violation of any of the Company's policies regarding use of the e-mail and Internet systems may result in loss of computer access and/or disciplinary action, up to and including immediate termination of employment. If necessary, the Company will advise appropriate legal officials of any illegal violations.

HEALTH AND SAFETY POLICY

The health and safety of employees and others on Company property or while using Company equipment is of critical concern to the Company. We strive to attain the highest possible level of safety in all activities and operations. The Company also intends to comply with all health and safety laws applicable to our business.

Periodically, the Company may issue additional rules and guidelines governing workplace health and safety. All employees must familiarize themselves with these rules and

guidelines, as strict compliance is expected. Failure to strictly comply with these rules and guidelines or negligent work performance that endangers the health and safety of any person will not be tolerated.

In order to maintain a safe workplace, the Company must rely upon our employees to ensure that work areas are kept safe and free of hazardous conditions. Employees should be conscientious about workplace safety including proper operating methods and known dangerous conditions or hazards. Employees should report any unsafe conditions or potential hazards to a supervisor immediately.

Any workplace injury, accident, near miss or illness must be reported to a supervisor as soon as possible, regardless of the severity of the injury or accident. If medical attention is required immediately, employees will be provided with immediate medical care, after which the details of the injury or accident must be reported.

SUBSTANCE ABUSE POLICY

The Company has a vital interest in maintaining a safe, healthful and efficient workplace for the benefit of its employees, homeowners, club members, clients and the public. The use of alcohol or performance impairing drugs can cause avoidable injuries to employees and others, damage to property and productivity losses.

Definitions

- **ALCOHOL:** means beer, wine, and all items of distilled liquor containing ethyl alcohol. References to use or possession of alcohol include use or possession of any beverage, mixture or preparation containing ethyl alcohol, unless prescribed by a licensed physician.
- **ILLEGAL DRUGS:** Any substance (other than alcohol) that has known mind or function altering effects on a person, including psychoactive substances prohibited or controlled by Federal or State controlled substance laws.
- **PRESCRIBED DRUGS:** Any substance prescribed for use by the employee by a licensed medical practitioner.

Statement of Policy

To ensure a safe and productive work environment, employees are prohibited from:

- Unlawfully manufacturing, distributing, dispensing, possessing, or using alcohol or illegal drugs, or misusing or abusing prescribed or over the counter drugs while on Company time and on Company premises.
- Having present in their bodies during working hours detectable levels of illegal drugs or alcohol.
- Violating any Federal or State law relating to drugs or alcohol.

The exception to this policy is the authorized possession, use and transportation of drugs prescribed by a licensed Physician and used according to prescription instructions, unless such use would pose a safety risk to the employee, other employees or the public.

Employee Responsibilities

As a condition of continued employment, each employee must:

- Abide by this Substance Abuse Policy and
- Notify the Company of any criminal drug statute conviction for a violation of Federal or State law relating to drug or alcohol abuse or possession while on or using Company property no later than five (5) days after such conviction.

Employees who are required to submit to reasonable suspicion or post accident testing agree to accept, at the Company's discretion, transportation to a location where the test will be conducted and to their residence.

Penalties

Any employee who violates this Substance Abuse Policy shall be subject to discipline up to and including termination. Nothing in this policy changes the at-will employment relationship and employees may be terminated at any time without cause or notice.

DRUG AND ALCOHOL TESTING POLICY

Pre-Employment Testing

- Each applicant for a position in the Company will be subject to the Company's Substance Abuse Policy.
- All offers of employment to applicants will be contingent upon the applicant taking a drug and/or alcohol test in accordance with the Company's policy.
- An applicant who refuses to submit to pre-employment testing when requested, or refuses to sign the Company's Substance Abuse Policy Consent form, will not be employed by the Company.
- If an applicant's test is positive for any prohibited substance, the Company will not employ him or her. The applicant will have the opportunity to have the specimen re-tested at his or her own expense.

Random/Periodic Testing

- The Company, at its discretion, may institute a program of random testing of current employees in safety-sensitive positions. This program will include testing of all personnel at a job site or a computerized random selection program of individuals throughout the year.
- If selected for a random test, the employees must go immediately to the collection site and submit a urine/hair sample for drug testing and urine/blood sample for alcohol testing.
- Refusal to submit a sample or properly complete documentation for a random test will be considered a refusal to take the test, which will require discipline up to and including termination.

Post Accident Testing

Employees involved in a work-related injury, regardless of severity, that requires professional medical treatment, will be subject to a drug and/or alcohol test.

Employees involved in an accident or safety related incident of any kind while in a Company vehicle or while on Company time or on Company property, will be subject to a drug and/or alcohol test.

The Company may require that an employee who contributed to an accident be tested, if there is a reasonable cause to believe that the accident may have resulted from drug and/or alcohol usage.

Reasonable Suspicion Testing

- For purposes of this policy, “reasonable suspicion” includes a suspicion that is based on specific personal observations such as an employee’s manner, disposition, muscular movement, appearance, behavior, speech or breath odor; information provided to management by an employee, by law enforcement officials, by a security service, or by other persons believed to be reliable; or a suspicion that is based on other surrounding circumstances.
- If a manager has a reasonable suspicion that an employee is using or is under the influence of alcohol or any illegal drug while on Company or client property or while performing Company business, the employee will be asked about, and given an opportunity to explain, any observed behavior giving rise to such reasonable suspicion. If the employee is unable to satisfactorily explain such behavior, the employee may be requested to take a drug and alcohol test in accordance with the testing procedures outlined in this policy. In such instances, the Company will provide transportation to and from the collection site.
- Refusal to cooperate in the collection procedure and/or refusal to take the test will result in discipline up to and including termination.

Testing Laboratory

To ensure the highest quality of the testing program, the laboratory selected by the Company to perform the drug and/or alcohol tests will be certified by the Substance Abuse and Mental Health Services Agency (SAMHSA).

Confidentiality

Only those persons authorized to receive results from the laboratory will be allowed to discuss such results with the supervisor or the employee. Individuals within the Company will be notified of the results on a limited need-to-know basis.

No laboratory or test results shall appear in a personnel folder. Information of this nature will be included in a medical file.

Drug and alcohol test results will be released to a decision-maker in a grievance or other proceeding (such as for a Worker’s Compensation or Unemployment Insurance Claim) initiated by or on behalf of the employee.

Use of Prescription Drugs

In the event an employee is under the care of a physician and is taking prescribed medication which might impair his or her ability to perform a job safely, the employee must notify his or her manager in advance of starting work. It is at management's discretion as to whether the employee may continue to perform the normal assigned duties or be assigned non-safety sensitive duties (if available) until the employee provides a physician's release to perform normal duties.

It is the Company's policy to maintain a drug-free workplace. Our "Standards of Conduct" guidelines note that an employee may be discharged for possessing, using or selling alcohol and/or drugs while on Company time and/or Company premises. However, we will reasonably accommodate under certain circumstances any employee who volunteers to enter an alcohol or drug rehabilitation program, provided the reasonable accommodation does not impose an undue hardship on the Company. The Company will take reasonable measures to safeguard the privacy of the employee concerning his or her enrollment in an alcohol or drug rehabilitation program. Specific questions can be addressed to the manager of Human Resources.

SUNRISE COMPANY

**SECTION
3**

EMPLOYEE HANDBOOK

**LEAVES OF ABSENCE
AND BENEFIT POLICIES**

LEAVES OF ABSENCE & BENEFIT POLICIES - SECTION 3

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LEAVES OF ABSENCE

Vacation

The following Uniform Vacation Schedule shall apply to all full-time employees hired after November 1, 1997:

<u>Completed Years of Service</u>	<u>Maximum Annual Vacation Entitlement</u>
0 - 6 months	No vacation accrued
6 months - 1 year	5 Workdays
2 - 10 years	10 Workdays
11 or more years	15 Workdays

No vacation time accrues during the first six (6) months of employment. Thereafter, over the course of the next six (6) months, employees accrue five (5) days of vacation. Commencing on the first anniversary of employment and continuing through the employee's tenth anniversary, employees accrue ten (10) days of vacation per year. After the tenth year of employment and continuing thereafter for the duration of the employee's employment with the Company, employees accrue fifteen (15) days of vacation per year.

In order to encourage employees to use all of their accrued vacation each year, we have placed a cap on the amount of vacation benefits an employee can accumulate. The maximum vacation benefits that an employee may have at any time shall equal two (2) times the employee's current annual vacation entitlement. If an employee's accrued but unused vacation time reaches two (2) times the maximum entitlement, the employee will not continue to accrue additional vacation time. By way of example, if an employee is entitled to 10 days of vacation per year, once the employee accrues 20 days of vacation, the employee will cease accruing additional vacation time. If the employee later uses enough vacation to fall below the maximum, the employee will resume earning vacation time again from that date forward. Accordingly, employees are encouraged to use all vacation time each year in order to avoid reaching the ceiling on vacation entitlement.

It is the Company's goal in its vacation policy to give employees a chance to relax and rest away from the job. To achieve this goal, vacation should be scheduled for five consecutive workdays whenever possible. For this same reason, the Company will not pay employees for accrued but unused vacation except upon termination of employment, as explained below. In the event a paid holiday occurs within an employee's vacation, an extra day of vacation is allowed. This extra day may be taken in conjunction with the vacation or at a later day, as approved by the employee's supervisor.

In order to be eligible to take vacation, you must submit a written vacation request to your supervisor, well in advance of the anticipated vacation date. All vacation requests must be approved in advance by the employee's supervisor. It is the supervisor's responsibility to

schedule vacation time. Employee preference will govern in the selection of vacation time but only if it is compatible with efficient Company operations.

The Company may decide to allow an employee to take vacation before it has accrued, if it is feasible to do so. However, if an employee resigns or is terminated before the advanced vacation time has been fully recouped, the employee will have been overpaid for his or her services. In such circumstances, the employee acknowledges and agrees that the Company is entitled to recover the full amount advanced but not yet recouped from the employee's final paycheck. On the other hand, if an employee has accrued but unused vacation time available at the time of his or her termination, the employee will be paid for all such accrued but unused vacation time at the employee's rate of pay at termination.

Questions regarding this benefit should be addressed to the Human Resources Department.

SICK LEAVE

Eligibility

- (a) All full time Club Operations employees, and, (b) all other full time employees hired on or after November 1, 1997 who have completed 90 days of employment are eligible for up to a maximum of five (5) days of paid sick leave during each anniversary year. (c) Full time employees hired prior to November 1, 1997 in non-Club Operations positions are eligible for up to a maximum of ten (10) days of paid sick leave during each anniversary year.

Carry-over of Unused Sick Leave

Full time employees entitled to up to five (5) days of sick leave per anniversary year who have completed one year of employment will be permitted to carry over from year to year up to a maximum of 25 days (200 hrs) of unused sick time for use only in the case of their own disability leave. Full time employees entitled to up to ten (10) days of sick leave per anniversary year will be permitted to carry over 50 days (400 hours) of unused sick time for use only in the case of their own disability leave. This carry over of sick time is intended to help employees in case of a medical emergency or disability so that they may receive salary continuation while they are out ill. Use of these carry over benefits does not apply to time taken off for a family member's illness.

Use of Sick Leave Benefits

We have instituted this policy to minimize the economic hardships that otherwise might result from unexpected short-term illness or injury of the employee. (Employees may use up to one-half of their annual sick leave entitlement to attend to the illness or injury of the employee's child, spouse, domestic partner or parent.) No sick leave benefits are paid upon termination of employment, nor can sick leave benefits be applied as extra vacation or taken as personal time.

Call-In Requirement/Procedure

If you are ill and cannot report to work or must attend to the illness of an immediate family member, you must call your supervisor at least two hours before the start of your scheduled shift on each day you will be absent. If no one is there to answer your call, you must

leave a message and a number where you can be reached. If you are absent for three (3) days without calling your supervisor, you will be deemed to have voluntarily resigned your employment.

On occasion, it may be necessary for us to reach you or for you to conduct business from your home while you are out on sick leave. Accordingly, please always leave a telephone number where you can be reached. Occasional provision of services such as this while you are out on sick leave is considered a professional obligation and is not intended to apply as a credit toward sick leave benefits.

In order to receive sick leave benefits, employees must complete a Vacation/Sick Leave/Leave of Absence form. The employee's supervisor will verify that the employee has sick leave benefits available and send the original completed form to the Human Resources Department. Non-exempt employees must also record any sick leave absences on their time sheets.

Employees who require sick leave beyond three days may be eligible for leave under the Family and Medical Leave policy set forth in this Handbook.

Failure to follow the above procedures, excessive absenteeism, or any fraudulent use of sick leave, will not be tolerated.

Physician's Statement

The Company reserves the right to require a satisfactory statement or certificate by a licensed physician verifying an illness or injury whenever an employee misses work due to his or her own or an immediate family member's illness, injury or other disability or if the Company suspects fraudulent use of sick leave. As an example, you may be asked to provide verification of an illness, injury or disability, its beginning and ending dates, and/or of your ability to return to work without endangering your own safety or health or the safety or health of others. Such verification may be a condition of receiving sick leave benefits or returning to work.

Coordination with Other Benefits

Any employee receiving state disability or workers' compensation insurance payments will be eligible to receive sick leave pay only to the extent that the sum of the insurance payment and sick leave do not exceed the employee's regular rate of pay.

HOLIDAYS

Company recognized holidays are:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

Holiday pay will be paid to employees that have completed 90 days of employment and whose scheduled workday falls on the holiday. Employees must work their last scheduled work

day before and their first scheduled workday following the holiday. Otherwise, holiday pay is forfeited.

Employees working the holiday will receive their regular rate of pay for all hours worked in addition to one hour of holiday pay for each hour worked up to a maximum of eight (8) hours of holiday pay.

If a holiday falls during an employee's approved vacation period, the employee will be paid for the holiday and will not be charged with a vacation day for the day the holiday is observed. If the holiday falls during an employee's approved leave of absence, the employee will not be paid for the holiday.

PERSONAL LEAVE OF ABSENCE

General

Employees who have been continuously employed with the Company for at least one year may request a personal, non-medical leave of absence without pay for a reasonable period of time, up to 30 days. The leave may be extended for a reasonable period of time of up to 30 days due to special circumstances, as determined on an individual basis by the department manager. The Company will consider various criteria when determining whether or not to grant an employee's request for a personal leave of absence, such as the employee's length of service, performance, responsibility level, the reason for the request, whether other individuals are already out on leave, and the expected impact of the leave on the Company. Personal leaves of absence are granted within the sole discretion of the Company.

Requests

An employee wishing to take a personal leave of absence must submit a written request to the employee's department head. The department head must provide the employee with written approval before the employee will be permitted to begin a personal leave. An employee wishing to extend a personal leave of absence must submit a written request to the employee's department manager. The department manager must provide written approval before the extended period of a leave begins.

Status of Employee Benefits

During Personal Leave Group health insurance coverage may be continued until the first of the month following the month in which an approved personal leave commences. An employee on a personal leave of absence will not continue to accrue seniority, vacation or sick leave. When the employee returns to work, the eligibility and accrual dates for vacation and sick leave will be adjusted forward to reflect the period of the leave.

Returning from a Personal Leave of Absence

When an employee is placed on a personal leave of absence, an effort will be made to hold the employee's position open for the period of the approved leave. However, due to business needs, there may be times when positions cannot be held open. Accordingly, it is not always possible to guarantee reinstatement.

If an employee fails for any reason to return to work on the first scheduled workday upon the expiration of an approved leave of absence and has not obtained an extension from the department manager prior to such expiration date, or the employee is not otherwise legally entitled to continue his or her leave of absence, the employee will be considered to have voluntarily resigned.

MILITARY LEAVE

Employees who leave their employ to perform military duties will be granted unpaid leaves of absence in accordance with federal and state laws governing such leaves. Such employees will be reinstated if they satisfy all applicable legal requirements and apply within the time prescribed by law.

Any employee who is a member of the National Guard or a reserve component of the Armed Forces shall, upon furnishing a copy of the official orders or instructions, be granted an unpaid military training leave in accordance with applicable laws.

FAMILY AND MEDICAL LEAVE

The Company will grant family and medical leaves of absence in accordance with the federal law known as the Family and Medical Leave Act (“FMLA”) and, in California, pursuant to the state law known as the California Family Rights Act (“CFRA”). California Employees will be eligible for the most liberal benefits available under either law.

Employees must contact Human Resources as soon as they become aware of the need for a family or medical leave. The following is a summary of the relevant provisions.

Eligibility

An employee will be eligible to take up to a maximum of 12 workweeks of unpaid FMLA/CFRA leave during a 12-month period if the employee satisfies all of the following criteria: (1) the employee works within a 75-mile radius of at least 50 other Company employees; (2) the employee has more than 12 months of service with the Company; (3) the employee has worked at least 1,250 hours during the 12 months preceding the date the leave is to begin; and (4) the employee is taking the leave for one or more of the following reasons: (a) to care for the employee’s child following the child’s birth or following placement of the child with the employee for adoption or foster care (NOTE: leave taken for this reason must be completed within 12 months after the child is born or placed with the employee); (b) to care for the employee’s spouse, registered domestic partner, child, registered domestic partner’s child or a parent who has a serious health condition (as defined by applicable law); or (c) because the employee has a serious health condition (as defined by applicable law) that makes the employee unable to perform the essential functions of his or her job.

Calculation of FMLA/CFRA Leave Available

To determine how much FMLA/CFRA leave is available to an employee, the Company uses the following method: The Company subtracts from 12 weeks the amount of FMLA/CFRA leave taken by the employee during the 12 months immediately preceding the date on which the requested leave is to begin. The difference is the amount of FMLA/CFRA leave available. (NOTE: If parents who are both employed by the Company take FMLA/CFRA leave for the

birth or placement of their child, the parents may only use a combined total of 12 weeks of FMLA/CFRA leave for that purpose during a 12-month period.)

Compensation During FMLA/CFRA Leave

Except as provided by any state disability insurance fund, and, in California, the Paid Family Leave fund, FMLA/CFRA leave is unpaid. Thus, pay will be reduced for all full days of leave taken or for all hours of leave taken within a single day. Reducing an exempt employee's pay for partial days off will not affect the employee's exempt status. Although employees may elect to use some or all accrued paid vacation time and/or paid sick leave during an FMLA/CFRA leave, the use of available vacation and sick leave time does not extend the maximum amount of FMLA/CFRA leave available under this policy.

Coordination of FMLA/CFRA Leave and California Pregnancy Disability Leave

California employees who are disabled by pregnancy, childbirth or a related medical condition are entitled (even if they are not eligible for FMLA/CFRA leave) to take a Pregnancy Disability Leave ("PDL Leave") of up to four months. (The Company's Pregnancy Disability Leave policy in California is explained later in the Handbook.) Although PDL Leave counts as time used for FMLA purposes, it does not count as time used under the CFRA. Therefore, California employees who have taken PDL Leave have the right to take an additional 12 workweeks of unpaid leave under the CFRA after the birth of a child, following the end of the PDL Leave.

Requests for Leave

Employees must provide Human Resources with at least 30 days' advance notice of the need to take FMLA/CFRA leave for foreseeable events (such as the expected birth of a child or a planned medical treatment for the employee or a family member). For events that are unforeseeable, the employee should notify Human Resources as soon as the employee learns that a leave will be necessary.

Certification of Need for Leave

When FMLA/CFRA leave is requested due to the serious health condition of an employee or an employee's family member, the Company will require written certification from a licensed health care practitioner verifying the date on which the serious health condition began or will begin, the probable duration of the serious health condition and the employee's expected date of return to work.

Intermittent or Reduced Leave

In the case of an employee's own serious health condition or that of a family member, the employee may take leave intermittently or on a reduced work schedule, if medically necessary, upon certification from the licensed medical care provider. When a leave is for adoption or birth of a child, the employee may take leave intermittently or on a reduced work schedule only with the approval of Human Resources and the employee's Department Head.

If the employee requests intermittent or reduced leave status, the Company may temporarily transfer the employee to another position of equivalent pay and benefits in order to better accommodate the leave.

Dispute Resolution

If there is a dispute about the medical opinion provided by the medical care provider of an employee or the employee's family member, the Company may require a second opinion by a physician of its choice, at its expense. If the opinions are inconsistent and a third opinion is necessary, a third medical care provider agreeable to both the employee and the Company may be selected, also at the Company's expense.

Effect on Health Insurance Benefits

During an employee's FMLA/CFRA leave, the Company will continue paying the employer's share of the cost of the premium for the employee's participation in any Company-sponsored group-health plan, to the same extent it would have done so if the employee had not taken leave. The cost of coverage normally borne by the employee will remain the sole responsibility of the employee, and failure to make timely payments will result in lapse of coverage. It is the employee's responsibility to make arrangements with Human Resources to pay the employee's share of the cost of coverage. At the end of the 12-week period, if the employee has not returned from leave, the employee will have the option to continue insurance benefits at his or her own expense through the federal law known as COBRA.

If an employee fails to return from FMLA/CFRA leave for a reason other than the recurrence or continuation of the health condition that brought about the leave (or other circumstances beyond the employee's control), the Company has the right to recover from the employee, to the extent permitted by law, any health insurance premiums paid by the Company on the employee's behalf during any unpaid periods of the leave.

Effect on Other Benefits

Employees on FMLA/CFRA leave accrue other employment benefits – such as paid sick leave and paid vacation time – only during periods when accrued vacation or sick leave time is being substituted for unpaid leave and only if the employee would otherwise be eligible for such accrual.

While on FMLA/CFRA leave, an employee is entitled to participate in any pension and retirement plan and supplemental insurance plans then offered by the Company only in accordance with the terms of the Summary Plan Documents controlling those plans.

Return from FMLA/CFRA Leave

Under most circumstances (subject only to exceptions permitted under applicable law), upon return from family/medical leave an employee will be reinstated to his or her original position or to an equivalent position with equivalent pay, benefits and other employment terms and conditions. However, an employee has no greater right to reinstatement than if he or she had not taken the leave. A California employee returning from leave of less than four months due to a pregnancy-related disability will be reinstated in accordance with the Company's Pregnancy Disability Leave policy as set forth in the section governing PDL leaves.

Before returning to work from FMLA/CFRA leave taken for the employee's own serious health condition, the employee will be required by the Company (as in the case of all medical leaves) to submit to Human Resources a certificate of fitness from the employee's licensed

health care provider confirming that the employee is able to resume his or her regular duties or describing any work restrictions the employee may have in performing his or her job.

Key Employee Exception

The Company may deny certain “key” employees (as defined under applicable law) reinstatement if such denial is necessary to prevent substantial economic injury to the Company’s operations and conforms to all other requirements under the law, and such denial is communicated to the affected employee at the time the leave is requested.

OTHER DISABILITY LEAVES

If an employee requires a temporary disability leave in connection with a disability or workplace injury and is not eligible for an FMLA/CFRA (discussed above) leave or California PDL Leave (discussed below), the Company will grant such leave to the extent it can do so without undue hardship, or, in the case of work-related injury, unless business necessity prevents it from doing so, in compliance with applicable laws. The duration of such leave will be consistent with applicable laws, but in no case will it extend past the date on which the employee becomes capable of performing the essential functions of his or her job, with or without reasonable accommodation. Except as provided through any state disability insurance, workers' compensation benefits, by short-term and long-term disability plans in which the employee participates and is eligible, or by using available accrued vacation time and/or paid sick leave time, such leaves are unpaid. Employees on such a leave may accrue other employment benefits, such as paid sick leave and paid vacation time, only during periods when accrued vacation or sick leave time is being substituted for unpaid leave, and only then if the employee would have otherwise been eligible for such accrual. While on a disability leave pursuant to this section, an employee is entitled to participate in any pension and retirement plan and supplemental insurance benefits then offered by the Company only in accordance with the terms of the Summary Plan Documents controlling those plans.

When a leave is requested due to a disability that is not work-related, the Company will require written certification from a licensed healthcare practitioner specifying whether the leave is for a disability as defined by state and federal law, verifying the date on which the disability began or will begin, and, if available, the probable duration of the disability and the employee's expected date of return to work.

If a temporary disability leave qualifies as a California PDL Leave or an FMLA/CFRA leave, the provisions of the California Pregnancy Disability Leave Policy or the Family and Medical Care Leave policy will govern, as applicable. If the leave is not so covered, and the employee requires a temporary disability leave as a reasonable accommodation in connection with a workplace injury, the Company will continue providing and paying the premium for the employee's participation in any Company group-health plan to the same extent as it would have done if the employee had not taken leave, for up to ninety (90) days. The cost of coverage normally borne by the employee will remain the sole responsibility of the employee, and failure to make timely payments (which must be received by the Company on or before the 15th of each month) will result in a lapse of coverage. It is the employee's responsibility to make arrangements with Corporate Human Resources to pay the employee's share of the cost of such

coverage. At the expiration of the 90-day period, the employee will have the option to continue health insurance coverage at his or her own expense, through the federal law known as COBRA.

Following an approved temporary disability leave pursuant to this policy, the employee will be reinstated upon becoming capable of performing the essential functions of his or her job with or without reasonable accommodation, unless such reinstatement has been precluded by business necessity (in the case of work-related injuries) or caused undue hardship (in the case of covered disabilities, as defined by applicable law).

JURY DUTY AND WITNESS LEAVE

All employees shall have protected time off for the following reasons: (1) to serve on a jury; (2) to appear in court, in compliance with a subpoena or other court order, as a witness in any judicial proceeding; (3) if an employee is a victim of domestic violence or a victim of sexual assault, to seek judicial relief to help ensure the health, safety or welfare of the employee, or the employee's children; or (4) if the employee is a victim of domestic violence or a victim of sexual assault, to seek medical attention for injuries caused by the domestic violence or sexual assault, to obtain services from a shelter or crisis center, to obtain psychological counseling, or to take action to increase safety from future domestic violence or sexual assault. Any employee in need of taking time off for any reason specified in this paragraph must notify his or her direct supervisor, as well as Human Resources, as soon as possible. If an employee receives a juror's questionnaire, a subpoena, or other court order, the employee should bring it to Human Resources immediately after it is received. If an employee cannot provide the Company with advance notice of an absence for any reason specified in this paragraph, the Company is permitted to require the employee to provide certification as to the reason for the employee's absence. It is the employee's responsibility to keep us updated as to how long the employee may be absent due to any of the foregoing reasons.

Non-exempt employees will be paid for up to five (5) days for time off taken for jury duty, and may choose to use accrued vacation time for additional time off, and to use accrued vacation time for any of the other protected leaves discussed above. Exempt employees will be paid for jury duty or for any other reason in the preceding paragraph only if they have performed Company-related work during that same work week; if they have not performed any Company-related work during that same work week, they will not be paid for the time off, except to the extent they choose to use accrued vacation time for that purpose.

BEREAVEMENT LEAVE

After completing 90 days of employment, full-time employees are eligible to receive up to three days of paid bereavement leave following the date of the death of a family member, up to and including the day of the funeral. Bereavement leave is available if the deceased was the employee's parent, spouse, domestic partner, child, brother or sister, grandparent or the employee's spouse's parent.

TIME OFF TO VOTE

Employees who do not have sufficient time outside of their regular working hours to vote in a statewide election may request up to two paid hours off from work (or in Nevada, up to three

hours, in accordance with applicable law) in order to vote. Whenever possible employees should make their request at least two days prior to the election. When you return from voting, it is necessary to present a voter's receipt to your supervisor.

ADDITIONAL LEAVES OF ABSENCE FOR CALIFORNIA EMPLOYEES

Pursuant to California law, the Company offers Pregnancy Disability Leave and School Visitation Leave, as described below, to employees located in California:

PREGNANCY DISABILITY LEAVE

The following policy applies to California employees and sets forth the Company's obligations pursuant to California law. All other employees must contact Human Resources for information regarding the policy of the state in which they reside.

Eligibility

Under California law, any employee who is disabled and therefore temporarily unable to perform her usual and customary duties due to a pregnancy, childbirth or a related medical condition will be granted an unpaid pregnancy disability leave of absence ("PDL Leave") for the actual duration of a disability, up to a maximum of four months per pregnancy (88 work days for a full-time employee) on the basis of a physician's statement that the employee is not able to work due to the pregnancy-related disability. This policy applies to all employees, regardless of their part-time or full-time status or their seniority with the Company.

Time off needed for prenatal care, severe morning sickness, doctor-ordered bed rest, childbirth, and recovery from childbirth are all covered by the employee's PDL Leave. Thus, the PDL Leave does not need to be taken in one continuous period of time, but can be taken on an as-needed basis.

Requests for Leave

An employee who plans to take a PDL Leave must provide Human Resources with at least 30 days' advance notice of the date on which it is anticipated that the leave will commence, the estimated duration of the leave, and the date on which the employee expects to be able to return to work. When an emergency occurs that does not allow the employee to provide advance notice of the need for the PDL leave, the employee must notify Human Resources of the situation immediately.

Requests for Less Strenuous Duties

Upon request, the employee will be granted a transfer to a less strenuous or hazardous position, less strenuous or hazardous duties, or other accommodation, if such requests can be reasonably accommodated, upon the basis of a physician's certification that such a requested accommodation is medically advisable.

Medical Certification

Employees will be required to submit a certification from their health care provider of their pregnancy disability or the medical advisability for a transfer or accommodation. The certification should include the following information:

(a) The date on which the employee becomes disabled due to pregnancy or the date of the medical advisability for the transfer or accommodation;

(b) The probable duration of the period or periods of disability or the period or periods for the advisability of the transfer or accommodation; and

(c) A statement that, due to the disability, the employee is unable to work at all or to perform any one or more of the essential functions of her position without undue risk to herself, or to other persons, or a statement that, due to her pregnancy, the transfer or accommodation is medically advisable.

Compensation During PDL Leave

Except as provided by the California Employment Development Department through the California State Disability Insurance fund and the California Paid Family Leave fund, PDL Leave is unpaid. Thus, pay will be reduced for all PDL Leave taken. Although employees may elect to use some or all accrued vacation time and/or paid sick leave during a PDL Leave, the use of available sick leave and vacation time does not extend the maximum amount of PDL Leave available under this policy.

Effect on Benefit Accrual

At the employee's option, she may utilize any accrued vacation and sick leave benefits and other accrued time off during the period of her disability before taking the remainder of her leave as an unpaid leave. However, the use of paid sick leave and vacation time does not extend the maximum amount of PDL Leave available under this policy. Employees on PDL Leave accrue other employment benefits, such as paid sick leave and vacation time, only during periods when accrued vacation and sick leave time is being substituted for unpaid leave, and then only if the employee would otherwise be eligible for such accrual.

While on PDL Leave, an employee is entitled to participate in any pension and retirement plan and supplemental insurance plans then offered by the Company only in accordance with the terms of the Summary Plan Documents controlling those plans.

Effect on Health Insurance Benefits

During an employee's PDL Leave, the Company will continue paying the employer's share of the cost of the premium for the employee's participation in the Company's group-health plan to the same extent it would have done if the employee had not taken leave. The cost of coverage normally borne by the employee will remain the sole responsibility of the employee and failure to make timely payments will result in a lapse of coverage. It is the employee's responsibility to make arrangements with Human Resources to pay the employee's share of the cost of coverage. At the end of the PDL Leave, if the employee has not returned from leave and is not eligible for FMLA/CFRA leave, the employee will have the option to continue health insurance benefits at her own expense through the federal law known as COBRA.

Return from PDL Leave

An employee who is released by her doctor to return to her original job after an approved pregnancy-related disability leave, or who previously has been transferred to a less strenuous or hazardous position because of pregnancy, childbirth or a related medical condition, may return to

her original job, subject to any exceptions permitted under state and federal laws. An employee returning to work after a pregnancy-related disability must have a written release from a physician verifying that the employee has been disabled and is now able to return to work and safely perform all of her duties.

Employees desiring further information regarding this policy may contact the Human Resources.

SCHOOL VISITATION LEAVE

Pursuant to California law, employees are entitled to take up to 40 hours of leave per calendar year (but no more than eight (8) hours in any calendar month) to participate in the activities of schools or licensed child daycare facilities attended by their children. Non-exempt employees may use any accrued vacation time (to the extent available) for an absence for this purpose. If the amount of time taken for this purpose exceeds the vacation time accrued by the non-exempt employee, the excess time will be unpaid. Leave taken by an exempt employee for this purpose will be paid if taken during a work week in which the exempt employee performed any work for the Company, except that if the exempt employee is absent from work for four hours or more per day for this purpose, vacation pay must be used.

In accordance with California law, the Company reserves the right to require an employee who takes leave for this purpose to provide written verification from the school or daycare facility as proof that the employee participated in school or daycare activities on the specific date and time requested.

PAID FAMILY LEAVE INSURANCE

The Paid Family Leave Insurance Program (“PFL”) provides California employees with up to six weeks of partial wage-replacement benefits if they take time off work to care for a seriously ill child, spouse, parent, domestic partner, or to bond with a minor child within one year of the birth or placement of the child in connection with foster care or adoption. PFL is funded entirely by employee payroll withholding contributions and is administered through the California Employment Development Department (“EDD”). The PFL fund does not create a new leave of absence for employees, nor does it require the Company to compensate employees, hold jobs open for employees, or continue employees’ benefits during a PFL-covered leave, unless the Company is otherwise obligated to do so pursuant to its internal policies or state or federal laws. Prior to receiving benefits, employees must fulfill a seven-day waiting period, and must use up to two weeks of accrued but unused vacation time toward the six-week wage-replacement benefit. Employees with available paid vacation time will be able to use such vacation time during the initial seven-day waiting period.

An employee may not receive PFL benefits if he or she is also eligible for or already receiving State Disability Insurance, Unemployment Compensation Insurance, or Workers’ Compensation benefits. If an employee is receiving paid sick leave provided by the Company during time taken off of work for one of the above-covered reasons, his or her PFL benefits will be reduced by the amount of sick leave wages received and, depending on the amount of sick leave wages received and the employee’s weekly PFL benefit amount, the employee may be ineligible for PFL benefits.

If you have any questions about the PFL Program, please contact Human Resources.

YOUR BENEFITS

The Company offers many benefits that protect and provide security for you and your family, based on options you may select. Your manager, the Human Resources Department, or the actual providers can assist you with more information on the programs and eligibility. Many of these benefits have strict deadlines for enrollment. Newly hired and newly eligible employees should see their manager or contact the Human Resources Department for eligibility and enrollment information. As with all benefits, the Company may add to, change or delete the benefits set forth in the Handbook at any time, in its sole and exclusive discretion.

Benefits may vary from division to division. Please ask your manager for your particular benefits and coverage.

MEDICAL, DENTAL & LIFE INSURANCE PLANS

The Company currently provides medical coverage for its employees. Employees covered under the medical plan are also currently provided life insurance. Employee contributions may be required depending on the coverage selected. Employees have the option of covering eligible dependents under the health insurance plan and electing dental coverage for an additional employee contribution. More information regarding group insurance may be obtained from the Human Resources Department.

COBRA

COBRA is a federal law which provides eligible employees and certain family members the right to continue health coverage, at their expense, under an employer's group health plan, for a statutorily prescribed period of time. The right to continue such coverage will arise when specific events occur that would normally result in the loss of coverage. As a general overview, such events include, by way of example, resignation/termination or death of an employee, a reduction in an employee's hours, an employee's divorce or legal separation, and the date a dependent child ceases to be covered under the terms of the plan. When a COBRA qualifying event occurs and the Company may not otherwise have knowledge of the qualifying event (i.e., divorce or legal separation), the employee shall notify the Human Resources Department. Once a qualifying event occurs of which the Company has knowledge, the affected employee or family member will be notified of their options under COBRA. For specific information about COBRA, please contact the Human Resources Department.

401K PLAN

Sunrise Company currently offers a tax-deferred investment and profit sharing plan for all employees who have completed 90 days of continuous service. Enrollment in the plan occurs on January 1 or July 1. You will be notified when you become eligible.

CREDIT UNION

As a Company employee you may take advantage of credit union services which include interest checking and savings accounts, loans, and other financial services. Contact the Human Resources Department for more information.

DIRECT DEPOSIT

Depending on where you bank, you may be able to have your paycheck deposited directly into your savings or checking account. If you use direct deposit, your checks will be deposited and you will receive a paycheck stub on payday. Please ask the Human Resources Department for more information on direct deposit.

EMPLOYEE REFERRAL PROGRAM

The Company considers employees to be an excellent source for locating other qualified prospective employees, and wishes to acknowledge the assistance provided by our employees when they refer individuals known to them who are qualified for any existing or potential vacancy.

Our “employee through employee” candidate referral program is a valuable tool to bring in quality recruits, and to build goodwill among present employees. In addition, as an incentive, for each referral that is subsequently hired and remains with us for a period of 6 months, the referring employee will receive an incentive as shown below:

Referral of an hourly paid employee - referring employee receives \$250

Referral of a management employee - referring employee receives \$500

In order to qualify for this incentive, the employee referring the candidate must complete the Prospective Employee Referral Form and deliver it to the regional Human Resources Office prior to the candidate interviewing for the position. Referral fees will not be paid to managers or supervisors for applicants hired in their own department. The regional Human Resources Office will notify the employee of the status of their candidate and if the candidate is hired will approve the incentive payment to the employee after the employee’s candidate/new employee has worked 180 days.

BUSINESS EXPENSE REIMBURSEMENT

Employees may be required to make personal expenditures while conducting Company business. This policy will define procedures to ensure that expense reimbursements meet accounting and tax guidelines, and are reimbursable in accordance with Company guidelines.

Expense Advances

Travel advances are generally not permitted, and will, in any event, only be issued for extended trips if approved by Regional Presidents.

Approved advances will be deducted from the Employee Reimbursement Invoice and the employee must promptly reimburse the Company if expenses incurred do not exceed the amount

of the advance after the trip is completed. Checks must be made payable to Sunrise Company. Unless specifically approved in writing by the Regional President, no advance will be outstanding for more than thirty days after the completion of the trip necessitating the expense advance.

Travel Agency Procedures

Employees must request air travel reservations through the designated travel agency agent at their location. All air travel must be charged to the appropriate department account number, and must be at the lowest available fares in “coach” or “economy,” except for flights where the one-way flying time exceeds two and one-half hours. Only then, “business class” may be used. When “business class” fares are used, a full explanation will be listed on the Employee Reimbursement Invoice. Frequent travelers who require the flexibility to make last minute reservation changes may use the lowest available unrestricted coach fares.

Car rental reservations may be made by the outside travel agency at the same time air travel reservations are made. Hotel reservations may be made by the person initiating the travel request or by the outside travel agency in conjunction with flight reservations.

Reimbursable Business Expenses

All expenses must be incurred directly by the employee and be solely in connection with Company business in order to be reimbursable. Employees are required to submit receipts for all expenses and attach them to the reimbursement form. The Company may disallow any business expense that does not have a receipt or follow the guidelines set forth in this policy.

Mileage Allowance

A per mile expense reimbursement will be provided for business use of private automobiles. The amount per mile will be paid in accordance with the amount shown in then-current IRS guidelines. The mileage is measured from the employee’s normal place of business (not from home) to and from the business destination. Mileage allowance does not apply to employees who are provided a Company car or car allowance. Gasoline and maintenance of Company-provided vehicles is reimbursable.

Parking and Toll Charges

Charges for parking and tolls will be reimbursed when accompanied by a receipt. Employees should park autos in the most cost effective parking lots.

The Company will not reimburse parking tickets or motor vehicle fines.

Car Rental

Rental cars should be used only when economical or necessary for business purposes. Intermediate or smaller size cars should be used unless a larger size is less costly. An explanation is required on the back of the form under “Other Expenses” if an alternate size is selected. Luxury cars are not permitted.

Hotel Reservations

The selection of a hotel and the price of rooms must be based on “moderate” accommodations in the general area of the business location. In-room movie charges and other personal incidental charges are not reimbursable.

Telephone

Reasonable charges for personal telephone calls will be reimbursable when incurred on overnight travel. Employees must exercise good judgment in this area. Excessive charges will not be reimbursed.

Laundry

Reasonable dry cleaning and laundry charges are reimbursable only when travel exceeds four days.

Meals Involving Employee Only

When an employee travels, the Company will reimburse the employee’s meals. The extent and price of meals should be commensurate with “moderate” facilities within the general business area. Employees should abide by the following rule of thumb: If you don’t eat at McDonald’s at home, you are not expected to eat at McDonald’s while traveling. Conversely, you do not typically eat at five star restaurants at home, and you shouldn’t do so on the road. In most areas of the country, lunches should not exceed \$10 and dinners should not exceed \$25. If entertainment of clients or business associates is involved, the rules are different, and that policy is set forth in the next section.

Business Entertainment

When the entertainment of clients or business associates has a true business purpose, it may be a covered business expense. A business expense is generally for the purpose of showing our clients appreciation for their business, or showing our employees appreciation for a job well done. However, the same type of rule is applied here as it is to meals incurred by the employee while traveling. If you wouldn’t pay for a meal like this out of your own pocket, it is not reasonable to expect the Company to do so. As a general rule, business lunches should not exceed \$20 per person and business dinners should not exceed \$50 per person, including beverages. On the other hand, a rare special occasion or completion of an especially difficult project may warrant a somewhat more extravagant celebration. In all cases, a business meal must be pre-approved by the Department Manager. If the Department Manager is in attendance, then pre-approval by the manager at the next management level must be obtained before the expenditure is incurred. Rare exceptions where these guidelines are exceeded must also have prior approval of the manager at the next level who is not in attendance. All business meal reports must be well documented, and include the first and last name of every participant, as well as the reason for the business meal.

Other Business Expenses

Other business expenses, such as club memberships and dues, professional memberships and dues, luncheons associated with memberships, Company automobile expenses and any other business expenses not specifically mentioned elsewhere are evaluated in light of the employee’s position with the Company and the relevance of such memberships. Prior approval from the

employee's supervisor must be obtained. Reference materials such as books and magazines that have been bought and paid for by the Company become Company property and should remain on the premises. Business gifts in excess of \$25 are not tax deductible, and therefore require advance approval by an officer of the Company.

Spouse Expenses

Spouse expenses are not covered unless the Regional President has pre-approved all expenses relating to the employee's business travel or entertainment with their spouse.

Non-Reimbursable Expenses

Meals: Meals for employees in the city of their assignment are not reimbursed unless they are a part of an approved business meal with an outside client or customer (in which case the Business Meals policy shall control), or otherwise pre-approved by a Division Head.

Travel Expenses: Travel expenses between home and the office where the employee is based are not reimbursable

EMPLOYEE REIMBURSEMENT PROCEDURE

Submission of Expenses

An Employee Reimbursement Form must be submitted for reimbursement of all travel and entertainment expenditures.

If a Company-paid airline expense is the only expense incurred, an Employee Reimbursement Form documenting the air travel needs to be submitted and must indicate that "no amount is due to employee."

Necessity and reasonableness will be the criteria for reimbursement of all employee expenses. Any expense that is unusual or extravagant in nature must be approved in advance in accordance with the above policies. No exceptions will be made.

Expense forms must be submitted within 30 days after the completion of the trip. The form should be written in ink or typed.

Expense Documentation

Receipts are required for an employee to be reimbursed. Original receipts (not copies) must be attached to the Expense Reimbursement Form. When travel is involved, when possible, a copy of the travel itinerary should also be attached to the Expense Reimbursement Form as further documentation of the business purpose of the trip. In general, all receipts must show the date, place, amount and nature of the expenditure, the names of the people involved, the business purpose, and the name of the employee charged. Exceptions must be approved by the Department Head.

Transportation Expenses

Airfare and auto rental expenses may be recorded in total, without showing a daily charge, on either the first or last day of the trip. All other transportation expenses must be recorded on a daily basis.

Lodging Expenses

Credit card vouchers alone are not adequate support for lodging expenses. A copy of the hotel/motel invoice showing itemized charges is required. Charges must be recorded daily as they are incurred. Video rentals and other personal incidental charges will not be reimbursed.

Meals

The meal section of the Expense Reimbursement Form is intended to capture the individual employee meals only. Meals involving two or more people are to be reported under business entertainment, unless separate checks are issued to each employee. Beverage and lounge charges incurred in conjunction with the evening business meal must not be excessive and should only occur when entertaining business clients. They should be reported as business entertainment expense.

Other Expenses

All other expenses, such as club dues, business gifts, company vehicle maintenance expenses (include license number of auto on receipt), reference materials, etc. should be reported in the "Other Expense" section of the Reimbursement Form.

In addition to fully explaining the nature of the expense in the appropriate area, additional notation or instructions should be made for expense classification.

Purpose of Trip(s)

A brief description of the purpose of the trip(s) that necessitated the travel expenses incurred is required and must be noted on the top of the Expense Reimbursement Form.

Signatures and Approvals

The employee's signature and the signature of the immediate supervisor, or, if the immediate supervisor was in attendance when the expense was incurred, the signature of that supervisor's supervisor, are required on all Expense Reimbursement forms. The employee's signature certifies that the expenses are true and correct. Expenses of an officer of the Company also require the signature of either the Chief Financial Officer or Regional President.

Payment of Expenses Charges

The employee is responsible for direct payment of all incurred expenses except where a Company issued credit card has been pre-approved for use by the employee and the employee's Regional President. If the charges were paid by the employee's personal credit card, the charges will be reimbursed from and approved on an Employee Reimbursement Form. Payment will be made on a regular accounting check run within seven working days from the date Accounting receives it. The original Employee Reimbursement form and all backup data will be retained as support for this payment.

Audits

All Employee Reimbursement forms paid are subject to review by the Chairman, Regional President and the Chief Financial Officer. The appropriate Regional Controller will handle all questions of judgment and approval.

Responsibilities

The employee must submit expenses on the Employee Reimbursement form in a timely manner. Expenses submitted more than 90 days after they have been incurred will not be reimbursed.

The Department Head must approve expenses and ensure that the Reimbursement Policy is followed.

The Accounting Department will pay the approved reimbursable expense(s) to the employee in a timely manner.

EDUCATIONAL REIMBURSEMENT

The Company encourages its employees to pursue further education. This policy promotes employee development and serves to improve the quality of the Company's workforce. The Company provides an educational assistance program that is designed to assist its employees in up-grading their skills and improving their work performance. This policy applies to all regular full-time employees who have completed 90 days of service.

For those courses or other educational activities (i.e., seminars, computer classes, etc.) where the Company requires attendance, tuition and other related fees will be paid directly by the Company. Attendance will be considered as paid hours worked and counted within the 40 hours weekly requirement for overtime premium pay.

For courses and similar educational activities where the employee voluntarily initiates enrollment the following procedures apply.

- Course hours must be scheduled outside of the employee's work hours and should not interfere with the employee's job duties and work performance.
- The employee must secure approval on a Tuition Reimbursement Form available through Human Resources by his or her manager and Corporate Human Resources prior to commencing the course. (Only those courses relating to the employee's current job assignment or future job potential with the Company will be considered for approval.)
- The Company will reimburse one approved course per semester (no more than 2 classes per calendar year).
- The Company will reimburse the employee fifty percent (50%) of the costs upon enrollment in the course and fifty percent (50%) of the costs upon successful completion of the course. If an employee fails to complete the course, the employee will be required to reimburse the Company for any funds that the employee has previously received from the Company in connection with the course.
- The Company reserves the right, in its sole discretion, to determine whether a course is work-related and meets the other requirements of the Tuition Reimbursement Policy.

- Employees who have received educational/tuition reimbursement and whose employment with the Company ends voluntarily within six months of completion of the course shall be required to repay the Company the full amount of the educational reimbursement that was received for the course.

UNEMPLOYMENT INSURANCE

If your employment terminates, you may be eligible to receive unemployment insurance. In most cases, you must file a claim in order to collect this benefit. Should such a situation arise, you should inquire about unemployment insurance at the time of your separation from service. We will be happy to refer you to the appropriate state agency.

WORKERS' COMPENSATION PROGRAM

The Company carries workers' compensation insurance coverage as required by law to protect employees who are injured on the job. This insurance provides medical, surgical and hospital treatment in addition to payment for loss of earnings that result from work-related injuries. The cost of this coverage is paid completely by the Company.

SOCIAL SECURITY

As an employee of the Company, you are covered under the federal social security law (FICA).

SECTION

4

SUNRISE COMPANY

EMPLOYEE HANDBOOK

**INJURY AND ILLNESS
PREVENTION AND SAFETY
PROGRAM**

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STATEMENT OF SAFETY POLICY

Sunrise Company has established a workplace safety program to assist in providing a safe and healthful work environment for employees, homeowners and visitors. The program is a top priority for Sunrise Company. The Human Resources Manager has responsibility for implementing, administering, monitoring and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

Sunrise Company provides information to employees about workplace safety and health issues through regular internal communication channels such as supervisor-employee safety meetings, bulletin board postings or other written communications. A safety advisory committee has been established to assist in these activities and facilitate effective communication between employees and management about workplace safety and health issues. The safety advisory committee meets once a month. Minutes from the safety advisory committee meetings are maintained for three years in the Human Resources Office.

Employees and supervisors receive periodic workplace safety training. The training covers potential safety and health hazards and safe work practices and procedures to eliminate or minimize hazards.

Some of the best safety improvement ideas come from employees. Those with ideas, concerns or suggestions for improved safety in the workplace are encouraged to raise them with their supervisor or a member of the safety advisory committee.

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report such situations, maybe subject to disciplinary action.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify the Human Resources Manager or the appropriate supervisor. Such reports are necessary to comply with laws and initiate insurance and workers' compensation benefits procedures.



William Bone
Chief Executive Officer

Safety Programs

Each employee shall read and abide by the Sunrise Company safety standards and guidelines found in the programs listed below. All employees are required to sign an acknowledgment stating that you have received a copy of the plans and will abide by the guidelines of the plan.

- Injury Prevention Program and Code of Safe Practices
- Hazard Communication Program
- Fire Prevention Plan
- Emergency Action Plan
- Bloodborne Pathogens

Injury Prevention Program

Sunrise Company has established an effective Injury and Illness Prevention Program that includes but is not limited to:

- Identification of the person or persons responsible for implementing the program.
- The employer's system for identifying and evaluating workplace hazards, including scheduled periodic inspections to identify unsafe or unhealthy conditions and work practices, including investigation of injuries and illness.
- The employer's methods and procedures for correcting unsafe or unhealthy conditions and work practice in a timely manner.
- An occupational health and safety training program designed to instruct employees, with safe and healthy work practices and to provide specific instructions with respect to hazards specific to each employee's job assignment.
- The employer's system for communicating with employees on occupational health and safety matters, including provisions designed to encourage employees to inform the employer of hazards at the work site without fear of reprisal.
- The employer's system for ensuring that employees comply with safe and healthy work practices which may include disciplinary action.
- The information in this booklet will help you understand our program and outlines your responsibilities in the area of accident prevention/safety awareness.

Senior Management

Senior Management the Chief Executive Officer, the President or any other division Officer of Sunrise Company, and all other subsidiaries or units thereof.

Senior Management has the ultimate responsibility for adoption and implementation of programs and procedures to promote the health and safety of its employees and others that enter onto company owned properties.

Senior Management has appointed persons from various management levels as members of the Safety Advisory Committee to meet periodically to develop programs, procedures, and oversee all activities pertaining to the health and safety of the company employees and others while on company-owned properties.

Safety Advisory Committee

The Safety Advisory Committee shall consist of a cross-section of management including at least one representative of senior management to oversee matters of injury prevention, health, and safety awareness throughout Sunrise Company.

- The Committee shall be recognized as the governing body for senior management in regard to injury prevention and safety awareness.
- The Committee shall deliberate with senior management through its representatives in regard to the overall responsibility of the Injury Prevention Program, and to further implement Safety Policy, regulations and procedures as directed from senior management, and as it deems necessary for company-wide health, safety and injury prevention.
- The Committee shall consist of a Chairman, Vice Chairman, Secretary and other selected members with critical expertise from various departments within Sunrise Company.
- The Committee shall record minutes of each meeting and forward a copy to designated members of senior management and to the Human Resources Director.
- The Committee shall adopt a written Safety Program for Company employees as well as subcontractors' employees. These policies shall be reviewed and revised at least once a year, or as necessary during the year.

Safety Officer/Human Resources Director

The Director of Human Resource/Safety Officer is directly responsible for implementing the Injury Prevention Program and will be responsible for the following:

- Provide advise, guidance and technical support for health and safety by counseling management, supervisors and employees.
- Assist in solutions of safety related problems; conducting safety training; and in general, rendering any such assistance as may be necessary to prevent injury(s) to anyone who works for or enters into any company owned properties.
- Keep abreast of the latest developments in the field of injury prevention, personal protective equipment, and first aid equipment and procedures, in order to provide an effective guide to everyone connected with the basic Safety Program.
- Encourage managers, supervisors and employees to report workplace hazards, either directly to their supervisors or to the Human Resource Director, or anonymously in the Suggestion Boxes located throughout our company.
- Ensure that employees and supervisors are made aware that they will not be retaliated against for reporting workplace hazards to the Company.
- Communicate with employees as safety issues arise.
- Routinely conduct, with representatives from the various departments and our insurance company or state and federal agents, periodic health and safety inspections of all company properties and facilities.
- Conduct, with the assistance of supervisors and employees, injury investigations, and follow up investigations.
- Collect and maintain pertinent data on safety related operational matters, including work injury causes and statistics.
- Work in cooperation and conjunction with state and federal organizations and coordinate these total efforts toward a safe and healthful workplace.

Safety Managers

The Safety Managers shall include General Managers, Project Managers, Directors, Superintendents, and other Management, who in turn will be responsible for the safe working conditions, activities and practices in areas under their jurisdiction.

Safety Supervisors

The Safety Supervisors will include all management and supervisory personnel and/or specially designated personnel. Safety Supervisors will be responsible for prevention of injuries among those they supervise. Supervisors' safety responsibilities include:

- Familiarizing themselves with all safety and health procedures relevant to the operations under their supervision.
- Inspecting their work areas periodically.
- Training their employees in safety matters or arranging for such training where appropriate.
- Identifying conditions that are recognized in the Company's industry as being unsafe.
- Reporting accidents and injuries to the Manager of Human Resources immediately.
- Where appropriate, take disciplinary action with employees who violate the company's injury prevention guidelines.
- Safety Supervisors will encourage employee safety suggestions and give them immediate consideration.
- It is the responsibility of each Safety Supervisor to attend and conduct safety meetings every other week or as appropriately needed.

Employee Responsibility

The employee is responsible for exercising maximum care and good judgment in preventing injuries or illnesses. Each employee is expected to provide wholehearted, genuine cooperation with all aspects of the company's safety and health program. They are expected to comply with all safety rules and regulations and to continuously practice safety while performing his or her duties. Listed below are employee responsibilities:

- No job will be considered efficiently completed unless the worker himself has followed every precaution and safety rule to protect himself and his fellow employees from injury throughout the operation.
- Each employee shall report to his/her supervisor any accidents and seek first aid for all injuries.
- Each employee shall read and abide by the Sunrise Company employee "Code of Safe Practices" and all department safety rules.
- Each employee will be expected to use whatever personal protective equipment necessary to perform his/her tasks.
- Each employee shall consider safety meetings as part of his/her regular job. Reasons to be excused must be just as important as those for missing any part of his/her regular job.
- Each employee is responsible for reviewing the department bulletin board and updating themselves on company matters especially safety related issues.
- Each employee is responsible for reading and/or understanding the contents and training received for their specific job.

- Each employee is responsible for reporting any health and safety violation and/or concern to management without fear of reprisal.

Subcontractor Responsibilities

Subcontractors shall work according to good safety practices printed, posted, instructed and discussed and in accordance with contract documents. Listed below are general requirements for sub-contractors.

- It is mandatory that all subcontractors provide a current certificate of insurance evidencing adequate workers' compensation and general liability insurance prior to beginning any work and a copy of or a statement claiming Injury Prevention Program has been implemented with their workers.
- Subcontractors shall refrain from any unsafe act that might endanger themselves, their fellow workers, or the public.
- Subcontractors shall use all personal protective equipment or safety devices provided or required for their protection and wear the appropriate apparel when working on the job.
- Subcontractors shall comply with all safety procedures, directives and other requirements imposed by Sunrise Company, federal, state or local authorities or ordinances applicable to their activity.
- Subcontractors shall report any unsafe act, unsafe condition, all property damage or bodily injury that occurs on the job to a Sunrise Company Superintendent.
- Each Subcontractor should designate a person to be the liaison for coordinating and communicating safety between Sunrise Company and their organization and meet with a Sunrise Company Superintendent on a weekly basis or as needed to discuss particular safety issues.
- Subcontractors shall take appropriate steps to ensure that all attractive nuisance exposures, hazardous conditions created or unattended mobile equipment are protected from the public by barriers, watchmen or similar.
- Subcontractors shall provide all Material Data Safety Sheets for hazardous chemicals brought on Sunrise Company property.
- Subcontractors shall verify in writing their company's adherence to first aid requirements by law.

Construction Superintendent Responsibilities

Pre-Job Planning

- The Superintendent shall review the safety factors necessary for the project and develop a plan for loss control on the project.
- The Superintendent shall be responsible for verifying that all elements of the public loss control plan have been carried out.
- The Superintendent shall hold a pre-job safety meeting with Sunrise employees and the subcontractors' representative prior to commencement of their work to review loss control plans and assign responsibilities for completion of select activities to comply with the public loss control plan.

- The Superintendent shall document these meetings, including attendees and topics covered, in a logbook.

Public Protection

- Where the job site cannot be fenced, all equipment and materials should be stored in a fenced bullpen on the job site.
- The Superintendent shall verify that all booms; pans, buckets, etc. are dropped to the rest position each night and all keys to equipment are removed.
- All open trenches, pits, holes or other designated hazardous areas should be barricaded and arrangements should be made for routine and regular maintenance of this barricading activity for the duration of the project.
- A barricading plan should be developed for situations involving vehicular traffic adjacent to or through the project and arrangements should be made for maintenance of this barricading activity for the duration of the project.
- The Superintendent should verify that there are temporary walkways or driveways for access, if necessary, near or through the construction zone and should verify that these temporary walkways or driveways are properly built.
- Plans for trash and debris removal should be established and all debris should be removed from the job site on a timely basis, in accordance with contract documents.
- Materials such as dirt piles, debris, etc. shall never be stored on sidewalks, driveways, public streets or other public thoroughfares, unless elaborately barricaded.
- The Superintendent should establish traffic patterns on the job site to be followed by equipment operators to conflicts on the job site.

Safety Inspections

The Safety Officer and Department Manager shall conduct intermittent safety inspections in their workplace. Managers and supervisors shall inspect any area where new hazards or incidents are reported and take corrective measures to abate the hazardous conditions.

Inspections shall be conducted in regard to fire hazards, housekeeping, work areas of employees, tools, equipment and vehicles. It is the responsibility of all managers and supervisors to insure the safety of all in their sphere of influence.

Planned inspections shall be conducted by the Safety Officer and shall be deliberate and systematic in design. Upon discovery, the Safety Officer shall itemize in writing hazardous conditions to be corrected by the Department Managers and Supervisors, and follow up inspections shall be made to insure proper compliance.

Investigations

Supervisory personnel must investigate all incidents and try to determine their causes. Prompt action should then be taken to keep the incident from reoccurring. A completed accident report must be completed immediately by supervision and a copy forwarded to the Director of Human Resources. The importance of these reporting forms cannot be understated. It is the primary source of information for our company and insurance carrier in determining accident claims and corrective measures.

The Director of Human Resources will review the accident reports to perform follow up investigations as necessary and initiate further corrective measures. The Director of Human

Resources must also be notified immediately upon any accident or incident involving serious personal injury, damage to company vehicles and/or properties.

First Aid

The company provides first aid supplies at all job sites and facilities. All injuries must be reported to your supervisor whether or not the injured party is a company employee. In the event of a serious accident or injury, no one should attempt to administer first aid to the victim unless qualified. The company has qualified First Responders on the job sites. Contact them immediately when there is a serious injury.

Never move anyone who is seriously injured unless his continued presence in the area would further endanger the person.

Injured employees who have been medically cared for and are able to return to work must have a signed release from a physician to resume employment. This release must be given to your supervisor.

Instructions in First Aid and Cardio-Pulmonary Resuscitation (CPR) will be provided to key employees.

Company Owned Vehicles and Equipment

Employees required to operate a motorized vehicle or specialized equipment must possess a current valid driver's license and be proficient in the use of such specialized equipment. All operators of motorized vehicles shall abide by all the "Rules of the Road" as prescribed by the State Department of Motor Vehicles.

Before operating any motorized special equipment such as, but not limited to: motorized golf carts, graders, tractors, skip-loaders, three-wheeled vehicles, mowers, and edgers, employees shall go through a training session and be checked out by their immediate supervisor.

All operators of vehicles or equipment, whether company or privately owned, shall make periodic inspections to insure their safe operation and condition. The mechanics in our vehicle and equipment repair facilities shall make a periodic safety inspection of all company owned vehicles on a time or mileage basis, depending on use. Where appropriate, lockout procedures shall be used.

Operators of company owned vehicles and equipment, upon discovery, shall notify their supervisor of any and all hazardous conditions that could or would result in personal injury or property damage.

At no time should management or supervisory personnel direct their employees to operate any vehicle or piece of equipment knowing it is unsafe to do so. Tractors, golf course machinery, carryalls, and any other vehicles shall not operate where there is a possibility of over turning in dangerous areas like edges of deep fills, cut banks and steep slopes.

The vehicle speed limit is 25 MPH on all company properties. In some construction zones, the speed limit may be less than 25 MPH. Any exhibition of speed or reckless driving demeanor in a company or privately owned vehicle will not be tolerated.

Eating or drinking while operating motorized vehicles, electric or pneumatic tools, machinery, or other such equipment is prohibited.

Fire Prevention

Fire prevention must receive major attention in all Sunrise Company facilities, job sites, vehicles and motorized special equipment. The following are the most common causes of fire in the workplace:

- Electrical defects
- Careless use of smoking materials
- Hot surfaces
- Open flames not safely confined
- Cutting and welding

For health and safety considerations, the company philosophy discourages smoking. Smoking is prohibited in all locations on company property except specifically designated smoking areas.

All flammable materials should be stored properly with “No Smoking” signs posted. Flammable liquids should be stored in properly painted and lettered safety containers. Drums and tanks should be stored at a safe distance away from structures and Class ABC fire extinguisher(s) should be located nearby. All combustible waste materials will be placed in fire-proof containers and disposed of on a regular basis. Department managers will be responsible for the control of the accumulation of flammable materials.

Fire extinguishers are located throughout the company facilities and in some company owned vehicles. Know where they are located and their proper use. If unfamiliar, your managers will instruct you on proper usage/handling. Fire extinguishers should be kept clear at all times.

All fires, large or small, shall be reported immediately. Upon discovery of any fire, the employee shall sound the alarm and notify his supervisor who, in turn, will take the necessary actions to notify the local fire authorities.

While every effort is made to prevent fires, there is always a possibility that one may get started. When you detect a fire, there are certain things you should do.

- If it is a very small fire, you can put it out before it spreads with the use of a portable fire extinguisher or some other smothering agent. Put it out as quickly as possible.
- If the fire already has a good start and is spreading, sound the alarm, notify your supervisor and try to contain the fire until help arrives. However, do not endanger your own well being.
- Upon hearing an alarm, stop work and proceed to the nearest clear exit and gather at the appropriate location.

The Safety Officer will review this program on a regular basis to ensure the continuation of all facets of the program are being carried out. All activities will be documented and records kept in file with the OSHA/Safety Inspections/Safety Training records.

Communications

It is the policy of the company through the “Open Door Policy” to have a support system to help solve problems through communications. Employees are encouraged to address occupational health and safety matters to their immediate managers. (Open Door Policy is in the Employee Handbook.)

- Employees should read the employee newsletter, bulletin boards, company memos and personal company mailings in order to be updated in the area of injury prevention.

- Company meetings will keep you abreast of the latest in accident prevention and safety awareness along with any up to date training.
- Questions, concerns and suggestions may be addressed in verbal or written form, per chain of command or directly to the Manager of Human Resources.

Through proper communications, we will be able to prevent needless loss of time and agony. Communications are extended to the use of various suggestion boxes located throughout the company.

Safety Training

All employees will be instructed on how to safely conduct their work. Initial general safety training may be obtained by reading this manual and by following initial departmental orientation. Because of the diversity of the company, various departments have designed safety training appropriate and specific for their areas. As an employee, you are subject to general and specific injury prevention and safety awareness training:

- Upon being hired. – prior to being placed on the job, will consist of orientation training with hands on safety, hazards and procedures - General Safety and Hazard Communication and Hazardous Material training.
- Upon being reassigned to new jobs, employees will be trained hazards and safety issues of new position.
- Upon introduction of new equipment and/or process that involve new hazards.
- Whenever the employer is made aware of a new or previously unrecognized hazard.

At no time should any employee perform a task in which they have not been trained to perform. Individuals should acknowledge specific safety training by signing an appropriate Job Safety Analysis/Training form.

The Safety Officer shall be responsible for scheduling safety-training meetings that will vary from tailgate sessions to formal sessions complete with audiovisual presentations, handouts. There will be one formal session per year. The Safety Officer shall periodically review and upgrade the following items as relates to current work practices, procedures, tools, equipment, supplies and materials:

- Safety Training
- Safety Rules
- Safety Postings and warning signs
- Hazardous material inventory and training

Periodically, the company will conduct First Aid/CPR classes for key personnel and interested employees. Employees are encouraged to complete this training. All employees are encouraged to ask for safety training in any area of concern.

Code of Safe Practices

To help prevent employee accidents and illnesses, we have developed a CODE OF SAFE PRACTICES. All employees must follow this code while they are on the job. We have developed this code to help make your job safer. In order to meet the goal of a safe place to work, these safety rules will be enforced General Safety Rules.

- All employees shall abide by the policies of the Sunrise Company Injury Prevention and Safety Programs and the rules and regulations set forth in the Code of Safe Practices.
- Employees will observe and obey all CAUTION, WARNING, DANGER and other signs signifying a hazardous condition.
- All employees must receive safety training in their specific jobs prior to performing these jobs. They shall receive safety training upon any new assignment, or when there is a change in the operations or new equipment or processes are available for their job.
- No employee will handle any hazardous material without first being trained in the handling and use of the material.
- Only employees with a valid first aid card are allowed to perform first aid.
- Smoking must be done in "Smoking Allowed" areas only.
- When employees are issued personnel protective equipment, such as bump caps, masks, eye protection, hearing protection and so forth, they must use that protection in the work areas where the protection is necessary.
- Employees shall promptly report any and all unsafe conditions to their immediate supervisor.
- Employees shall promptly report to their immediate supervisors all accidents and injuries to themselves or any others, such as, but not limited to subcontractors' employees, vendors, visitors and homeowners while on Sunrise Company owned properties.
- All employees shall be given frequent safety and injury prevention instruction. Safety tailgate meetings shall be conducted regularly. Whenever a person is not sure how to do the job safely and correctly, he or she shall not hesitate to ask their supervisor.
- Employees shall not handle or tamper with any electrical equipment, machinery, air or water lines in a manner not consistent with the scope of their duties, unless they have received specific instruction from their supervisors on how it should be done.
- Fighting, horseplay and practical jokes cause accidents and will not be tolerated.
- No one shall knowingly be permitted or required to work while their ability or alertness is impaired by fatigue, illness or other causes that might unnecessarily expose the employee or others to injury.
- Alcohol or illicit drugs or any employees under the influence of such will not be allowed on the work site.
- Employees shall be instructed to ensure that all protective devices, such as safety guards, are in proper place and adjusted. The employee shall report deficiencies promptly to supervisory personnel.
- Always have one hand free to use on railings when using stairwells. Use steps one at a time and do not run up and down stairwells. Report any loose handrails immediately.
- Do not be afraid to ask for help when handling heavy items. Under no circumstances should an employee attempt to lift and/or push items heavier than what they can handle.
- Use Common Sense when performing daily tasks.

Protective Apparel and Equipment

Depending on their work assignment, employees shall wear appropriate apparel and equipment to safeguard against injury or exposure to chemical and/or environmental elements as required by their departments' guidelines, such as but not limited to the following:

Head Protection: Employees exposed to flying or falling objects and/or electrical shock and burns shall be safeguarded of approved head protection.

Eye and Face Protection: Employees working in locations where there is a risk of receiving eye injuries such as puncture, abrasions, contusions, or burns as a result of contact with flying particles. Hazardous substances, projections or injurious light rays that are inherent in the work environment, shall be safeguarded by means of face shields or eye protection.

Body Protection: Appropriate clothing shall be worn according to the work being done. Loose sleeves, tails, ties, lapels, scuffs or other loose clothing shall not be worn. It could become entangled in the parts of the machinery or equipment.

Hand Protection: Shall be required for employees whose work involves unusual and excessive exposure of hands to cuts, burns, harmful physical or chemical agents which are encountered and capable of causing injury or impairment.

Foot Protection: Appropriate foot protection shall be required for employees who are exposed to foot injuries from hot, corrosive, poisonous substances, falling objects, crushing or penetrating actions which may cause injuries or for employees who are required to work in abnormally wet areas.

Jewelry: Wrist watches, rings or other jewelry should not be worn while working with or around machinery with moving parts in which such objects may be caught, or around electricity energized equipment

Respiratory Equipment: Appropriate respiratory equipment will be provided and used when an employees are exposed to an oxygen deficient atmosphere or harmful dust, fumes, mists, vapors and gasses.

Use of Tools and Equipment

- All tools and equipment shall be maintained in good condition.
- Damaged tools or equipment shall be removed from service and tagged “DEFECTIVE”.
- Pipe or Stillson wrenches shall not be used as a substitute for other wrenches.
- Only appropriate tools shall be used for the job.
- Wrenches shall not be altered by the addition of handle-extensions or “cheaters”.
- Files shall be equipped with handles and not used to punch or pry.
- A screwdriver shall not be used as a chisel.
- Wheelbarrows shall not be pushed with handles in an upright position.
- Portable electric tools shall not be lifted or lowered by means of the power cord. Ropes shall be used.
- Electric cords shall not be exposed to damage from vehicles.
- In locations where the use of a portable power tool is difficult, the tools shall be supported by means of a rope or similar support of adequate strength.

Lifting and Carrying

When lifting, remember that your greatest source of strength is in your legs. This is the secret of protecting yourself from a back injury or hernia. When lifting objects:

- Think about back safety before you lift something.
- Get a firm footing with feet slightly apart, one alongside and one behind the object.

- Keep back straight, nearly vertical.
- Keep chin tucked in, elbows and arms tucked in, and the load close to the body.
- Always let your legs do the work when you lift. Keep body weight directly over the feet; lift gradually using the leg muscles.
- Do not twist or shift your feet with the load.
- Ask for help with awkward or unusually heavy objects. Use mechanical means whenever possible.
- Remember that pain in your back can signal a serious problem and should be attended to by a physician.
- Help fellow workers practice good safety habits which will protect their backs.

Housekeeping

A clean working area prevents injuries. The time and money spent in keeping the work areas free from debris and trash are paid back tenfold, both in productivity and reducing the hazards that cause injuries. All floors, passageways, stairs, and ramps should be kept free of scraps, tools, machinery, and material storage.

Alcohol and Drugs

Anyone who reports to work under the influence of drugs, alcohol, or any other substances that could or would endanger the employee's health or safety, or the health and safety of others, shall not be permitted to work or allowed to remain on company properties.

No employee shall buy, sell, use, carry on his person, or store in his place of work, office or vehicle, any illegal drug on company properties.

No employee shall consume alcoholic beverages while performing job duties and/or during the normal working hours, or use illegal drugs at any time while on company properties. The company is committed to maintaining a drug-free workplace.

Disciplinary Action

Any employee who willfully fails to comply with or repeatedly violates any of the safety rules, regulations or Company policies set forth in Sunrise Company's Safety Programs and/or Code of Safe Practices shall be subject to disciplinary action including, if deemed necessary termination. Senior management and department supervisor will determine the disciplinary action required. Employees may appeal the disciplinary action through the Human Resources Director.

Notice to Employees

A detailed copy of the written program is available at the following locations:

- Human Resources Department
- Your department or division's main office
- Your company handbook

Employees have the following rights under this program:

- To be advised of occupational safety and health hazards and receive training on safe work conditions, practices and personal protective equipment.
- To provide information to the employer on safety hazards, request information or make safety suggestions without fear of reprisal.

Employees have a duty to comply with the following requirements to make the workplace safe for themselves and fellow employees:

- Know the Codes of Safe Practices for Practices for the general work area and for your job.
- Comply with working conditions, safe work practices and personal protective equipment requirements for your job.
- Report unsafe conditions and injuries/illness to your supervisor.

Employees must comply with the requirements listed above or face the following disciplinary actions:

- Disciplinary action to include any of the following: verbal warning, written warning, suspension and the possibilities of termination.
- The employer will conduct inspections to identify unsafe conditions and violation of safety rules.
- If you have any questions about this program, ask your supervisor or Division Manger. Safety information may be confidentially reported using the suggestion boxes and/or oral or written communications to the Manager of Human Resources.

Hazard Communication Program

Sunrise Company is firmly committed to providing all of its employees a safe and healthy work environment. It is company policy to provide our employees with information about hazardous substances used on the work site through our hazard communication program, which includes container labeling, Material Safety Data Sheets (MSDS) and employee information/training.

The Safety Officer will have overall responsibility for coordinating the hazard communication program for Sunrise Company. The Safety Officer will make our written hazard communication program available, upon request, to employees, their designated representatives, Occupational Safety and Health (OSHA) and the Director of the National Institute for Occupational Safety and Health.

List of Hazardous Chemicals

The General Superintendent, General Managers and Department Managers will maintain a list of all known hazardous chemicals that will be used on the work site requiring this information from subcontractors and vendors and by reviewing container labels and MSDS. This list will be updated as necessary. It will be kept in each department's main office.

Labeling

It is the policy of this company to ensure that each container of hazardous chemicals on a job site is properly labeled. The labels will list:

- the contents of the container
- appropriate hazard warnings;
- the name and address of the manufacturer, importer
- or other responsible party

To further ensure that employees are aware of the chemical hazards of materials used in their work areas, it is our policy to label all secondary containers. Secondary containers will be labeled with either an extra copy of the manufacturer's label, or with a sign or generic label that lists the container's contents and appropriate hazard warnings.

This responsibility will be assigned to the Department Managers to monitor in their departments. All subcontractors will require such information and these requirements will be monitored by Contract Administration.

Material Safety Data Sheets (MSDS)

Copies of MSDS for all known hazardous substances to which employees may be exposed are kept in each department and are readily accessible to employees in the work area during each shift. The Department Manager is responsible for obtaining, maintaining and updating the file of MSDS.

Employee Training

Employees will attend a training session on hazardous substances/chemicals in their work area at the time of their initial work assignment. The training session will cover the following:

- An overview of the hazard communication requirements
- Review of the chemicals present in their workplace operations
- The location and availability of our written hazard communication program, a list of hazardous chemicals and MSDS
- Methods and observation techniques that may be used to detect the presence or release of hazardous chemicals in the work area
- The physical hazards of the chemicals in the work area
- The health hazards of the chemicals in the work area, including signs and symptoms of exposure and any medical condition known to be aggravated by exposure and any medical condition known to be aggravated by exposure to the chemical
- How to lessen or prevent exposure to hazardous workplace chemicals by using good work practices, personal protective equipment, etc.
- Emergency procedures to follow if employees are exposed to hazardous chemicals
- An explanation of our hazard communication program, including how to read labels and MSDS to obtain appropriate hazard information

When a new type of product is introduced into a work area or a product's chemical composition changes, the Department Manager will review the above items as they are related to the new chemicals.

Special Projects - Non -Routine Hazards on Job Assignments

Periodically employees are required to perform non-routine job assignments. Prior to starting work on such projects, each affected employee will be informed by the Department Manager about hazards to which they may be exposed and appropriate protective and safety measures.

Informing Outside Contractors of Hazards:

Each time an outside contractor is contracted to provide services at the work place, the company representative shall determine the area in which the contractor and his employee(s) will be allowed to work and do the following:

- Determine the hazardous substance(s) that the contractor and his employee(s) may be exposed to, and;
- List those hazardous substances on the "Notice to Contractors" memo, and;
- Deliver this memo to the contractor or his representative prior to the commencement of work by the contractor or his employee(s).

Fire Prevention Plan

It is the policy of Sunrise Company to provide a safe and healthful work environment to all employees. The purpose of the Fire Prevention Plan is to ensure that the Company is properly maintaining the fire prevention equipment and systems and is in compliance to all governmental agencies.

The Safety Committee's responsibilities are:

- Establish and administer the written Fire Prevention Plan.
- Coordinate with local fire officials for compliance of inspections as required by local ordinances.
- Monitor for fire prevention training through internal company documents.
- Ensure employees access to the Fire Prevention Plan.
- Coordinate training and information programs for employees.
- Coordinate special training with local fire officials for training of key individuals.
- Maintain a list of specially trained individuals and their responsibilities when a fire occurs on their work site.

Supervisors are responsible for the following:

- Ensuring that the Fire Prevention Plan and training is presented to employees in their area.
- Ensuring that fire prevention training is occurring during their Tailgate Safety meetings.
- Show all new and transferred employees all known exits from their area and location of all fire extinguishers.

Employees are responsible for the following:

- All employees will become acquainted with the Company's Fire Prevention Plan and learn all safety directives as conducted by the Company.

Fire Hazard Determination

The Company will depend upon the results of inspections as conducted by the local fire department inspections, department inspections, Safety Committee inspections and our insurance carrier inspections for means of recognizing potential fire hazards and their proper handling.

The Company will review Employee Safety Suggestions for possible fire hazards as perceived by employees and will monitor for fire prevention training through internal company documentation.

Storage Procedures

The Company shall recognize the proper storage regarding potential fire hazards. Flammable storage cabinets meeting OSHA and NFPA standards shall be provided in areas where flammable substances are stored. The Company will monitor project facilities to assure all storage cabinets are in compliance.

Control Procedures

The Company shall recognize potential ignition sources and their control procedures. This control will be accomplished by:

- Proper storage and isolation of hazardous materials.
- Proper handling procedures when working with hazardous materials.
- Proper housekeeping procedures regarding the accumulation of flammable materials.
- Fire prevention training for purpose of recognizing potential fire hazards.
- Monthly fire inspection walks.

Fire Protection Equipment & Systems

The Company will recognize the type of fire protection equipment and systems, which can control a fire likely to involve any potential fire hazards at the workplace. Emergency evacuation plans are posted throughout each work facility showing locations of fire protection equipment.

Alarm Systems

In areas where an automatic system is not available or the system fails, “An Employee Alarm System” shall become acceptable procedure for sounding the alarm. The Employee Alarm System will be capable of being perceived above ambient noise by all employees in the affected portions of the workplace. Hands operated air horns and direct voice communications shall accomplish this. The Employee Alarm System shall be a team effort when possible to help provide reaction time for safe escape of employees.

Employee Training

Employees shall be trained on the Company’s Fire Prevention Plan at the time of their initial assignment and whenever a person is transferred to a new department. Training may also occur upon the introduction of a new safety concern to an area. Training will relate to general fire prevention training and what to do in case of fire. Periodically, the Company in conjunction with local authorized facilities will conduct First Aid/CPR training for emergency purposes to include a fire situation.

Work Place Violence Prevention

The company has adopted the following workplace violence policy to ensure a safe working environment for all employees.

The company has a zero tolerance for acts of violence and threats of violence. Without exception, acts and threats of violence are not permitted. All such acts and threats, even those made in apparent jest, will be taken seriously, and will lead to discipline up to and including termination.

It is every employee's responsibility to assist in establishing and maintaining a violence-free work environment. Therefore, each employee is expected and encouraged to report any incident which may be threatening to you or your co-workers or any event which you reasonably believe is threatening or violent. You may report an incident to human resources or any supervisor or manager.

A threat includes, but is not limited to, any indication of intent to harm a person or damage property. Threats may be direct or indirect, and they may be communicated verbally or non-verbally.

Once a problem is detected or some type of violence has occurred, it must be addressed. The employee must receive counseling, be taken out of the situation, disciplined or discharged. Should violence occur:

Do not place yourself or other employees at risk
Notify management immediately and call 911
Evacuate the area as safely as possible

First Responder Program

The Sunrise Company "First Responder Program" is designed to meet the requirements of Federal OSHA law. It consists of Certified First Aid Company personnel to render emergency first aid to victims of accidents occurring on Sunrise Company owned properties.

The First Responders are selected by the department managers and are located strategically throughout various departments within the Company.

In the event of a personal injury accident, the First Responder near to the incident should be contacted. A roster listing the first responders may be obtained from your department manager. The First Responders roster will be maintained, however, is subject to change due to interdepartmental transfers or termination's of employment with Sunrise Company.

This program is not designed to replace any public emergency services such as Fire Department, Paramedics or Ambulances. It is intended to aid the sick and injured until the arrival of higher medical authority.

Forms

The following Safety Forms were adopted by Sunrise Company Safety Program. These forms are generic in nature, and are recognized as follows:

- Employer's Report of Industrial Injury or Occupational Disease
- Notice of Injury or Occupational Disease Incident Report
- Accident Investigation Form
- Safety Talks With Employees

- Job Safety Analysis
- Safety Inspection Report
- Employee Safety Suggestion and Information Form

Upon incident, first line supervisor must fill out the appropriate forms that apply to the specific incident immediately and forward to the Manager of Human Resources.

The importance of the report forms cannot be overstated. These forms, when properly filled out, are the primary sources of information for our company and the insurance carrier in determining accident claims and corrective measures. The forms are required by state law and must be filled out immediately after each and every incident.

Due to the complexities of each incident that may occur, not all questions will apply to each form, but it is expected the reporter will exercise his or her best judgment in completing each portion of the form, which is applicable.

In the event that a homeowner in a Sunrise Company owned development is involved in an accident, the name and address of such person should be taken and given to management. Employees should not interview, question or take a statement from the homeowner. This is a ruling established by Sunrise Company Senior Management.

INFORMATION FORM

This form is for the use of employees who wish to provide a safety suggestion or report an unsafe workplace condition or practice.

Description of Unsafe Condition _____

Causes or Other Contributing Factors _____

Employee's Suggestions for Improving _____

Has this matter been reported to your immediate Supervisor?

Yes _____ No _____

Employee Name (Optional) _____

Department _____ Location: _____

Date: _____

Employees are advised that use of this form or other reports of unsafe conditions or practices will be protected by law. It would be illegal for the employer to take any action against an employee in reprisal for exercising rights to participate in communications involving safety.

The employer will investigate any report or question and advise the employee who provided the information what actions the employer will take in regards to the investigation.

Supervisory personnel who receive this form shall forward a copy to the Human Resources Director and must include any actions taken at the department level. If you have any questions, please contact the Human Resources Department.

SUNRISE COMPANY

SECTION

5

EMPLOYEE HANDBOOK

**TAX DEFERRED
INVESTMENT
& PROFIT SHARING PLAN**

SUMMARY PLAN DESCRIPTION

This Summary Plan Description (SPD) is a brief description of the Plan and your rights, obligation and benefits under the Plan. This SPD is not meant to interpret, extend or change the provisions of the Plan in any way. The provisions of the Plan may only be determined accurately and fully by reading the actual Plan document. A copy of the Plan is on file at your employer's Human Resources Department and may be read by you, your beneficiaries or your legal representatives at any reasonable time. You may also purchase copies of the Plan document at a reasonable cost from the Plan Administrator. In the event of any discrepancy between the SPD and the actual provisions of the Plan, the Plan will govern.

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Introduction

Saving money for your future is not always easy. But the Sunrise Company Tax Deferred Investment and Profit Sharing Plans (the “Plan”) are designed to give you a head start on developing financial security and to help make saving for your future financial needs a little easier. The company has two identical plans, one for the California employees and the second for all other employees from other company divisions/locations.

You can save money for the years ahead, and at the same time, lower your current taxes. The Plan gives you the advantage of saving on a pretax basis through convenient payroll deduction. In addition, your account balance will grow faster through the long-term compounding of tax-deferred investment earnings.

This booklet explains the features of the Sunrise Company Tax Deferred Investment and Profit Sharing Plan. Please read it carefully and contact the Human Resources Department if you have any questions.

Effective January 1, 2010, Sunrise Company has amended their Plans designed to help you meet your financial needs during your retirement years. The California based employee Plan was originally effective on January 1, 1985 and a second plan identical to the original plan (for employees of entities not directly associated with California based entities) was effective November 1, 1997. Both have a plan sequence number 001. The plan sequence number identifies the number of qualified plans that Sunrise Company currently maintains or has previously maintained.

To become a Participant in a Plan, you must meet the Plan's eligibility requirements. Once you become a Participant, Sunrise Company will maintain an Individual Account for you. Your Individual Account will be adjusted to reflect contributions, gains, losses, etc. on each business day the New York Stock Exchange is open for trading. The percentage of your account to which you will be entitled when you terminate employment depends on the Plan's vesting schedule. These features are explained further in the following pages.

The actual Plan is a complex legal document that has been written in the manner required by the Internal Revenue Service (IRS) and is referred to as the Basic Plan Document. This document is called a Summary Plan Description (SPD) and explains and summarizes the important features of the Basic Plan Document. Sunrise Company may make contributions to this Plan. In addition, you may be able to elect to reduce your annual taxable income by deferring a portion of your Compensation into the Plan as Elective Deferrals. You should consult the Basic Plan Document for technical and detailed Plan provisions. The Basic Plan Document, and not this SPD, controls the legal operation of the Plan.

If at any time you have specific questions about the Plan as it applies to you, please bring them to the attention of the Plan Administrator whose address and telephone number appears in Section One of this SPD. You may also examine the Basic Plan Document itself at a reasonable time by making arrangements with the Plan Administrator.

DEFINITIONS

The following definitions are used in the text of this SPD. These words and phrases are capitalized throughout the SPD for ease of reference.

Catch-up Contributions - additional Elective Deferrals not to exceed the applicable dollar limit for a given year, made under the Plan by Participants who attain age 50 before the close of the calendar year. See Section Three for additional information.

Compensation - the earnings paid to you by Sunrise Company that are taken into account for purposes of the Plan and described further under Section Three.

Elective Deferrals - the dollars you put into the Plan through before-tax payroll deductions.

Employee - any person employed by Sunrise Company or one its entities.

Employer - Toscana Limited, LP maintaining this Plan. Toscana Limited, LP does business under the name of Sunrise Company.

Individual Account - the contribution account established and maintained for you which is made up of all contributions made by you or on your behalf.

Matching Contribution - a contribution made by Sunrise Company to the 401(k) Plan on your behalf based upon your Elective Deferrals.

Participant - an Employee who has met the eligibility requirements, has entered the Plan, and has become eligible to make or receive a contribution to his or her Individual Account.

Plan - Sunrise Company Tax Deferred Investment & Profit Sharing Plan for California based employees. Sunrise Colony Management Tax Deferred Investment & Profit Sharing Plan for Corporate Office, Texas and Colorado based employees. The Plan is governed by a legal document containing various technical and detailed provisions. The Plan Administrator has a copy of the Plan document.

Plan Administrator - The Plan Administrator is responsible for directly administering the Plan. Sunrise Company is the Plan Administrator of this Plan and is therefore responsible for the day-to-day administration and management of the Plan. To ensure efficient and sound operation and management of the Plan, Sunrise Company has the discretionary authority to appoint other persons as may be necessary to act on its behalf or assist in performing these responsibilities. The address and phone number of Sunrise Company is listed below.

Sunrise Company
300 Eagle Dance Circle
Palam Desert, CA 92211
(760) 772-7227

Plan Year - the 12-month period ending on December 31.

Summary of Plan Features

The Plan offers employees an opportunity to begin a long-term savings plan, have a portion of their contributions matched by the Company, and save on taxes—all at the same time.

If you participate in the Plan:

- You can contribute from 1% to 50% of your pretax monthly gross pay.
- You may receive matching contributions from the Company. The Company's decision regarding matching contributions will be announced to Participants before they have elected pre-tax deferrals for the Plan year for which such matching contributions will be made. The matching contribution formula may change from year to year depending on the Company's performance and outlook for the future. The Company may decide not to offer matching contributions in one or more Plan years.
- You direct how your money is invested.
- You defer paying income tax on this money until you withdraw it from the Plan.
- You are always 100% vested in your own contributions, any earnings on those contributions and on any employer matching contributions. You receive the full value of your account when you leave the Company.
- You may borrow from a portion of your Plan account.

Eligibility

Participation is voluntary. You are eligible to join the Plan if:

- You have completed 90 days of service with Company.
- You are covered by collective bargaining agreement (an active union member) that expressly provides for participation in the Plan.
- You may join the Plan on any January 1 or July 1 after you fulfill these requirements.
- You will continue to participate in the Plan as long as you do not incur a break in service. A break in service is a period of at least 12 consecutive months during which you do not perform services for Sunrise Company. However, no break in service will occur if the reason you did not work was because of certain absences due to birth, pregnancy or adoption of children, military service or other service during a national emergency during which your re-employment under a federal or state law is protected and you do, in fact, return to work within the time required by law.

Contributions

Employee Elective Deferrals-Pretax Contribution

If you decide to participate, you choose how much you want to save. You can contribute from 1% to 50% of your pay including commissions on a pre-tax basis through payroll deductions. Such contributions are called Elective Deferrals.

Your contribution is deducted from your wages every pay period and contributed to the Plan before any federal or state income tax is withheld. Income tax is then calculated on your remaining pay. The result is less tax withheld from every paycheck.

	Before Contributions Begin	After Contributions Begin
Monthly gross pay	\$1,667	\$1,667
Pretax contribution of 6%	0	-100
Taxable pay	\$1,667	\$1,567
Federal Income tax	-88	-76
Monthly Net Pay (before other deductions)	\$1,569	\$1,491

The employee in this example is married, claims three exemptions and decides to contribute 6% of pay to the Plan. The employee earns \$20,000 a year or \$1,667 each month. This example shows how the tax advantage makes it easier for you to save money for your long-term needs. By contributing pretax dollars to the Plan, the employee saves \$12 a month in federal income tax, and an additional amount in state income tax.

You don't avoid paying income tax through this Plan, but you do postpone it—until you actually receive your money from the Plan. At that time, you may be eligible for special tax advantages.

Employer Matching Contribution

The amount that Sunrise Company will contribute will be announced prior to the beginning of each year and may vary from year to year, if any, depending on the Company's performance and outlook for the future.

Investments of Contributions

You decide how contributions—yours and the Company's—are invested. You can choose among several different investment funds managed by a well-regarded investment company. You can invest all your money in one fund, or you can divide it between all the funds. If you divide your money, you must do so in whole percentages. For example, you could invest 22% of your money in one fund and 78% in another. You could not invest 22.5% or 77.5%.

The funds have different investment objectives. The potential for gain and loss is different for each fund. Only you can decide which investment strategy is right for you. Sunrise Company will make a summary of the funds available to you or you may call the Investment Company to obtain the most current information.

Changing your Contribution

You may change your rate of contribution twice a year, January 1 and July 1. You can stop making contributions at the beginning of any calendar quarter. If you stop contributing to the Plan, the Company's contributions to your account will stop also. If you wish to begin making contributions again, you may only do so on or after the next subsequent election date (January 1 or July 1) by filing a new election form.

How To Change Investment Directions

The general rule is that you may change your investment directions with respect to your future Plan contributions or existing Individual Account balances at any time as long as you act in accordance with the investment fund prospectus.

If you wish to make a change in investment directions, you should:

- Access Vanguard's website at www.vanguard.com.
- Call the 24-hour Vanguard VOICE® Network, using a touch-tone telephone and the PIN provided to you by dialing 1-800-523-1188.
- Call Vanguard Participant Services, by dialing 1-800-523-1188 (8:30 a.m. to 9 p.m. Eastern time Monday through Friday).

The transfer of existing balances will be made the same day if you call or initiate the transaction before 4p.m. Eastern time. A confirmation of your change will be sent to you by Vanguard.

Keeping Track of Individual Accounts under the Plan

You will receive a personal statement of your Plan account quarterly. Your account statement will include the following information:

- The amount of money you contributed,
- The amount of money that Sunrise Company contributed,
- The earnings on these contributions, and
- The total market value of your account.

Information About the Investment Options Available In the Plan

When you are eligible to participate in the Plan, you will be provided with comprehensive information about the investment options available in the Plan, including an explanation of their investment objectives and policies, risk and return characteristics, past and current investment performance (net of expenses), operating expenses, and the type and diversification of assets comprising the portfolio of each fund. You will also receive ongoing updates of this information in the form of prospectuses and shareholder reports for each of the investment options that you have selected for the investment of your Plan contributions. If you have any questions or require more detailed information concerning any investment option, you should call Vanguard® Participant Services or the 24-hour Vanguard VOICE® Network by dialing 1-800-523-1188.

Vanguard Participant Services provides registered associates to answer investment-related questions from 8:30 a.m. to 9 p.m. Eastern time. These associates can help you understand available investment options and basic retirement investment planning concepts. Additionally, the associates are able to execute transactions such as fund exchanges, and contribution allocation changes.

If you prefer the flexibility and convenience of an automated network, the Vanguard VOICE® Network is available 24 hours a day, 7 days a week to accommodate and confirm your

transactions. (You must use a touch-tone telephone and the personal identification number provided to you upon enrollment to access the VOICE® Network.) During normal business hours you may transfer directly to a Vanguard Participant Services associate should you wish to discuss Plan or investment-related questions.

Additionally, if you have a computer and a modem, Vanguard's website at www.vanguard.com allows you to tap into a variety of investment information from retirement plan guidance to specific fund information to tax-planning tips.

Rollover Contributions from other Qualified Plans

Employees who participated in any other qualified plans shall be permitted to make a rollover contribution to the Plan, provided that the rollover contribution complies with all applicable requirements of the code, regulations and rulings of our Plan.

Employees who rollover contributions from other qualified plans shall be permitted to withdraw at any time or any portion of the total amount credited to their Rollover Contribution Account in the Plan.

Limits on Elective Deferrals

Federal tax laws and plan documents govern the amount of Elective Deferrals that you may make. Specifically, federal law places two annual limits on the amount you may defer into a 401(k) plan - an individual limit and an average limit.

Individual Limit

Federal tax law limits the amount you can put into the Plan during each of your tax years (generally, a calendar year) to \$16,500 in 2010. This amount is indexed periodically for changes in the cost-of-living index. This limit applies to all Elective Deferrals you make during your tax year to any deferral plans maintained by your present or former employers.

If there is an error and you defer more than you are allowed, Sunrise Company will submit in writing to Vanguard for the return of the excess no later than March 1.

The excess amount and any earnings you may have received on the excess must be taken out of the Plan by April 15 of the year following the year the money went into the Plan. The excess amounts will be reported on Form 1099-R and will be taxable income for the year in which you put the excess into the Plan. Earnings on the excess amount will be taxable in the year distributed.

Average Limits

Tax law defines a group of an employer's employees known as highly compensated employees. Highly compensated employees making Elective Deferrals are limited in the percent of their compensation that they defer based on the average percent of compensation deferred by the non-highly compensated group of employees during either the current or prior Plan Year. If these limits apply to you, Sunrise Company will give you additional information about them.

Catch-up Contributions

If you are age 50 or older at any time during the calendar year, you may make additional Elective Deferrals called Catch-up Contributions in excess of the Elective Deferral Limits explained above.

Limits on Catch-up Contributions

You may contribute an additional \$5,500 in the 2012 year.

Responsibility of Investment Losses

The Plan is intended to comply with Section 404(c) of ERISA (the Employee Retirement Income Security Act of 1974). If the Plan complies with Section 404(c), then the fiduciaries of the Plan, including the Employer, the Administrator and the Trustee, will be relieved of any legal liability for any losses which are the direct and necessary result of the investment directions that you give. Because your Plan allows and encourages you to direct your investments and to have access to all pertinent information concerning your investments, the fiduciaries of the plan will be relieved of liability for the results of your investment decisions, as provided under Section 404(c) of ERISA.

When you direct investments, your accounts are segregated for purposes of determining the gains, earnings or losses on these investments. Your account does not share in the investment performance for other Participants who have directed their own investments.

You should remember that the amount of your benefits under the Plan will depend in part upon your choice of investments. Gains as well as losses can occur. There are no guarantees of performance, and neither the Employer, the Administrator, the Trustee, nor any of their representatives provide investment advice or insure or otherwise guarantee the value or performance of any investment you choose.

Withdrawals

The primary purpose of the Plan Company Tax Deferred Investment and Profit Sharing Plan is to provide you with a long-term savings program for retirement. However, there are certain circumstances when you may receive a distribution from your account before you terminate employment.

Hardship Withdrawals

If you have a “financial hardship,” the Plan permits you to withdraw funds subject to special rules required by the Internal Revenue Code. For purposes of the Plan, a “financial hardship” means an expense occurring in the personal affairs of a Participant which creates an immediate and heavy financial need for a reason such as the following:

- Medical expenses incurred by the Participant, Participant’s spouse or any of Participant’s dependents.
- The purchase (excluding mortgage payments) of the Participant’s primary residence.
- To prevent the Participant’s eviction from or foreclosure upon Participant’s primary residence.
- To pay for the next 12 months of tuition and related fees for college or other post-secondary education for Participant or a member of Participant’s immediate family.
- Any other need not recognized above that has been recognized by the Commissioner of Internal Revenue Service pursuant to regulation as constituting a deemed immediate and heavy financial need.

The Plan Committee must interpret the “hardship” provisions strictly. The Plan is not permitted to make a distribution to you while you remain an employee unless you satisfy the conditions noted above. Any improper distribution could disqualify the Plan, thereby depriving all participants of the favorable federal income tax treatment the Plan offers.

The following additional restrictions may apply to in-service hardship withdrawals:

- Your withdrawal cannot exceed the amount required to satisfy the specified need.
- You must have exhausted all other financial resources before withdrawing retirement funds.
- Only your contributions to your account may be withdrawn.
- Generally, any amount withdrawn before age 59 ½ is subject to regular federal income tax plus a penalty tax equal to 10 percent of the amount withdrawn.

Withdrawals when you Reach 59 ½

You may apply to the Plan Committee for a withdrawal from all or a portion of your account balance any time after you reach age 59 ½.

Withdrawals when you Reach 70 ½

Federal law requires distribution of your account to begin no later than April 1 of the calendar year following the calendar year in which you reach age 70 ½. If you are affected by this requirement, you will be notified.

Withdrawals after You Leave Sunrise Company

Upon separation from service (the date that you voluntarily quit, retire, become totally and permanently disabled, die or become involuntarily discharged), you are eligible for a distribution of your personal savings account. The distribution will be valued as of the accounting date coinciding with or immediately preceding the date of the distribution. The distribution will be processed as soon as possible.

If you are absent from work for such reasons as vacation, sickness, layoff or unpaid leave, you will not be eligible for distribution until the first anniversary of your noted absence.

If your account balance is over \$5,000, you may elect to leave your personal savings account in the Plan until you reach age 65 or until you give consent in writing for an earlier distribution. In that case, distribution will be made to you as soon as administratively feasible.

Plan Loans

Loans will be subject to the following provisions:

- Loans may be obtained for any reason by calling Vanguard Trust Company’s Participant Services Department directly.
- A Participant receiving a loan must sign a promissory note pledging their account balance as collateral for the loan and authorizing payroll deductions for payment.
- Loans shall not be less than \$1,000 nor more than 50% of the first \$100,000 of the vested account balance.
- The loan repayment period may vary according to participant requests and Vanguard Trust Company.

- Each loan will bear a fixed interest rate equal to the prime rate of a local bank prescribed by the Committee, in effect immediately prior the month in which the loan is granted.
- You may prepay all the unpaid principal balance of the loan without penalty at any time.
- The trust company may charge a small loan origination fee and an annual administrative fee for outstanding loans. Information regarding these fees may be obtained at the Human Resources Department.
- In the event of termination of employment you have the following choices regarding your loan account: (1) All remaining installment payments on the Note may be paid in full within 60 days. (2) You may default on all remaining installments. In the event of such default, the Borrower irrevocably consents to the immediate deduction of the amount owed on the loan from his or her separate accounts under the Plan, and the treatment of such deduction as a distribution for tax purposes. (3) A participant whose loan was originally withdrawn for the purpose of purchasing a home may continue making payments at the regular schedule after termination.

Taxation of Distributions

Under current law, you defer paying federal and state income taxes on all contributions to the Plan until your account balance is distributed. Investment earnings accumulating in the Plan also escape taxation until they are paid out to you. All distributions from the Plan, including in-service hardship withdrawals and distributions because of termination, retirement, permanent disability or death, will be subject to taxes. You are required to pay federal and state income tax in the year you receive a distribution. Federal and state income tax will be withheld at specified rates. The Internal Revenue Code also imposes a 10% penalty on the amount of early distributions. The following are early distributions:

- In-service distributions prior to age 59½, or
- Distributions for termination prior to age 55, unless the distribution is for death or disability.

If you wish to defer federal and state income taxes on your distribution, you may roll your funds into an Individual Retirement Account (IRA), or to another employer's plan (for example, a 401(k), a pension plan or a profit sharing plan), if permitted.

More details concerning your options and federal and state income tax treatment will be provided when you receive your distribution. Since the tax laws are complicated and are subject to change, we recommend that you consult your tax advisor before receiving a hardship withdrawal or distribution.

Enrollment and Beneficiary Designation

To join the Plan, you will be required to complete an enrollment form. You will be asked to specify your choice of investment funds and the percentage of employee contributions you wish to make. You will also be asked to designate a beneficiary who will receive your Plan benefits if you should die. If you are married, or become married, the law requires that you name your spouse as your beneficiary unless your spouse consents in a written, notarized statement to your election of a different beneficiary. If you are not married, you may name any beneficiary you wish. You may change your beneficiary at any time by completing the appropriate form, which can be obtained from the Human Resources Department.

Other Important Information

Heroes Earnings and Assistance Relief Tax Act of 2008 (HEART)

If you become disabled or pass away during military service, the time while providing military service will be considered for determining employer contributions and vesting. Sunrise will treat you as if you had been reemployed on the day before your disability or death and terminated on the day of disability or death to determine your Plan contributions and for vesting purposes. In the Sunrise Plan you are currently 100 % vested immediately at initial enrollment.

If you are on active duty in for a period of more than 30 days, you may elect to take a distribution of your Deferrals from the Plan without severing from employment with your Employer. However, if you choose to take distributions under this provision, you will not be permitted to make contributions to the Plan during the six-month period beginning on the date of the distribution.

If your Employer chooses to provide differential pay to you while you are on active duty for a period of more than 30 days, the pay will be considered additional Compensation paid to you for purposes of determining Plan contributions. See your Plan Administrator to determine if your Employer provides differential pay.

Amendment or Termination of Plan

Sunrise Company intends to continue the Plan on a permanent basis. However, since future business conditions cannot be foreseen, Sunrise Company reserves the right to amend, modify or terminate the Plan. In no event will an amendment have the effect of reducing your account balance.

Conditions That Can Result in Loss of Benefits

Your account balance may be reduced by adverse investment experience of the funds you select.

If you are a highly compensated employee (as defined by the Internal Revenue Code), you may be refunded a portion of your contributions and the vested portion of the matching contributions of them if necessary to satisfy Internal Revenue Code nondiscrimination rules.

Your benefits may be awarded to your spouse, former spouse or dependents under the terms of a “qualified domestic relations order” issued under domestic relations or community property law. Any portion of your benefits not awarded to your spouse, former spouse or dependents will be paid to you.

Top-heavy Rules

The Internal Revenue Code requires plans that are “top-heavy” to meet certain special requirements. While this Plan is not now “top-heavy,” the Department of Labor requires that we provide you with a brief statement of these special requirements.

A plan is deemed to be “top-heavy” if adjusted account balance attributable to “key employees” under the Plan (plus all other retirement plans of an employer) equal more than 60 percent of the total adjusted account balances for all participants. In general, “key employees” are certain officers and shareholders of an employer and its subsidiaries.

If the Plan becomes “top-heavy,” we will advise you. In that case, a minimum contribution may be required for all non-key employees employed on the last day of the Plan year who are eligible to participate at any time during the Plan year.

Benefits under USERRA

The Plan is operated in compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). Under the provisions of USERRA, if you return to work from a qualified military leave, you may be permitted to “make up” Elective Deferrals and Catch-up Contributions, which you could have otherwise made during the period of qualified military service. If you make up your missed contributions, you will also be entitled to receive any Matching Contributions.

Upon returning from qualified military service within the specified time frame, as outlined under USERRA, your period of military service counts for all purposes under this Plan. You will not be treated as having had a break in service; therefore, there is no waiting period to resume participation in the Plan.

Employees covered under USERRA include: all members of the “uniformed services” who serve voluntarily or involuntarily, including those in the reserves, as well as any other individuals designated by the President. The uniformed services include the Army, Navy, Marine Corps, Air Force, Coast Guard, and Public Health commissioned corps.

Your Rights under ERISA

As a participant in this Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all participants shall be entitled to:

- Examine, without charge, at the Sunrise Company’s corporate office, all Plan documents files by the Plan with the U.S. Department of Labor, such as annual reports and Plan descriptions.
- Obtain copies of all Plan documents, other Plan information and collective bargaining agreement (if applicable to) upon written request to the Plan Committee. The Committee may make a reasonable charge for the copies.
- Receive a summary of the Plan’s annual financial report. The Plan is required by law to furnish each participant with a copy of this summary annual report.
- Obtain, once a year, a statement of the total benefits accrued and the non-forfeitable (vested) benefits. The Plan may require a written request for this statement, but it must provide the statement free of charge.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If your claim for a benefit is denied in whole or in part, you must receive written explanation of the reason for the denial. You have the right to have the Plan Committee review and reconsider your claim. Under ERISA, there are steps you can take to enforce your rights. For instance, if you request materials from the Plan Committee and do not receive them within 30 days, you may file a suit in federal court. In such a case, the court may require the Plan Committee to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Committee.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in state or federal court. If it should happen that Plan fiduciaries misuse the Plan’s money or if you

are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, if, for example, it finds your claim is frivolous.

If you have any questions about the Plan, you should contact the Human Resources Department or a member of the Plan Committee. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-management Services Administration, Department of Labor.

How to apply for Benefits.

You (or your beneficiary) will be given the appropriate forms to apply for your benefits. You should complete the forms and return them to the Plan Committee.

If Your Application is denied

If your application for benefits is denied, you will receive written notification of the denial. The notice will explain the reason for the denial, including specific reference to the Plan provisions on which the denial is based.

You will have 60 days to request a review of the denial by the Plan Committee, who will provide a full and fair review. Your request for review must be written and submitted to the Plan Committee.

You or your duly authorized representative will be given an opportunity to review pertinent documents and to submit issues and comments you feel the Plan Committee will need to consider to make a final determination with respect to the denial.

In most cases, the Plan Committee will make a decision within 60 days of a request on appeal. In any event, the Plan committee must render a decision within 120 days after it receives your request for review.

No PBGC Involvement

The Pension Benefit Guaranty Corporation (PBGC), a federal agency, was established to guarantee benefits under defined benefit plans because the assets of such plans may not be sufficient to provide the benefits that have been earned. However, the PBGC does not cover defined contribution plans because the assets of such plans are always sufficient to provide the benefits that have been earned. Since this Plan is a defined contribution plan, the PBGC is not involved.

Administration of the Plan for California based Employees

California Plan Name	Sunrise Company Tax Deferred Investment and Profit Sharing Plan
California Plan Sponsor	Toscana Limited, LP 300 Eagle Dance Palm Desert, California 92211
Employer Identification Number	20-0080804
Plan Number	001
Type of Plan	The Plan is a defined contribution plan.
Type of Administration	The Plan Sponsor maintains records.
Initial Effective Date	January 1, 1985
Plan Year	January 1 through December 31
Trustee	Vanguard Fiduciary Trust Company
Valuation Dates	March 31, June 30, September 30 and December 31.
Agent for Service of Legal Process	Plan Committee Chairman or Plan Administrator Sunrise Company 300 Eagle Dance Circle Palm Desert, CA 92211
Plan Administrator	Plan Committee 300 Eagle Dance Circle Palm Desert, CA 92211 Phone: (760 772-7227)

Administration of the Plan for Colorado and Texas based Employees

Plan Name	Sunrise Colony Company Tax Deferred Investment Plan and Profit Sharing Plan
Plan Sponsor	Sunrise Colony II Management 300 Eagle Dance Palm Desert, California 92211
Schedule of Affiliated Companies	N/A
Employer Identification Number	88-0412424
Plan Number	001
Type of Plan	The Plan is a defined contribution plan.
Type of Administration	The Plan Sponsor maintains records.
Initial Effective Date	November 1, 1997
Plan Year	January 1 through December 31
Trustee	Vanguard Fiduciary Trust Company
Valuation Dates	March 31, June 30, September 30 and December 31.
Agent for Service of Legal Process	Plan Committee Chairman or Plan Administrator Sunrise Company 300 Eagle Dance Circle Palm Desert, CA 92211
Plan Administrator	Plan Committee 300 Eagle Dance Circle Palm Desert, CA 92211 Phone: (760 772-7227)