



SENSORAY

EMPLOYEE HANDBOOK

As of November 1, 2006

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Introduction

The purpose of this handbook is to help you find answers to some of the basic questions regarding your employment with Sensoray. As it is not possible to cover all possible situations, the following pages are intended to establish guidelines, which describe the Company's general philosophy concerning policies and procedures.

As a condition of employment, all employees must acknowledge in writing that they have received this handbook.

Sensoray may revise, change, alter, or modify these policies and procedures without prior notice, as deemed necessary. If revised, you will be issued a new copy of the handbook, which will require your signature as acknowledgement that you have received, read and understand the revisions or additions.

The policies and procedures which are contained in this handbook are in effect at the time of publication and supersede all other policy manuals.

Sensoray's Mission Statement

Sensoray Company Inc. is in the business of designing, manufacturing, and selling interface electronics for industrial computers. Our products have above average performance and are sold at above average prices.

Our primary strategy is to sell our products to original equipment manufacturers for embedding into their products.

We specialize in plug-in adapter boards used for data acquisition, video imaging, machine control, communications, and support software.

Employee/Employer Rights

Employment Contracts/Employment At Will

Both employees and the Company have the right to terminate the employment relationship at any time for any reason. No representative of the Company, other than Bill Tanner, or his designee has any authority to enter into any agreement contrary to these policies.

Statements of policy in this manual, or in periodic memos do not constitute or imply an employment contract with any employee.

Confidentiality

Sensoray and its employees are responsible by law and by good business practice to hold the affairs of our customers and employees in the strictest confidence. Under no circumstances will the financial, proprietary technical information or customer affairs be discussed or revealed to any person within the company who does not have a business-related reason for knowing the information. Except when ordered by a court or governmental body of competent jurisdiction or when requested by the employee in writing, the financial or other affairs of any person will not be released to any person outside of Sensoray.

Individual employees may be held legally liable for improper disclosures and will be subject to disciplinary action or termination.

Requests to release information about a customer or employee will be honored only when the request contains an authenticated signed liability release from the consenting individual. Customer references will only be answered in writing by authorized Sales or Accounting personnel, or by Bill Tanner. Employee references will only be answered verbally by Bill Tanner or in writing by authorized Accounting personnel or by Bill Tanner.

Sensoray will not request information on a customer or employee without obtaining a signed liability release from the customer or employee as contained in the Sensoray Employment application or the Sensoray Credit Application.

Equal Employment Opportunity

The Company firmly believes in equal opportunity for all and complies with State and Federal Anti-discrimination Laws. The Company will continue to emphasize to employees, potential employees, customers, vendors, and others that opportunities in the Company are made available on a nondiscriminatory basis, and that employment and advancement within the Company are based upon individual merit and ability.

Only reasonable and job-related educational, personal, and experience requirements for employment will be imposed. The requirements will be specific to the successful performance of a particular job.

Harassment

Harassment on the basis of an employee's race, creed, color, sex, religion, national origin, marital status, or the presence of a physical, sensory, or mental disability is prohibited. Prohibited conduct includes comments, slurs, jokes, innuendoes, cartoons, pranks, physical harassment, etc., which are derogatory on the basis of the employee's protected class membership. Harassment also includes negative actions based upon an employee's participation in activities identified with, or promoting the interests of a protected group.

The definition of Sexual harassment includes all of the following:

Touching

Explicit comments or jokes

Explicit requests or demands

Inappropriate office decorations

Provocative clothing

Unwelcome, repeated flirting or asking for dates.

Employees have the right to be free from such harassment on the job, either from co-workers, supervisors or managers. Harassment is prohibited by state and federal anti-discrimination laws where:

1. Submission to such conduct is made a term or condition of an individual's continued employment, promotion or other condition of employment.
2. Submission to or rejection of such conduct is used as a basis for employment decisions

affecting an individual employee.

3. Such conduct is intended to interfere or results in interference with an employee's work performance, or creates an intimidating, hostile or offensive work environment.

Any employee who believes he or she is being harassed by co-workers, outside vendors, contractors or customers should notify his or her supervisor, preferably in writing. A prompt, full and complete investigation of every complaint will be undertaken. Where the employee believes that he or she is being harassed by his or her supervisor or has complained to his or her supervisor of harassing conduct but is dissatisfied with the action, the employee should contact either Bill Tanner or Jim Lamberson, preferably in writing. No employee will be subject to retaliation for bringing a complaint of harassment to management.

It is the responsibility of each employee, regardless of job position, to maintain the work place free from all forms of harassing conduct. Any employee found in violation of this policy shall be subject to appropriate discipline, including possible discharge. Further, any supervisor or manager who witnesses an act of harassment and fails to take appropriate action or who receives a complaint of harassment and fails to investigate in a prompt, serious and complete manner is also subject to disciplinary action.

Access to Personnel Files

Employees may review their own personnel files with their supervisor or with Bill Tanner, by giving reasonable advance written request.

Employment Classifications

Sensoray has established the following classifications for employment, which are used to define employee responsibilities, to determine eligibility for benefits, and to meet applicable wage and salary laws.

Full-time Employees

Full-time employees are those who are hired to work a regularly scheduled workweek of 30 (thirty) or more hours and whose responsibilities are not expected to be limited to a specific duration. Full-time employees are either salaried exempt or salaried non-exempt, as described below.

Part-time Employees

Employees who are hired to work a regularly scheduled workweek of fewer than 30 hours are considered to be part-time employees. Part-time employees who are regularly scheduled for less than 30 hours per week are not eligible for benefits or holiday pay. Part time employees are hourly non-exempt employees as described below.

Contract Employees

A contract employee is not an employee of Sensoray but an employee of a temporary agency and contracted through that temporary agency to work at Sensoray. Most new hires will work for Sensoray for a period of not less than 60 days as a contract employee prior to being

hired as a full or part-time employee of Sensoray. However, not all contract employees will automatically become full or part-time employees of Sensoray by working in excess of the period originally expected and designated. An employee will change from contract to regular status only if advised of such a change in writing. Contract employees that may be hired as full-time employees may become eligible for medical and dental benefits paid for or offered by Sensoray after 60 days. All other benefits, such as vacation, or holiday pay are payable at the discretion of their employer and not subject to Sensoray's policies.

Salaried Exempt Employees

An exempt employee is one who serves Sensoray in an executive, administrative, professional capacity, or as an outside salesperson and whose responsibilities fall within the definition and guidelines for exempt employees as outlined in the Federal Fair Labor Standards Act. These employees are exempt from the overtime provisions of the federal law.

Salaried Non-Exempt Employees

A non-exempt employee is one whose compensation (including overtime pay) hours, and working conditions are governed by the provisions of the Federal Fair Labor Standards Act. All salaried non-exempt employees must maintain time cards and have them signed by their supervisors every week.

Hourly Non-Exempt Employees

An hourly non-exempt employee is one whose compensation (including overtime pay) hours, and working conditions are governed by the provisions of the Federal Fair Labor Standards Act. An hourly employee would be paid an hourly rate for all hours worked. All hourly non-exempt employees must maintain time cards and have them signed by their supervisors every week.

Introductory or Probationary Employees

It is Sensoray's policy to evaluate the performance of each new hire, or current employees who have been promoted or transferred into new positions, and of rehires. This evaluation will take place for all employees, approximately sixty (60) calendar days following their hire, promotion, or transfer, so that employees may correct any problems prior to the end of the sixty-day introductory or probationary period. During the introductory or probationary period both management and the new employee have the opportunity to evaluate one another and determine if the employment relationship should be continued. Employment during this introductory or probationary period may be terminated by either party without advance notice.

Sensoray reserves the right to extend the introductory or probationary period whenever it deems such an extension appropriate.

Hours of Work and Payment of Wages

Work Schedules

Employees of Sensoray are assigned work schedules according to the staffing needs required to maintain effective operations as determined by management. Employee preferences regarding schedule assignments or schedule changes will be taken into consideration.

Workweek- A Work week is defined as a seven (7) day period, which begins Sunday at 12:01 AM and ends Saturday at 12:00 PM.

Workday- A workday is defined as a twenty-four (24) hour period, which begins at 12:01 AM and ends at 12 PM Midnight.

Office Hours- Regular office and production hours are from 7:00 AM to 6:00 PM Monday through Friday. The Starting time for work can be as early as 7:00 AM, but no later than 9:00 AM. An employee's normal workday would consist of either 8.5 hours or 9 hours with either 30 minutes or one hour for lunch.

Scheduling: All scheduling is subject to the authorization of the employee's supervisor. Work days, breaks, meal breaks, overtime, vacation scheduling, personal leave days, and schedule changes must all be scheduled and approved by the supervisor.

Shifts: The standard full-time workweek is five eight-hour days, Monday through Friday. The shift is scheduled with appropriate meal and break periods, which meet the requirements of appropriate laws, the business needs of Sensoray, and the personal needs of the employees.

Breaks: Employees are allotted two paid 10-minute breaks per eight-hour shifts. One 10-minute break during the morning, approximately midway between the starting time and meal break, the other 10-minute break approximately midway between the meal break and quitting time. Breaks may not be accumulated or combined with the meal period. Breaks may not be used to offset leaving early or to compensate for late arrivals. Breaks are paid as time worked.

Lunch or Meal Breaks: Employees who are scheduled to work at least five (5) consecutive hours will be given a meal break, as close to the middle of the shift as possible and between the second and fifth hour. The meal break may not be accumulated for time off and may not be combined with any other break period. Meal breaks are not paid as time worked. The meal break will be not less than 30 minutes or more than 60 minutes.

Absenteeism and Tardiness

Sensoray commits to its customers to meet certain work schedules and delivery dates. In order to do this, we must be able to depend upon regular attendance of all our employees. We look upon regular attendance as an essential requirement of any job. It is recognized that illness and unavoidable personal circumstances are valid reasons for absence; however, we do depend on your daily efforts to maintain established work schedules.

Employees are expected to be at their workstations and ready for work at the start of their scheduled shift and after rest and meal breaks.

If an employee is unable to report to work at the scheduled time because of an emergency or illness, the employee's immediate supervisor, must be notified by phone, as soon as possible but

no later than thirty minutes after the scheduled start of their shift that they will be unable to work.

Excessive incidents of absences or tardiness are grounds for disciplinary action or termination and may influence future, compensation and promotion opportunities.

Excused absence: For an absence to qualify as an excused absence, the employee must give proper notification to their supervisor or to Bill Tanner, prior to the start of their shift or no later than 30 minutes after the start of the shift.

Pre-planned absence: When an employee needs to be absent because of a doctor's appointment, court appearance, school conference, etc., they must notify their supervisor and obtain approval at least five days prior to the day of absence. The lost time may be charged to personal time, vacation, or comp time (exempt employees) as appropriate.

Unexcused absence: Any absence in which the employee fails to give proper notification (no later than 30 minutes after the start of the shift) to their supervisor or to Bill Tanner. Absence without notice to Sensoray for two consecutive days is considered to be a voluntary resignation.

Overtime

The nature of our business sometimes requires that employees work longer than their regularly scheduled shift or on weekends and holidays. It is the company's desire to hold overtime work to the absolute minimum necessary to accomplish the work, which must be done. Only non-exempt employees are eligible for overtime pay.

Time-and-one-half the regular hourly rate will be paid for actual hours worked in excess of forty (40) in a workweek by non-exempt employees. Sick leave days, vacation days, and holidays will not be considered time worked in determining overtime eligibility.

Overtime work will typically be assigned to employees by the supervisor based upon the supervisor's analysis of the skills and abilities needed to accomplish the work most efficiently.

Refusal to work overtime when requested will be handled under the disciplinary policy.

All overtime reported by an employee on his/her time card must have prior approval of the supervisor. If the supervisor has not previously approved overtime, which is reported by an employee, this may result in discipline for failure to follow established procedures.

Paydays

Sensoray issues pay checks once per month on the 11th of the month. In the event that the 11th falls on a Saturday or Sunday, paychecks will be released the Friday before. Compensation will include all hours worked, and vacation, personal days, etc from the 12th of the previous month through the 11th of the current month. Commissions paid will be calculated on the previous financial or calendar month. Stated bonuses will be based on employee length of service and employment status. To receive any bonus, employee must be employed through the entire term of the bonus period. Management reserves the right to have final decision in payment of bonuses in the event of any disputes.

Each employee will receive a payment record, which shows the total distribution of hours, the compensation received, the benefit hours, which are accrued, and the deductions, which were made from the gross pay.

Paychecks will either be released in person by the employee's supervisor to the employee or will be mailed to the employee's address of record upon receipt of a written, signed request. Pay checks may be released to another person upon presentation of a written and verifiable authorization.

Employees are responsible for reporting any errors on their paycheck to their supervisor or to Bill Tanner.

Under Oregon law, when an employee is discharged all wages earned and unpaid at the time of the discharge are due and payable by the end of the first business day after the discharge. If an employee voluntarily quits or resigns with at least 48 hours notice, all wages due are payable on the day of termination. If an employee has not given notice, wages are due within five days after the employee quits, or the next regularly scheduled payday, which ever occurs first.

Salary Advances

It is Sensoray's policy not to grant pay advances or draws.

Payroll Deductions

Sensoray is required by law to deduct from an employee' wages for federal and state income taxes, Social Security, Workers Compensation, or a court ordered garnishment. Any additional deductions must be authorized in writing by the employee.

Holiday/Vacation/Personal Time

Holidays

Employees who have completed sixty (60) calendar days of employment and are regularly scheduled to work at least 30 hours per week are eligible for holiday pay. Providing that they work their regular shifts on the scheduled working day before and the scheduled working day after the holiday, employees will be paid their regular rate of pay for holidays. If an employee is on leave of absence, they will not be eligible for holiday pay. A holiday day is defined as 8 hours.

The following Holidays are recognized

New Year's Day
 Memorial Day
 4th of July
 Labor Day
 Thanksgiving
 Day after Thanksgiving
 Christmas Day

In some years, New Years Day, the 4th of July, and Christmas day fall on a Saturday or Sunday. When this occurs, Sensoray will recognize the Monday after as a holiday with pay.

Vacations

The management of Sensoray believes that it is important for employees to take time off from the workplace on an annual basis.

Eligibility: All full time employees who are regularly scheduled to work thirty (30) or more hours per week and who have completed six (6) months of continuous employment are eligible to use accrued vacation. No vacation may be taken until after January 1st of the second calendar year of employment. .

Accrual: The amount of vacation employees receive is determined by their length of service and straight time hours worked, on a calendar year basis. One day of vacation is defined as 8 hours regardless of your shift. Vacation time is accrued in one year and taken the next year. Vacation accrual is determined by the number of hours worked. For every 173.33 hours worked, 6.667 hours of vacation will be accrued. For new employees, the partial year served prior to January 1st will be referred to as the employment year and accrual. In the event that employment begins any other time than the beginning of the month, the vacation accrual will be prorated per the hours actually worked in the starting month. For example, if an employee begins work on September 15th, accrued vacation will be a total of 23.33hours (see chart below).

START DATE	Hours Worked	Accrued Vacation Hours
September 15	86.66	3.333
October 1 – 31	173.33	6.667
November 1 - 30	173.33	6.667
December 1 - 31	173.33	6.667
Total Hours		23.33

Note: Any time taken off as unpaid due to accrued vacation time not available, will not accrue vacation hours for the next year.

Accrued Vacation Schedule

Years Completed as of Jan. 1st	Vacation Accrual	Available Hours
Partial year	Rate of 20/3 (6.667) hours per month	Determined by number of

		hours worked
1 Year	Rate of 20/3 (6.667) hours per mo.	80 hours
2 years but less than 4	Rate of 22/3 (7.333) hours per mo.	88 hours
4 years but less than 6	Rate of 8 hours per mo.	96 hours
6 years but less than 8	Rate of 26/3 (8.667) hours per mo.	104 hours
8 years but less than 10	Rate of 28/3 (9.333) hours per mo.	112 hours
10 years or more	Rate of 10 hours per mo.	120 hours

Vacation Time:

Vacation time may not be taken in increments of less than 1/2 a normal workday or 4 hours. Employees working thirty (30) to forty (40) hours per week will receive vacation hours on a pro-rata basis. Vacation taken may not exceed the vacation time accrued. Employees who are on a leave of absence do not earn vacation accrual. Vacation days earned during a given calendar year must be used between January 1st and December 31st of the following year. Any unused accrued vacation does not carry over into the next year.

Vacation Pay:

Vacation pay will be calculated on the basis of the employee’s regular straight time rate, at the time the vacation is taken. If a holiday occurs during the vacation, the employee will not be charged for the vacation day and may schedule the vacation day at a later time. The company will not grant pay in lieu of vacation except for pay of accrued vacation at time of termination of employment.

Scheduling: Vacation or time off must be scheduled in advance by written request and approved by your immediate supervisor. Vacation requests will be approved on a first come basis, from the date of submittal, with a minimum of 15 days advance notice. Since vacation time cannot be carried into the next calendar year, you will be notified, prior to October 1st, of any unused vacation. It is your responsibility to schedule this time as soon as possible to avoid any approval conflicts. The company reserves the right to deny vacation requests if the business would be harmed by the timing of the days away from work. The maximum number of consecutive workdays that may be taken is limited to fifteen, including personal days or any other time off.

Pay upon Termination: Accrued and unused vacation hours shall be paid upon separation of employment. The amount to be paid will be determined by multiplying the number of accrued vacation hours by the employee's base rate of pay at the time of termination.

Personal Time

Sensoray provides paid personal time in lieu of sick leave. This time off can be used either to minimize the financial hardship which may result from lost wages because of illness or injury, or as additional time off for any use including vacation.

Eligibility: All employees who are regularly scheduled to work at least 30 hours each week are eligible to accrue personal time hours. For new employees the amount of personal time allotted will be determined by the date of hire. To minimize the financial hardship that new employees have with a lack of accrued vacation or personal time, Sensoray allows new employees to accrue 3.33 hours of personal time beginning the first full month of employment. New employees requiring time off, may use personal time that has been accrued or must take the time unpaid if not enough accrued time is available. Accrued personal time can not be used until after completion of probationary period. All employees are allowed 40 hours personal time beginning January 1st, if employed from previous year. One day of personal time is defined as 8 hours.

Absence Notification: If personal time is to be used for a medical appointment, or any other predictable event, the employee must submit written prior notification no later than five days in advance. If time off is to be used for illness, injury or an emergency, employees are required to notify their immediate supervisor by phone, as soon as possible but no later than thirty minutes after the scheduled start of their shift that they will be unable to work. Employees may be required to show proof of doctor's visits if during company time.

If an employee becomes sick during a shift, the supervisor must be notified as soon as possible and before the employee leaves the work site.

Employees who are absent for three or more consecutive workdays with out prior written approval may be required to submit medical certification.

Workers' Compensation: Employees who are eligible for Workers Compensation benefits may use any accrued personal time to supplement those payments so that they receive up to 100% of their regular pay.

Scheduling: Personal time earned or accrued during a given calendar year must be used between January 1st and December 31st of the following year. Personal time does not carry over into the next year. You will be notified by payroll by October 1st of any unused personal time, and it is your responsibility to schedule this time as soon as possible to avoid any approval conflicts. Since the company does not require prior approval for personal time taken off for illness, injury, or emergencies, we expect employees not to abuse the personal time policy by calling in sick prior to the end of the year to use up any time left.

Termination: Employees do not receive compensation for personal time accruals upon termination of employment.

Leave of Absence

Leave of Absence with pay

Leave of absence **with pay** may be granted for the following reasons:

Bereavement Leave

Up to two 5-day periods of paid bereavement leave within one year may be approved for any employee who has lost a family member. Employees must discuss the request with their supervisor and must obtain advance approval for the leave.

For the purpose of this policy, a family member is defined to include the employee's spouse, father, mother, daughter, son, mother and father in-law, brother, sister, grandchild and grandparent.

Employees may also request the time necessary, without pay, to go to a funeral of any other relative or member of their immediate household.

Jury Duty/Witness Duty

Jury Duty: After completion of the introductory service period, any full time employees who are required by law to serve on a jury, shall be reimbursed for their work time lost, on the basis of the difference between their regular rate of pay and jury pay, up to a maximum of forty (40) hours. Employees will be reimbursed only for those hours they would have been employed by Sensoray. In any event, no more than eight hours per day will be paid. If dismissed at any time during the workday, it is the employee's obligation to report to work for whatever time remains in the normally scheduled workday if it can be reasonably anticipated that an employee could work a minimum of two hours.

Should you receive notice to report for jury service, please bring it to your supervisor immediately. Human Resources will conduct any necessary correspondence with the court regarding your availability based upon the above limits and specific company need at the time.

Severe Weather Conditions

When weather conditions cause a significant hardship in getting to and from work, the following guidelines will be followed with regard to pay.

1. Unless notified ahead of time, employees should assume Sensoray will be open for "business as usual", and should make every effort to work their regular hours, realizing this will mean allowing extra time for travel.
2. On severe weather conditions, Bill Tanner may, at his discretion, approve paid time, to accommodate those who, in spite of extra efforts, are unable to maintain their normal work schedules. Each incident will be handled independently.
3. Lost time that exceeds the approved time period can be covered by earned personal time leave or accrued vacation.

Leave of Absence without pay

A leave of absence **without pay** may be granted for the following reasons:

Medical Leaves

Sensoray may grant appropriate medical leave time when an employee must cease work because of a medical condition, which is substantiated by a physician's report.

Medical leaves are normally granted for the duration of the illness or injury and are usually limited to a period of twelve weeks in any one-year.

If the medical leave is required because of an occupational disability, the leave shall be approved for the duration of the work-related disability.

The employee is responsible for informing management of the estimated date of return to work and for providing medical authorizations for the time off from work and the return to work.

The employee is authorized to use any accrued personal time leave compensation for the leave up to the date of return on the physician's statement. If requested and approved, additional leave will be charged to vacation accruals.

Employees who are eligible for workers' compensation may use any accrued personal time leave time to supplement these payments so that they may receive up to 100% of their regular paycheck. If the employee's sick leave accrual is exhausted during the leave, the employee may draw on vacation accruals until these are exhausted. Thereafter, the medical leave will be without pay.

Family and Medical Leave Policy:

As required by the Family Leave Act, Sensoray will provide up to twelve (12) weeks of unpaid leave during a twelve (12) month period to care for a newborn or newly adopted child and to care for a spouse, child or parent with a serious health condition. This leave will extend to you as well if you are unable to perform the functions of your job because of a serious health condition.

To be eligible for this benefit, you must have worked at least 1,250 hours during a twelve-month period preceding the requested leave. In addition, for a foreseeable birth, adoption, or medical treatment for a serious health condition, you must give thirty (30) days written notice of your request for leave. Sensoray may require, or you may choose, to complete all of your other accrued leave prior to taking family or medical leave. Your health insurance benefits will continue at the level and conditions that would have been provided had you remained continuously employed until the leave ends or such time you inform the company that you will not return to work, whichever occurs first. If you choose not to return to the company you will be required to reimburse the company for insurance benefits paid in your absence.

The Company may require you to provide a fitness-for-duty certification prior to your return to work. Upon completion of your leave, you will be restored to the same job or an equivalent job with equivalent pay, benefits, and conditions of employment. Different restoration procedures apply to those whom the Company designates "Key" personnel. If you have any question on your leave rights please contact Human Resources.

Military Leave of Absence

In the event that you are called for active military training or duty or for a two week training camp, employees of Sensoray who are members of the National Guard or the Reserve Corps of any branch of the military Forces of the United States will be granted a military leave of absence without pay.

Employees may draw on their accrued vacation pay for compensation during a military leave of absence.

Personal Leave of Absence

Sensoray may authorize an unpaid leave of absence for personal reasons other than those outlined above for a period not to exceed 60 consecutive days. To be eligible for this benefit, you must have worked at least 1,250 hours during a twelve-month period preceding the requested leave. You must give thirty (30) days written notice of your request for leave.

Sensoray may require, or you may choose, to complete all of your accrued vacation or personal time leave as compensation during the personal leave. For personal leave of more than 30 days, Sensoray may require that you reimburse the company for medical benefits during this period. In addition for a leave of more than 30 days, the employee does not accrue any vacation or personal time benefits or is not eligible for Holiday pay while they are absent. The employee must return to work on or before the designated date of return or it will be assumed that the employee has resigned.

Employee Conduct & Discipline

Standards of Conduct

We must always conduct ourselves in a professional and business-like manner. It is necessary to have general standards of conduct. Standards are not intended merely as restrictive measures, but as guidelines to better habits of conduct and work for all employees and to better operation of Sensoray.

Of course, it would be virtually impossible to write standards to cover every situation. Generally speaking, management expects its employees to exercise common sense and good judgment, and to conduct themselves in a business-like and proper manner. Conduct that interrupts co-workers or is dishonest, immoral, or illegal will not be tolerated.

Any violation of our standards of conduct may result in disciplinary action, including discharge, depending on the seriousness of the offense.

Alcohol and Drug Abuse

It is the Sensoray's policy to provide and maintain a safe, clean and wholesome work environment for its employees. Sensoray has established the following policy regarding the use and possession of drugs or alcohol in the workplace.

1. The use, sale, or possession of narcotics, drugs, or controlled substance, while on the job or on company property is prohibited.
2. Any illegal substances found on the premises will be confiscated and turned over to the appropriate law enforcement agency and may result in a criminal prosecution. Some of the drugs which are illegal under federal, state or local laws include, among others, marijuana, heroin, hashish, cocaine, hallucinogens, and depressants and stimulants not prescribed for current personal treatment by an accredited physician.
3. Employees are prohibited from coming to work or returning from meals and breaks while under the influence of alcohol or drugs.
4. Employees undergoing prescribed medical treatment are required to notify the company in advance regarding treatment.

5. Employees are required to report to their supervisor any criminal conviction involving workplace drug activity within five days of their conviction.
6. Sensoray will not tolerate absenteeism, tardiness, poor job performance or accidents caused by alcohol or illegal drug use.
7. Any violations of the above will result in immediate disciplinary actions including dismissal.

Smoking

Smoking is prohibited inside or in front of the building. Smoking is allowed only in back of the building.

Safety

It is the policy of Sensoray that everything within reason shall be done to prevent accidents.

We are interested in loss prevention because it involves the safety and well-being of our employees.

Sensoray expects all employees to follow the posted safety rules and to notify management of any potentially dangerous conditions.

Any injuries will be reported immediately to a supervisor.

A first aid kit is available in the building and all employees will be informed of its location.

Employees will be notified of the use and care of required personal protective equipment.

Employees will be informed of the proper actions to take in the event of emergencies including the routes of exiting from the area during emergencies.

Failure to follow safety policies and procedures may result in disciplinary action.

The Safety committee will meet a minimum of twice per year.

Injuries

If you are injured on the job, report the injury to your supervisor immediately. Failure to report an injury may result in your loss of benefits for medical treatment and/or time off if disabled.

First Aid supplies are available for your use in case of injury. At the earliest possible time, after an injury, you must assist your supervisor in completing an accident report giving the details of how and where the injury occurred.

Outside Employment

Since outside employment may interfere with the company's need for full productivity and loyalty from its employees, holding a second job during off hours may be cause for disciplinary action to and including discharge if:

1. The outside employment affects an employee's performance or results in absenteeism or tardiness (including overtime).

2. The outside employment places an employee in a situation of actual or reasonably foreseeable conflict between the company's interest and his or her own. Examples of such conflicts of interest include working for a competitor, or soliciting or performing work for others of the type performed by the company.
3. In addition to the above, in order to avoid the reality or appearance of improper influence or favor, and to protect the confidentiality of the company, employees may not engage in outside employment for customers, suppliers, regulatory agencies, or any others with whom the company deals.

Employment of Relatives

Sensoray makes it a practice not to employ relatives of current employees.

For the purpose of this policy, relatives are defined as a person who has one of the following marital or blood relationships: Spouse, child, parent, parent-in-law, sibling, sister, or brother-in-law, aunt or uncle, niece or nephew, cousin, grandparent, grandchild, or step relative in one of these same relationships. This Policy will also apply to those individuals between whom a "significant other" relationship exists.

Exceptions to this policy may be approved at the discretion of Bill Tanner.

Solicitation

Every effort is made to prevent interference with employees at work. Solicitation of any kind, with the exception of charitable solicitation approved by Bill Tanner, during work hours is prohibited. For purposes of this policy, solicitation includes personal solicitation, or soliciting for or on behalf of any organization, support for membership, or membership or participation in, or subscriptions or pledges to that organization. Solicitation of employees and/or distribution of literature by non-employees is prohibited at all times on company premises.

Garnishments

Garnishments are unpleasant for you and burdensome for the company. Keep your personal financial obligations in order.

Garnishments will be handled as required by the courts, and charges will be deducted in accordance with instructions received from the courts. Excessive garnishments may lead to disciplinary action up to and including discharge.

Disciplinary Action

Sensoray believes that employees are motivated to do what is best and are accountable for their actions. Any employee conduct that in the opinion of Sensoray, interferes with or adversely affects our business is sufficient grounds for disciplinary action. This disciplinary action will follow the outlines of progressive disciplinary action.

Progressive discipline involves a series of escalating disciplinary steps, each involving a warning of the consequences of further abuse by the employee. Depending on the conduct it is our general policy to take disciplinary steps in the following order:

Verbal warnings

Written warnings

Suspension, and

Termination

To decide on the appropriate action, Sensoray may consider: the seriousness of the conduct, the employees record and length of service, the employees ability to correct the conduct, similar actions taken for similar conduct by other employees, and how the employees action affects customers and other circumstances.

The following list is provided as a starting point to define unacceptable behavior on the part of an employee working at Sensoray. The list is not intended to be all-inclusive, but rather to give examples of actions which should generally result in immediate dismissal and/or be part of progressive disciplinary action.

1. Misappropriation of money, property or time.
2. Malicious misuse, destruction, damage, or theft of Company property or that of others.
3. Possession of a dangerous weapon, including firearms.
4. Using or possessing alcohol or illegal drugs at work.
5. Coming to work under the influence of alcohol or illegal drugs.
6. Failure or refusal to follow legitimate directions of a manager or supervisor.
7. Threatening, intimidating, or fighting with customers or co-workers.
8. Falsifying records, misrepresenting information, or failing to record pertinent and required information.
9. Failure to maintain confidentiality.
10. Unlawful discrimination or harassment or failure of a supervisor or manager to investigate a complaint of harassment.
11. Unauthorized tardiness or absence from work for more than one day without management approval.
12. Failure to meet job responsibilities or a reasonable organizational request.
13. Failure to follow health and safety policies and procedures.
14. Failure to meet a standard of conduct that is incorporated into company or departmental policy, or that is otherwise specified.
15. Any conduct that would cause a customer or potential customer to question the effectiveness or the integrity of the company.

Termination and Resignation

Terminations and resignations can be very trying times for employees and employers. Management will make every effort to make separation from the company as professional and uneventful as possible. Three different types of separations may occur:

Voluntary termination: Termination initiated by the employee. Whenever possible the company requests that written notice of resignation be given to the employee's supervisor at least two weeks in advance of the last day of work.

Involuntary termination: Termination initiated by a supervisor or by management due to an employee's unsatisfactory performance or conduct.

Reductions in force or "layoffs": Termination resulting from a reorganization or elimination of certain work functions.

Termination Procedures: On the last day of employment the employee will be required to surrender all Company property. The Company representative will arrange to have the employee's benefits terminated or converted. The employee will be given an opportunity to discuss the employment experience at Sensoray.

Terminating employees will receive all compensation to which they are entitled; including accrued but unused vacation pay. If an employee was discharged, all wages earned and unpaid are due and payable by the end of the first day after the discharge. If an employee voluntarily quits or resigns with at least 48 hours notice, all wages are payable on the day of termination. If an employee has not given notice, all wages are due within five days after the employee quits or the next regularly scheduled payday, which ever occurs first.

Employee Benefits, Information

Performance Appraisals

Sensoray intends to implement and maintain a comprehensive, objective, and consistent employee appraisal and evaluation program which is concerned with how well each individual employee performs his or her job.

The goals of the employee evaluation program are:

1. To define the job criteria through job descriptions;
2. To describe the standards for which the employee is responsible through job descriptions;
3. To evaluate an employee's performance relative to his or her job description and described standards;
4. To enhance the performance and the development of employees;
5. To establish expectations for future development;
6. To support personnel actions including promotions, pay modifications, transfers, discipline, and termination;
7. To provide a link between goals set for individual employees and the overall Sensoray company goals.

Job Descriptions

To encourage fairness, consistency, and efficiency throughout the workplace, job descriptions will be maintained.

The job description will be maintained in Human Resources and will describe the duties, responsibilities, job performance standards, and the accountability of each position.

Whenever a new job is created or an existing position is significantly altered, the supervisor and Human Resources will prepare new or revised job descriptions.

Annually, usually at the time of the performance evaluation, employees and their supervisor will review the job description to assure it is current and accurate.

Staff Development/ Tuition reimbursement

Sensoray encourages the professional development of employees and will help by supporting participation in conferences, seminars, and workshops, which will make a direct contribution to the employee's professional development.

Attendance must be approved in advance by Bill Tanner. The approval may contain specific conditions, which must be met to receive reimbursement.

The evaluation of the conference, seminar or workshop will be based on the expected contribution to the employee's professional development in an area that directly relates to the position the employee now holds.

Employees who voluntarily attend conferences, seminars, or educational classes are not eligible for overtime, mileage allowances, or meals unless the expenses are specifically approved and authorized in advance. With prior approval from Bill Tanner, employees may be allowed to take time off work to attend classes.

Insurance Benefits

Sensoray provides group medical and dental insurance plans for eligible employees and dependents as long as they are not already covered on another medical-dental plan. The company currently pays up to a cap of \$500.00 per month towards each employees and their dependents monthly medical premium cost, and currently pays the premium cost for dental insurance for employees and their dependents, provided they are not already covered on another medical-dental plan. Employees may only include spouses and children on the insurance. Employees are responsible for all deductibles and other costs over and above the premiums. The company may provide additional or other benefits such as disability insurance or life insurance, or choose to change or upgrade the current coverage. These changes or options may require the company to request employee before or after tax participation towards premium payments if the employee chooses to participate.

Employees who are on leave of absence must pay the full costs of coverage in order to maintain insurance coverage. Upon termination, employees will be offered continuation and conversion plans if they wish to maintain coverage.

Specific coverage and eligibility requirements for employees and dependents and the restrictions, exclusions, and deductibles are described in the specific plan documents.

Full time or Full time contract employees become eligible for insurance benefits on the first (1st) of the month following sixty (60) calendar days of employment.

Cafeteria Plan (Section 125 Plan)

Sensoray offers a Cafeteria Plan (Section 125) to its employees. Employees become eligible after 30 days of continuous employment. Employees can elect to defer pre-tax dollars to offset medical, dental or childcare costs not covered by existing insurance plans. Please see plan administrator for rules and requirements.

Tax Deferred Retirement Plan

After sixty days of continued employment, employees become eligible to participate in a tax deferred retirement plan (Simple-IRA). You may contribute an amount determined by the plan to a tax deferred investment plan. If needed, an investment advisor is made available to help with the retirement planning.

Health/ Fitness Club Membership

After sixty days of employment, full time or full time contract employees may become eligible to participate in a company paid health club program. Sensoray will pay \$34.00 a month towards your monthly fee, provided the employee uses the facility a minimum of 1/2 hour, 5 times per week. This benefit is only available to those employees who can attend one of the clubs in the Portland Area. If the employee does not meet the minimum usage requirements Sensoray will discontinue paying the monthly dues for that employee.

Bulletin Boards

Bulletin boards are located in several areas to keep you informed of various items of interest. They are also used to communicate announcements required by law, and official Company postings, such as safety information and other Company notices. Please check the boards frequently as you are required to be aware of the posted contents. Any item posted by an employee on a Company bulletin board must first be approved by Bill Tanner or Human Resources.

Emergencies

In the event of an emergency such as fire or serious injury to personnel, locate the nearest telephone, get an outside line, and call the appropriate number as printed on the telephone listing for immediate assistance (911). Report all emergency situations. Be sure to give brief but pertinent details. Unless there is personal risk to yourself, remain at the scene and take appropriate action until help arrives. Above all remain calm. Advise the operator in case of incoming calls, and let a supervisor know immediately.

Refer to the Safety Bulletin Boards for emergency evacuation routes and Fire Extinguisher locations.

Outside Activities

Except when an employee is specifically scheduled and/or required to participate, Sensoray is not liable or responsible for the actions of employees at outside activities such as social, recreational, and/or athletic events which may be sponsored by Sensoray or in which employees

of Sensoray participate. Employees attend these functions voluntarily and not as a part of the employment relationship.

Parking

The Company will provide parking spaces for employees, visitors, customers and the disabled.

Responsibility: The company is not responsible for fire, theft, or damage to an employee's vehicle or its contents. Employees park at their own risk.

Employees are expected to exercise caution when driving through the parking area, ensuring that a safe speed is sustained at all times.

Human Resource Files

Human resources department or Bill Tanner will maintain a comprehensive personnel file on each employee. This file will include all documents and information regarding the employment history of the employee.

It is the responsibility of each employee to ensure that all documentation and changes are forwarded to Human Resources, including timely changes in address, phone numbers, marital status etc.

Travel

When employees use their personal vehicle for company authorized purposes, they will be reimbursed at the rate of \$0.31 per mile. The employee must complete an expense report showing date, destination, trip purpose, mileage and a supervisor's authorization signature.

Visitors

Visitors are welcome at Sensoray however, for safety and security reasons the company must control visitation. All visitors must enter through the reception area and are not allowed in the production area. All visitors, while on the premises, must be escorted by a Sensoray employee.

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EMPLOYEE HANDBOOK ACKNOWLEDGMENT

Welcome to Sensoray Company, Inc. We hope that you will have a long and productive relationship with our company. To help with this, we are providing you with your own copy of our employee handbook. Please read this handbook carefully. The information in it will acquaint you with company policies and will answer many of your questions

Please keep in mind that this handbook does not contain all of the information you will need as an employee. You will receive other information through written notices as well as orally. When the company changes a policy, it overrides the past policy.

This handbook is not an employment contract. Unless you have a written employment contract with Sensoray signed by Bill Tanner, the President of the company, you legally are an at will employee. This means you or the company may terminate the employment relationship at any time, with or without prior consent.

In the future, your status as an at will employee can only be changed through a written contract signed by both you and Bill Tanner, the President of Sensoray. No oral statements, promises or contracts regarding the terms and conditions of your employment are valid.

RECEIPT AND ACKNOWLEDGMENT

I have received a copy of Sensoray's Employee Handbook. I have read the above information and I acknowledge that it is a correct statement of my employment status.

Signature

Date