Purpose
The purpose of the Company’s vacation policy is to provide employees with the opportunity for time away from the workplace. All employees are encouraged to take this time for rest and relaxation, so they can return to work with improved health and morale.

Scope
All U.S. salaried exempt and non-exempt employees, excluding those in TCS Distribution.

Procedure

Vacation Period: The vacation year is January 1 – December 31, for purposes of earned vacation calculation.

Vacation Levels: Vacation levels are based on years of service as described below. The vacation level will apply in the calendar year in which the employee reaches the service level:

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Vacation Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 9 years</td>
<td>15 days (120 hours)</td>
</tr>
<tr>
<td>10 - 24 years</td>
<td>20 days (160 hours)</td>
</tr>
<tr>
<td>25 or more years</td>
<td>25 days (200 hours)</td>
</tr>
</tbody>
</table>

Accrual: Vacation is earned at the rate of 1/12th of an employee’s yearly vacation level per month, beginning on initial date of hire. The month’s vacation shall be earned as long as the
employee is on active payroll status for the entire month. There is no waiting period requirement in this policy, however, new employees need to get management’s approval before taking their vacation in the first six months of employment. The current calendar year’s vacation time may be taken during the year even before it is earned.

Beginning with the employee’s first incremental increase in vacation level, the higher vacation earned level will begin on the January 1st of the year the employee reaches his/her anniversary date.

Employees are encouraged to take their allotted vacation time during the calendar year in which it is earned. Employees will not receive pay in lieu of earned vacation time, except upon termination and/or retirement.

Typically, vacation days are taken in half-day or full-day increments unless scheduling or business reasons permit otherwise, subject to supervisor’s approval. If employment is terminated, all vacation time earned and unused up to the date of termination will be paid out to the employee at the time of termination.

Employees whose standard workday is not an eight-hour day should use the equivalent hours to determine the amount of their vacation.

**Rule for employees rehired by the company:** For employees who are rehired by the company, the adjusted date of hire will be used to determine the employee’s length of service and the corresponding amount of vacation.

**Rules for regular part-time employees:** Regular part-time employees are defined as employees regularly scheduled to work from 20 to 34 hours a week. If you are a regular part-time employee, you earn a prorated share (rounded to the nearest hour) of vacation based on the ratio of your regularly scheduled workweek to the workweek for a full-time employee in the same position. Your regularly scheduled hours will be fixed at the time of annual enrollment (or your hire date if you are a new employee) for the following year for purposes of determining your vacation eligibility.

The maximum earned vacation time allowed in any calendar year will be equal to an employee’s current year’s vacation level plus any carryover from the previous year.

**Carryover vacation time:** With management approval, employees may carry over up to five vacation days into the next calendar year. Employees are to notify their supervisor prior to the end of the calendar year as to their intent to carry over vacation time into the next calendar year. Failure to do so will cause a presumption that the employee has utilized all vacation time during the calendar year. Subject to state and local law, if the employee fails to use the approved carryover vacation by March 31, any remaining unused carryover vacation still existing on that date will be forfeited. If forfeiture of the carryover vacation is not permitted by state or local law, the employee will instead cease accruing additional vacation until the carryover vacation is used.

**Retiree benefit:** Employees retiring from the company will be paid the full amount of their annual vacation level (less any amount used) when they retire. A person is considered to be
eligible for this retiree benefit if they have reached age 55 with 15 years of service upon termination of employment.

**Status Clarification:** An employee will cease earning vacation immediately when placed on inactive payroll status (for example, when on long-term disability) or when taking an unpaid leave of absence.

An employee on disability continues to earn vacation while on short-term disability or salary continuation. At the point an employee moves over to long term disability, earned vacation time ceases and is paid out as the person is no longer in active pay status.

An employee on vacation or jury duty continues to earn vacation time.

**Scheduling Vacation Time:** Vacation should be scheduled, so that efficient operation of the department and company is maintained. The scheduling and tracking of vacation time will continue to be the responsibility of each employee and his/her manager/supervisor. It is the manager’s/supervisor’s responsibility to determine each employee’s eligibility and approve and monitor vacation requests.

An accounting of any expected vacation carryover, to be used by March of the next calendar year, will be gathered from each department manager/supervisor. Any carryovers not reported at that time will be lost.

**Additional Provisions:** When a company-recognized holiday falls within an employee’s scheduled vacation period the holiday will not count as a vacation day.

Employees who terminate during a calendar year will be paid, at separation, the value of the vacation earned, but not taken.

If an employee terminates having used more vacation than he or she has accrued, the employee must reimburse the Company for this time. Such reimbursement shall be equal to the employee’s hourly wages at the time the vacation time was taken multiplied by the number of used but not accrued hours of vacation.

This policy does not address employees on paid military leave status or on FMLA. Employees should review the applicable FMLA and military leave policies for more information.

Although the Company is generally under no legal obligation to accrue vacation for employees while they are on unpaid FMLA, employees will continue to accrue vacation time until they have been absent from work for forty-five (45) consecutive days. At that time, vacation accrual will cease until the employee returns to work.