



Employee

Handbook

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HB001

Excellent employees are this company's greatest asset, and this manual is provided to all employees to answer their questions and to help them know the accepted procedures at Farm Service Cooperative. Policies will be amended, changed, deleted, or modified as time goes by in an effort to adjust to changing times.

I have received an Employee Handbook containing FSC's personnel policy and explanation of benefits. I understand that I am responsible for reading and comprehending these policies. I understand the application of these policies to my employment and I understand they may be from time to time modified. I also understand that nothing in the personnel policies or other manuals of FSC shall be construed as creating, either directly or by implication, an employment contract. I understand that I am an employee at will. I understand that this Handbook is the property of the Company and I will return it to the Company upon my termination.

Employee Signature

Date

WELCOME TO FARM SERVICE COOP

The directors and management of Farm Service Coop welcome you as a member of the staff.

This handbook has been prepared to familiarize you with the personnel policies and practices of FSC. Should any discrepancy occur between published policy and this handbook, the published policy will prevail. Employees will receive a copy of these policies and will be asked to execute an Authorization and Understanding Statement.

The contents of this handbook are presented as a matter of information only and the language herein is not intended to create, nor is it to be construed to constitute, an express or implied contract between FSC and any or all of its employees. FSC reserves the right to modify, revoke, suspend, terminate or change any or all such plans, policies or procedures in whole or in part at any time with or without notice.

All employees of FSC are employed "at will" and can be terminated at any time with or without cause. All statements contained in this handbook shall be interpreted consistent with this termination policy and no officer or employee has any authority to modify this statement in any way.

Please keep this handbook in a place that is easily accessible. Updates and changes will be provided periodically and should be placed in the handbook at the time of receipt.

EMPLOYMENT AT WILL

All employees of FSC are employed "at-will" and can be terminated at any time with or without cause. All statements contained in this handbook or any other manual, employment application, recruiting materials, memoranda, or other materials provided to applicants or employees in connection with their employment shall be interpreted consistent with this termination policy and no officer or employee has any authority to modify this statement in any way.

At the time of hiring, employees are required to sign a written statement acknowledging that they are employed at the will of FSC and are subject to termination at any time for any reason with or without cause.

No FSC representative is authorized to modify this policy for any employee or to enter into any agreement, oral or written, contrary to this policy.

Completion of an introductory period or conferral of regular status does not change an employee's status as an employee at-will.

WHAT IS FARM SERVICE COOPERATIVE?

Farm Service Cooperative is a business owned by approximately 3,000 farmers living in Crawford, Shelby, East Pottawattamie, Cass, Harrison, and neighboring counties. This business supplies the owner, as well as others who wish to purchase from the cooperative, with a complete line of livestock feeds, animal health products, propane, petroleum products, crop production items such as fertilizer, agricultural chemicals and seed, and grain drying and storage. In addition the Coop is involved in grain marketing, transportation services, and computer hardware and software sales.

HOW DOES A COOPERATIVE DIFFER FROM A NON-COOPERATIVE?

All businesses operate to provide a profit for the owner. In privately owned business these returns are called profits. In a cooperative they are called savings. They are called profits in a private business because the earnings of the business are distributed to the owners of the business based on the amount of money each owner invested in that business. They are called savings in a cooperative because they are returned to each of the owners based on the amount of purchases that owner made from his cooperative.

HOW IS OUR COOPERATIVE OWNED, CONTROLLED AND MANAGED?

Owner Members

Our Cooperative has two classes of common stockholders. Class A common stockholders are those persons who are involved in farming operations. Class B common stockholders are those persons who wish to make purchases from the Cooperative, but who are not involved in farming operations.

The Class A common stockholder is a farm operator or landlord who is responsible for paying all or part of the cost of the farm supplies delivered to his farm.

Each Class A common stockholder has one vote. Class A common stockholders cast their one vote in favor of, or opposition to, changes in the Articles of Incorporation, and they also use their voting privilege to determine who will represent them on the Board of Directors. Changes in the Articles of Incorporation may be made at annual meetings which are held each year.

Class B stockholders do not have direct farming connections. Class B stockholders therefore do not have the right to vote. Most of our Class B common stockholders are people who purchase heating fuel from the Cooperative or are landlords who rent their farms for cash rent.

To become a Class A or Class B member, the customer must complete an application and submit \$5.00 with the application. An applicant becomes a member when approved by the Board of Directors.

BOARD OF DIRECTORS

Our Cooperative is organized into five districts. One Class A stockholder from each district is elected to serve on the Board of Directors. The Board of Directors meets regularly throughout the year, usually each month, and determines the goals, objectives and operating policies of the Cooperative.

WHAT ARE OUR OBJECTIVES AT OUR COOPERATIVE?

We at Farm Service Coop want to continue to earn recognition as being the finest grain marketing and farm supply business in the area. To maintain this reputation we must continue to supply quality products; prompt, efficient and courteous service; and be competitive in our pricing.

FSC MISSION STATEMENT

Providing Quality Supplies, Services, and Marketing at a Competitive Price for the Economic Benefits of Its Members and Their Co-operative.

FSC VISION STATEMENT

To be the BEST ag-retail supply and grain marketing company in Western Iowa.

MANAGEMENT OF THE CO-OP

The Board of Directors hires a general manager who is responsible for seeing that the policies established by the Board of Directors are carried out. The general manager is given authority to hire other management people to assist in the operation of the Cooperative. Reporting to the general manager are the division managers, the manager of financial services and the controller.

Our Cooperative is organized into several marketing districts which are located at Denison/Schleswig, Manilla/Defiance, Irwin, Harlan/Westphalia, Shelby/Persia, Atlantic/Marne and Oakland. Within each marketing district, six operating divisions are represented which are propane, feed, crop, grain, petroleum and transportation. The branch manager is responsible for coordinating sales, excess labor and credit.

All accounting is coordinated through the general office in Harlan. This division is managed by the controller and is divided into two areas of responsibility, accounting and data processing.

EQUAL EMPLOYMENT OPPORTUNITY

It is the policy of Farm Service Cooperative to hire the best, most competent person available for each job. It is the company's policy to conduct business activities in a manner that is free from discrimination and to provide equal opportunity without regard to race, color, sex, religion, national origin, age, disability or Vietnam era or disabled vet status.

Employment decisions will be made on a basis designed to further the principle of equal employment opportunity, using only valid work related requirements.

The company will insure that personnel actions including, but not limited to, compensation, benefits, transfer, promotion, discipline, termination, training and education, and those actions relating to the terms, conditions and privileges of employment will be administered without regard to race, color, religion, sex, age, national origin, disability or status as a Vietnam era or special disabled veteran.

The company will utilize all reasonable efforts to comply with all requirements of federal, state and local laws and regulations relating to Equal Employment Opportunity and Affirmative Action.

CLASSIFICATION OF EMPLOYEES

FULL TIME EMPLOYEE: A person who is scheduled to work a minimum of 40 hours per week for the full year.

TEMPORARY/SEASONAL EMPLOYEE: A person who may work more than 40 hours per week, but who is normally employed only on a temporary or seasonal basis.

PART-TIME EMPLOYEE: A person who is employed for a full year, but who will average less than 40 hours per week for his/her job responsibilities.

CONVERSION OF PART-TIME EMPLOYEE TO FULL-TIME EMPLOYEE

When it has been determined that a part-time or temporary/seasonal employee will become a full-time employee, your immediate supervisor will submit a payroll authorization change form to the payroll clerk. The effective date on this form will be the date used as your full time employment date for purposes of accruing vacation and other fringe benefits.

PART-TIME AND/OR TEMPORARY/SEASONAL EMPLOYEES ATTENDING
FSC EMPLOYEE HOLIDAY PARTY

The FSC board shall make a determination each year as to whether a holiday party will be held.

It is the policy of FSC to invite all part-time employees of Farm Service Co-op to the annual holiday party.

Temporary/seasonal employees who have worked a minimum of 500 hours during the previous year will be eligible to be invited to the holiday party.

Part-time employees will receive a gift of the same value as those full-time persons starting work on or after July 1st. Gifts for temporary seasonal employees will be determined on an individual basis by the general manager, but will not exceed the value of gifts for part-time employees.

YOUR IMMEDIATE SUPERVISOR

Our organization strives at all times to provide a pleasant, harmonious working environment and to treat employees with honesty, dignity and respect.

If at any time an employee has a work related problem or concern, they are encouraged to discuss it candidly with their supervisor. Even if it seems minor, airing the problem may resolve it before it becomes a major irritant. Usually, the supervisor is closest to the problem situation and therefore is in the best position to resolve it. Employees are encouraged to talk to their supervisor first. If, however, an employee does not feel they can discuss the concern with the supervisor, or, have discussed it but it is still not resolved to their satisfaction, they are welcome to talk to the person to whom their supervisor reports.

Human Resources will also listen to your job-related concerns if it is necessary to discuss them with someone outside of the department. Employees are welcome to come to or call Human Resources during any of the steps described above.

If resolution has not been reached in the previous steps, employees may discuss the situation with the CEO. The decision of the CEO will be considered the final step in the process. It is important that you know who your Immediate Supervisor is because he/she is the person to whom you should go to with any questions or concerns you may have regarding your work at Farm Service Cooperative.

PERSONAL CONDUCT

Members, customers and the general public judge the Cooperative by its employees. The Farm Service Cooperative's Board of Directors recognizes that the employees are the major chain of public relations between the members and their Cooperative. With this in mind, the Board of Directors encourages all employees to maintain positive behavior both on and off the job. Such positive behavior will show through in work performance on the job, and will act as an image builder off the job, thus providing excellent public relations between the Co-op and its members.

Certain rules and regulations regarding employee behavior are necessary for efficient operation and for the benefit and safety of all employees. The success of FSC depends upon the confidence and respect employees generate while at work, representing the company at a business function or in a social gathering. Employees must be able to work with others, comply with company rules and regulations, adjust to change, and promote the best interests of the company. Conduct that interferes with operations, discredits the company, or is offensive to customers, members or fellow employees will not be tolerated and will result in disciplinary action up to and including termination.

All employees will be dressed and groomed in a suitable manner to meet the public. All company equipment is to be operated in a lawful manner. Failure to maintain high standards of personal conduct and lawful behavior will be cause for disciplinary action up to and including immediate dismissal or suspension without pay. Persons who are cited for illegal operation of company vehicles are personally liable for all costs and fines. No employee will be required by his/her supervisor to operate a vehicle or other equipment in an unlawful manner. Faulty equipment and overweight violation fines are paid by the Co-op except when the employee has advanced knowledge of the fact that operation will be unlawful.

ALCOHOL/CONTROLLED SUBSTANCES

No FSC employee will consume alcohol or a controlled substance of any kind during working hours. No FSC employee will consume alcohol or any controlled substance and operate a company vehicle or company equipment at any time. This includes during and after regular business hours.

FSC employees will not bring alcohol onto company property during or after regular business hours. FSC, or any supplier of FSC, will not provide, purchase or make available alcohol for any FSC employee meeting, function or outing.

Any FSC employee driving a company vehicle to an employee meeting, function or outing will not consume alcohol and subsequently drive the company vehicle.

Failure to comply with the above standards will be cause for disciplinary action up to and including termination of employment. Disciplinary action may include immediate dismissal from employment, suspension without pay, employee submission to the FSC "employee assistance program" for alcohol/chemical dependency evaluation or a combination thereof. Any employee submitting to the FSC "employee assistance program" for alcohol/chemical dependency evaluation will be required to follow the professional recommendations made if a dependency problem is diagnosed.

FSC, or any supplier of FSC, will not provide, purchase or make available alcohol for any FSC customer/patron meeting. Customers/patrons desiring to consume alcohol at an FSC sponsored meeting will be required to do so at their own expense.

Absolutely no exceptions will be made to the above policy unless approved in advance by the general manager of FSC.

DRUG AND ALCOHOL POLICY

PURPOSE:

It is the policy of Farm Service Cooperative that its employees be free of substance and alcohol abuse. Consequently, the use of illegal drugs by employees is prohibited. Further, employees shall not use alcohol or engage in "prohibited conduct" as defined herein. The overall goal of this policy is to ensure a drug- and alcohol-free transportation environment and to reduce accidents, injuries, and fatalities.

CONSEQUENCES OF POLICY VIOLATION:

Any employee who becomes unqualified or engages in prohibited conduct as set forth herein may be subject to termination of employment.

PROHIBITED CONDUCT:

The following shall be considered "prohibited conduct" for purposes of this policy:

No employee shall report for duty or remain on duty while having an alcohol concentration of .04 or greater.

No employee shall be on duty or operate a commercial motor vehicle while the employee possesses alcohol unless the alcohol is manifested and transported as part of a shipment.

No employee shall use alcohol while performing safety sensitive functions.

No employee shall perform safety-sensitive functions within four (4) hours after using alcohol.

No employee required to take a post-accident alcohol test shall use alcohol for eight (8) hours following the accident or until he or she undergoes a post-accident alcohol test, whichever occurs first.

No employee shall refuse to submit to a post-accident, random, reasonable suspicion, return-to-duty, or follow-up alcohol or drug test.

No employee shall report for duty or remain on duty when the employee uses any controlled substance, except when use is pursuant to the instructions of a physician who has advised the employee that the substance does not adversely affect the employee's ability to operate a commercial motor vehicle.

If a employee engages in prohibited conduct, the employee is not qualified to drive a commercial motor vehicle and shall be immediately removed from service. Farm Service Coop may, in its discretion, at the request of the employee, keep the employee's position open while such employee attempts to become requalified. Farm Service Coop may also take action against the employee up to and including termination.

REFUSAL TO TEST:

Refusal to submit to the types of drug and alcohol tests employed by Farm Service Coop will be grounds for refusal to hire employee/applicants and to terminate employment of existing employees. A refusal to test is defined to be conduct that would obstruct the proper administration of a test. Refusing to sign step 2 of the alcohol form is considered a refusal to test. A delay in providing a urine, breath or saliva specimen could be considered a refusal. If a employee cannot provide a sufficient quantity of urine or breath, he/she will be evaluated by a physician of the company's choice. If the physician cannot find a legitimate medical explanation for the inability to provide a specimen (either breath or urine), it will be considered a refusal to test. In that circumstance the employee has violated one of the prohibitions of the regulations.

TYPES OF TESTS:

Pursuant to regulations promulgated by the Department of Transportation (DOT), Farm Service Cooperative has implemented six circumstances for drug and alcohol testing: (1) pre-employment (drug testing only); (2) post-accident testing; (3) random testing; (4) reasonable suspicion testing; (5) return-to-duty testing; and (6) follow-up testing.

PRE-EMPLOYMENT TESTING:

All applicants for driving positions must submit to urine drug tests. A driver/applicant is not required to submit to a urine drug test if (1) Farm Service Coop can verify that the driver has participated in a valid drug testing program within the preceding thirty (30) days; (2) while participating in that program, was either tested within the past six (6) months or participated in a random selection program for the previous twelve (12) months; and (3) no prior employer has knowledge that the driver violated any part of the regulations within the last six months.

POST-ACCIDENT TESTING:

The employee must submit to drug and alcohol testing any time he or she is involved in an accident where (1) a fatality is involved; or (2) the employee receives a citation for a moving violation arising from the accident, and any party involved requires immediate treatment for an injury away from the accident scene, or if any vehicle involved incurs "disabling damage" (i.e., must be towed away). Following any accident, the employee must contact Farm Service Coop as soon as possible. The employee has been presented with an information card setting forth certain instructions for post-accident drug and alcohol testing. The employee shall follow the instructions contained on the information card as well as any additional instructions from Farm Service Coop or its representatives.

Any time a post-accident drug or alcohol test is required, it must be performed as soon as possible following the accident. If no alcohol test can be made within eight (8) hours, attempts to perform an alcohol test shall cease. If no urine collection can be obtained for purposes of post-accident drug testing within thirty-two (32) hours, attempts to make such collection shall cease.

In the event that federal, state, or local officials conduct breath or blood tests for the use of alcohol and/or urine tests for the use of controlled substances following an accident, these tests may meet the requirements of this section, provided the tests confirm to applicable federal, state, or local requirements. Farm Service Coop may request testing documentation from such agencies, and may ask the employee to sign a release allowing Farm Service Coop to obtain such test results.

In the event an employee is so seriously injured that the employee cannot provide a sample of urine, breath or saliva at the time of the accident, the employee may provide necessary authorization for Farm Service Coop to obtain hospital records or other documents that would indicate the presence of controlled substances or alcohol in the employee's system at the time of the accident.

RANDOM TESTING: Farm Service Coop conducts random drug and alcohol testing. Farm Service Coop or its agents will submit all drivers' names to a random selection system. The random selection system provides an equal chance for each driver to be selected each time random selection occurs. Random selections will be reasonably spread throughout the year. Farm Service Coop will drug test, at a minimum, 50 percent of the average number of driver positions in each calendar year or at a rate established by the Department of Transportation for the given year. Farm Service Coop will select, at a minimum, 25 percent of the average number of driver positions in each calendar year for random alcohol testing, or at the rate established by the DOT for the given year. Random selection, by its very nature, may result in drivers being selected in successive selections or more than once a calendar year. Alternatively, some drivers may not be selected in a calendar year.

If a driver is selected at random, for either drug or alcohol testing, a Farm Service official will notify the driver. Once notified, every action the driver takes must lead to a collection. If the driver engages in conduct that does not lead to a collection as soon as possible after notification, such conduct may be considered a refusal to test.

REASONABLE SUSPICION TESTING: Reasonable suspicion for requiring a employee to submit to drug and/or alcohol testing shall be deemed to exist when a employee manifests physical or behavioral symptoms or reactions commonly attributed to the use of controlled substances or alcohol. Such employee conduct must be witnessed by at least one supervisor trained in compliance with 382.603. Should a supervisor observe such symptoms or reaction, the employee must submit to testing.

SUBSTANCE ABUSE EVALUATION, RETURN TO DUTY, and FOLLOW UP TESTING: Any employee who engages in prohibited conduct shall be provided with the names, addresses, and telephone numbers of qualified substance abuse professionals (SAPs). If the employee desires to become requalified, the employee must be evaluated by a SAP and submit to any treatment the SAP prescribes. Following evaluation and treatment, if any, in order to become requalified, the employee must submit to and successfully complete a return-to-duty drug and/or alcohol test. Such employee is also subject to followup testing. Follow-up testing is separate from and in addition to Farm Service Coop's reasonable suspicion, post-accident, and random testing procedures. The schedule for follow-up testing shall be unannounced and in accordance with the instructions of the SAP. Follow-up testing may continue for a period of up to sixty (60) months following the employee's return to duty. No fewer than six (6) tests shall be performed in the first twelve (12) months

of follow-up testing. The costs of any SAP evaluation or prescribed treatment shall be borne by the employee. Farm Service Coop does not guarantee or promise a position to the employee should he/she regain qualified status.

AUTHORIZATION FOR PREVIOUS TEST RECORDS:

DOT regulations require that Farm Service Coop obtain certain drug and alcohol testing records from driver's previous employers for the previous two years. Farm Service Coop will verify that no prior employer of the driver has records indicating a violation of any DOT rule pertaining to controlled substance or alcohol use within the previous two (2) years. As a condition to employment, the driver shall provide Farm Service Coop with a written authorization for all previous employers within the past two years to release such drug and alcohol testing records as the regulations require.

DRUG URINALYSIS: Drug testing will be performed through urinalysis. Urinalysis will test for the presence of drugs and/or metabolites of the following controlled substances: (1) Marijuana; (2) cocaine; (3) opiates; (4) amphetamines; and (5) phencyclidine (PCP).

The urinalysis procedure starts with the collection of a urine specimen. Urine specimens will be submitted to a SAMHSA-certified laboratory for testing. As part of the collection process, the specimen provided will be split into two vials; a primary vial and a secondary vial. The SAMHSA-certified laboratory will perform initial screenings on all primary vials. In the event that the primary specimen tests positive, a confirmation test of that specimen will be performed before being reported by the laboratory to the MRO as a positive.

All laboratory results will be reported by the laboratory to a Medical Review Officer (MRO) designated by the Company. Negative test results shall be reported by the MRO to Farm Service Coop. Before reporting a positive test result to Farm Service Coop, the MRO will attempt to contact the employee to discuss the test result. If the MRO is unable to contact the employee directly, the MRO will contact a Farm Service Coop management official designated in advance by Farm Service Coop, who shall, in turn, contact the employee and direct the employee to contact the MRO. Upon being so directed, the employee shall contact the MRO immediately or, if after the MRO's business hours and the MRO is unavailable, at the start of the MRO's next business day. In the MRO's sole discretion, a determination will be made as to whether a result is positive or negative. If, after failing to contact the MRO after 5 days, or if the

employee cannot be contacted at all within 30 days, the MRO may verify the test as positive. After any positive verification the employee may petition the MRO to reopen the case for reconsideration.

Pursuant to DOT regulations, individual test results for employee/applicants and employees will be released to Farm Service Coop and will be kept strictly confidential unless consent for the release of the test results has been obtained. Any individual who has submitted to drug testing in compliance with this policy is entitled to receive the results of such testing upon timely written request.

An individual testing positive may make a request of the MRO to have the secondary vial tested. The secondary vial must be tested by a different SAMHSA-certified lab than tested the primary specimen. The individual making the request for a test of the second specimen must prepay all costs associated with the test. The request for testing of a secondary specimen is timely if it is made to the MRO within 72 hours of the individual being notified by Farm Service Coop of a positive test result.

ALCOHOL TESTS:

Farm Service Coop will perform alcohol testing using a device that is on the National Highway Traffic Safety Administration's (NHTSA) Conforming Products List (CPL) and meets the DOT's testing requirements. This may be a breath testing device or a saliva based testing device, and may be provided through a vendor or agent. The device will be operated by a technician who is certified and trained on the specific device he or she will be operating. The employee shall report to the alcohol testing site as notified by Farm Service Coop. The employee shall follow all instructions given by the alcohol technician.

Any initial test indicating a blood alcohol concentration (BAC) of .02 or greater will be confirmed on an evidential breath testing device (EBT) operated by a breath alcohol technician (BAT). The confirmation test will be performed no sooner than 15 minutes and no later than 30 minutes following the completion of the initial test. In the event the confirmation test indicates a BAC of .02 to .0399, the employee shall be removed from duty for 24 hours or until his/her next scheduled on-duty time, whichever is longer. Employees with tests indicating a BAC of .04 or greater are considered to have engaged in prohibited conduct, which may result in disciplinary action up to and including termination. All alcohol tests shall be performed just prior to, during, or just after duty.

TRAINING:

Farm Service Coop shall ensure supervisors, designated to determine whether or not reasonable suspicion exists to require an employee to undergo testing under 382.307, receive at least 60 minutes of training on recognizing alcohol misuse, and receive at least 60 minutes of training on recognizing controlled substances use. The training shall cover the physical, behavioral, speech, and performance indicators of probable alcohol misuse and use of controlled substances.

EDUCATIONAL MATERIALS:

Farm Service Coop shall provide educational materials that explain the requirements of 382.601, consequences of violating the regulations, and the employer's policies and procedures with respect to meeting these requirements. The materials supplied to employees may include information on additional employer policies with respect to the use or possession of alcohol or controlled substances, for example, the consequences for an employee found to have a specified alcohol or controlled substances level based on the employer's authority independent of 382.601. Farm Service Coop shall ensure each employee is required to sign a statement certifying that he or she has received a copy of these materials described in 382.601.

This policy is not intended nor should it be construed as a contract between Farm Service Coop and the employee. This policy may be changed at any time at the sole discretion of Farm Service Coop.

Driver's License Policy

Applicability: Any temporary, part time or full time employee who is working in a job classification which as a condition of employment must drive equipment or vehicles that requires a CDL or a driver's license to be in accordance with Federal and State Law.

Requirements: of Federal and State Law:

Floater operators: Class A CDL with Hazmat and Tanker endorsement

NH³ delivery and Tender drivers:

Class A or B CDL or temporary CDL

Hazmat endorsement if regular CDL

Tanker endorsement if regular CDL

Feed delivery drivers:

Class B CDL

Petroleum delivery drivers:

Class B CDL with Hazmat and Tanker endorsement

Transportation drivers:

Class A with Hazmat and Tanker endorsement

Most Class A and B CDL's will be required to have Air Brake endorsement.

DOT Physicals: FSC health insurance does not cover a physical performed solely for work so FSC will reimburse full time employees for DOT physicals if taken at one of the following approved facilities:

Occupational Health, Myrtue Hospital in Harlan

Anderson Chiropractic in Denison

Atlantic Medical Center in Atlantic

Alegent Health in Oakland

CDL license cost , endorsement cost or regular driver's license: Employee responsibility

Hazmat background check and fingerprinting: This fee will be reimbursed to full time employees by FSC. The fee FSC paid for your background check and fingerprinting will be deducted on a pro rata basis from your last payroll check if your employment terminates before your next license renewal.

Time off work will be granted to renew a CDL, take a written CDL exam, retake a failed exam, to obtain endorsements and to do fingerprinting.

HB017A (Driver's License Con't.)

Expired or revoked licenses: Employees whose CDL or driver's license has expired or been revoked will not be allowed to work until they have regained the proper license along with the required endorsements.

Employee responsibility for CDL: Employees with CDL's must notify FSC's general office in writing within 30 days of a conviction of any business or personal traffic violation (except parking) regardless of what type of vehicle being driven. Failure to properly notify the employer will result in discipline, up to and including termination. This applies any time driving privileges are revoked, suspended or limited in any way by any court.

Employee responsibility for Driver's License: Notify the FSC general office following a motor vehicle conviction which results in loss or suspension of your driver's license.

Farm Service Cooperative MVR Guidelines

It is our company's policy that employees who operate company motor vehicles follow the state traffic laws and give the utmost regard for the safety of others.

Employees who use their own vehicle or receive a company vehicle to drive for company business must have an acceptable driving record under the standards and policies of our company and insurance liability requirements. If the employee's driving record at any time becomes unacceptable by the stated standards, the applicant or employee is not qualified to drive a personal or company vehicle for company business. We reserve the right to terminate employees or rescind a job offer if these standards are not met.

Policy Administration

1. After extending a job offer, an MVR must be obtained for all candidates who might use a company vehicle or personal vehicle for company use. The job offer will be conditional on the results of the MVR.
2. All employees are required to have a valid drivers license.
3. Individuals who receive violations exceeding 7 points within 36 months in accordance with the attached violation-disqualification requirements lose the right to drive a company vehicle or personal vehicle for company use without the consent of Management.
4. An MVR will be obtained on an annual basis for all FSC Employees. If an employee obtains a total of 3 violation points, the employee will receive an oral warning. If an employee reaches 5 violation points, the employee will receive a written warning. 7 violation points could result in termination or removal from one's position.
5. In job descriptions where travel is an essential function a statement should be included, such as, "This position requires the safe operation of a motor vehicle to perform the essential functions of the job. The employee must meet the qualifications set forth in our motor vehicle safety policy. Failure to meet these qualifications could result in removal from this position."
6. A copy of this policy should be provided to all applicable candidates, employees and supervisors.
7. Failure to comply with the administration of this policy could result in disciplinary action or termination depending on the severity of the problem.
8. Reinstatement of driving privileges will be evaluated at management's discretion.

Accident/Violation Disqualification Guidelines

Employee: _____

Year: _____

Conviction	Points
<u>Eight Points (Serious)</u>	
Driving under the in the influence (drugs or alcohol)	
Refusal to undergo drug or alcohol testing	
Leaving the scene of an accident (Including hit and run).	
Felony manslaughter, homicide with a motor vehicle	
Allowing person under influence to drive	
Driving with open container or illegal substance	
Operating a motor vehicle without the owner's consent	
<i>Five Points</i>	
Careless or reckless driving	
Improper or erratic lane changes	
Drag racing on a public road/highway	
Negligent operation of a motor vehicle	
<i>Three Points</i>	
Accidents with damage greater than \$1,000	
Speeding in excess of 15 mph over the posted speed limit	
Permitting unlicensed person to drive	
<i>Two Points</i>	
Unlawful use of a driver's license	
Violating restricted driver's license	
Accident with damage less than \$1,000	
Speeding up to 15 mph over posted limit	
Overweight Vehicle	
Other moving traffic violation:	
Failing to obey a sign	
Making improper turns	
Making illegal U-turn	
Failing to observe a clearance	
Driving too fast for conditions	
Failing to yield	

Following too close	
Other:	
One Point	
<i>Failure to use a seat belt</i>	
<i>Daily Logs or Daily Inspection Reports</i>	
Total Points	

Drivers shall be disqualified if they obtain more than 7 points within the proceeding 36 months.



Farm Service Coop
2303 Pine Street
Harlan, IA 51537
712-755-3185

MVR Release Authorization
Person and Employment Background Check

Name of Applicant/Employee

Driver License Number

State

Social Security Number

Date of Birth

Date _____

My Driving Record along with my person and employment background may be obtained as part of the Farm Service Cooperative's evaluation of my job application/employment. The reports may be procured by Farm Service Cooperative, and may include my driving record and an assessment of my insurability under the Company's insurance coverage's. By signing this disclosure, I hereby authorize the Company to procure such reports about me from time to time, as it deems appropriate, to evaluate my insurability or for other permissible purposes.

Signature of Job Applicant/Employee

Printed Name of Job Applicant/Employee

EMPLOYEE PERFORMANCE REVIEW

A job description provided and reviewed at time of employment will be used for the performance review. Ninety days after beginning employment, the employee will have a conference with the immediate supervisor to review his/her job performance and responsibilities, and to allow the employee an opportunity to ask detailed questions about these responsibilities.

Following this initial review, all employees will be on an annual performance review. NOTE: This is not a salary or wage review, only an evaluation of the employee's performance.

COMPENSATION

Employee compensation reviews will occur during the month of October, and will be conducted by the immediate supervisor. Wages for various job classifications are based on the skills and knowledge required to perform those jobs. General behavior, dependability and flexibility are also important factors.

Any Performance Incentive Compensation bonuses earned will be paid by December 1.

HEALTH INSURANCE

Farm Service Cooperative provides life and health insurance for all full-time employees and their family providing, however, dependents of the employee will be covered only so long as the Co-op's insurance carrier classifies them as dependents in providing health insurance coverage.

The Board of Directors will determine the company to carry the insurance, the amount of the benefits to be provided, and the percentage of the premium, if any, to be paid by the employee. Details of this benefit will be provided to you at your employee orientation.

Part-time employees are extended a partial health insurance benefit. The insurance company defines the number of hours an employee must work in order to be eligible. This benefit includes the option for the part-time employee to be included on the company group health insurance program, if eligible. The employee would be required to reimburse Farm Service Co-op monthly through payroll deduction. The premium charged to the part-time employee will be a flat rate, determined annually, based on the group rate for the year. Temporary seasonal employees are not eligible for the health insurance benefit.

Your insurance coverage is available on the first day of the month following the date you begin full-time employment or part-time employment. Your immediate supervisor will see that you sign the necessary forms on your first day of employment as coverage begins at 12:01 a.m. the first day of the month following hire date, except for pre-existing conditions. Pre-existing conditions will be waived upon receipt of a valid HIPAA certificate by the insurance carrier.

It is the employee's responsibility to be aware of what the policy does and does not cover and to contact the insurance company directly with any questions regarding coverage. Farm Service Co-op's only obligation in providing this insurance policy is to pay the premium. The group health plan document should be reviewed by the employee. Should there be any discrepancies between the plan document and the handbook, the plan document will prevail.

Your insurance coverage with FSC's group health plan will terminate on the last day of the month you are employed. If provisions of the COBRA law apply for you or your family, you will be notified.

HEALTH INSURANCE (con't)

Family and Medical Leave Act: The Family and Medical Leave Act of 1993 protects the health benefits of employees during an FMLA absence. Under this Act, coverage will be maintained for the employee and their dependent(s) under the employer's group health plan for the duration of the FMLA leave at the level and under the conditions coverage would have been provided if the employee had continued in employment for the duration of leave. Farm Service Coop's FMLA period begins on the employee's anniversary date.

An individual packet covering your rights and obligations under the FMLA will be provided to you at the time of your employee orientation.

Health insurance benefits for retired Farm Service Co-op employees: Effective September 1, 1989, it is the policy of Farm Service Cooperative to allow full-time employees of Farm Service Cooperative who retire from employment with Farm Service Cooperative at or after age 62 and who have then completed at least 10 years of service with the Co-op to elect to continue to be covered until age 65 under the Co-op's group health and accident insurance program. If a retired employee elects to continue his or her coverage under the group health and accident insurance program, the retired employee will be responsible for payment of 100% of the required premium for the coverage elected. An employee eligible to continue coverage in the group health and accident insurance program is also eligible to elect to continue such coverage for his or her dependents upon payment of 100% of the applicable premium.

Full-time employees of Farm Service Cooperative who have completed more than 10 years of service with the Co-op may elect to retire one year prior to age 62 for each 5 years of service they have completed in excess of ten years of service and still be eligible to elect to continue to be covered until age 65 under the Co-op's group health and accident insurance program on the same basis as an employee who retires at or after age 62. For example, an employee, age 60, with 20 years of service, could elect to retire immediately and elect to continue to be covered until age 65 under the cooperative's group health and accident insurance program.

HEALTH INSURANCE (con't)

A retired employee's election to continue coverage under the group health and accident insurance program must be made within 60 days after his or her retirement date. This continuation coverage for retirees will terminate upon Medicare entitlement.

If a retired employee who elects to continue his or her coverage under the group health and accident insurance program dies while covered, the spouse of such retired employee will be allowed to continue coverage in the group health and accident insurance program until the end of the calendar year in which the retired employee would have attained age 65.

For employees who retire prior to the completion of 10 years of service, regardless of their age, the Cobra Law shall govern the length of time the employee may remain on the group health program, with the employee being responsible for 100% of the required premium.

EMPLOYEE LIFE INSURANCE

It is the policy of Farm Service Cooperative to provide all full time employees with Life and Accidental Death and Dismemberment insurance for the employee and his/her dependents providing however, that dependents of the employee will be covered only so long as the Co-op's insurance carrier classifies them as dependents in providing Life and Accidental Death and Dismemberment insurance coverage.

The Board of Directors will determine the company to carry the insurance and the amount of coverage to be provided. Current benefits are:

\$10,000 - per full time employee

\$5,000 - spouse

\$200- 14 days to six months of age

\$2,500 - children age 6 months to 19 years>(* to age 23 if full-time student)

Life and Accidental Death and Dismemberment benefits reduce by 35% of the original amount at age 65 with further reductions of the original amount by 25% at age 70 and by 15% at age 75.

Life and Accidental Death and Dismemberment benefits terminate at retirement.

Dependent life benefits terminate at employee age 75 or retirement, whichever occurs first.

An employee must be actively at work and classified as a full-time employee in order to be eligible for coverage.

If there is a discrepancy between the handbook and the insurance policy, the insurance policy book will prevail.

RETIREMENT PLAN

Farm Service Cooperative participates in the Co-op Retirement Plan. Depending on an employee's hire date, as of April 1 or October 1 of any calendar year, an individual is required to enroll in the retirement plan if they were a current full-time employee or had completed at least 1,000 hours of work in the previous year, or were expected to complete 1,000 hours of work in the first 12 months of their employment. Anyone hired on or after September 1, 1998 must be 21 years of age to be eligible to enter the plan.

Employees are required to make a monthly contribution to The Coop Retirement Plan which is equal to a % of your average monthly wage from the previous year. The % you contribute can be changed by the Coop Retirement Plan. The employer's contribution to the plan varies depending upon the funding status of the entire fund. Your particular benefit is not directly based on the amount your employer contributes.

The amount of your retirement benefit is determined by two things:

1. Final average monthly wage, which is the highest four of the average monthly wages from your last ten years of employment under the plan. These are averaged to get a Final Average Monthly Wage.
2. Creditable service. You receive credit for 1/12 of a year each month that you participate in the Plan and make contributions. There is no limit on the number of years of creditable service you may accumulate.

The Plan uses a combined formula to calculate your monthly retirement benefit:

Pre 10-1-2003

Final average monthly wage x 1.75% x Years of Creditable Service = Part I Monthly Retirement Benefit

Post 10-1-2003

Final average monthly wage x 1.25% x Years of Creditable Service = Part II Monthly Retirement Benefit

You will receive reports concerning the operation of the plan and your status in the plan on an annual basis. If there are any discrepancies between the handbook and the Summary Plan Description of the Coop Retirement Plan, the Summary Plan Description will prevail.

SPECIAL LEAVE

After each twelve full months employment, each employee classified as full-time will be granted 40 hours of special leave time; each employee classified as part-time with benefits will be granted 20 hours of special leave time. Special leave time may only be used for personal illness, personal medical treatment or emergencies in the immediate family. This time may be used in half-hour increments.

Compensation during the use of special leave time may be at the rate of eight hours per day, five days per week, all at regular time. In order to claim special leave time, the employee must place a request with the immediate supervisor at least thirty minutes prior to the time for reporting for work unless the emergency occurs while the employee is at work. Up to five 8-hour days of special leave time may be used per occurrence for a death or serious illness in the employee's immediate family.

Temporary/seasonal employees will not accrue special leave time.

ADDITIONAL PROVISION REGARDING SPECIAL LEAVE

1. Employees with special leave accrued time as of 8-31-2003 will be a separate special leave accrual. This accrual may be used for special leave needs. Unused hours in this accrual will be paid to an employee at retirement or upon resignation with proper resignation notice given per FSC's Employee Handbook.
2. Special Leave from 9-1-2003 and forward will accrue in a separate Special Leave accrual. Any Special Leave accrued after 9-1-2003 will not be paid to an employee upon retirement or resignation.
3. Special Leave used will be first taken out of the accrual amounts earned after 9-1-2003.
4. If Special Leave hours used exceed the new accrual amount, then hours will be deducted from the Special Leave accrual that existed at 8-31-2003.
5. The maximum Special Leave accrual will be 480 hours unless an employee's Special Leave was greater than 480 hours at the time of the policy change.

SPECIAL LEAVE (con't.)

Family and Medical Leave Act: The Family and Medical Leave Act (FMLA) was enacted on August 5, 1993. This Act provides that eligible employees (eligible employees are defined as those who have been employed for at least 12 months and who have at least 1,250 hours of service during the previous 12 month period) are allowed 12 weeks per year of unpaid family and medical leave in certain circumstances. Farm Service Coop's FMLA period begins on the employee's anniversary date.

However, as also provided by the FMLA, employees will be required to use their accrued leave time (which includes special leave and vacation) during an FMLA leave.

An individual packet covering your rights and obligations under the FMLA will be provided to you at the time of your employee orientation.

SAFETY AND HEALTH

FSC is committed to providing a safe and healthful working environment. In this connection, FSC makes every effort to comply with relevant federal and state operations, procedures, technologies, and programs conducive to such an environment.

Company policy is aimed at minimizing the exposure of our employees, customers and other visitors to our facilities to health or safety risks. To accomplish this objective, company employees are expected to work diligently to maintain safe and healthful working conditions and to adhere to proper operating practices and procedures designed to prevent injuries and illnesses.

The responsibilities of all employees in this regard include:

1. Exercising maximum care and good judgment at all times to prevent accidents and injuries.
2. Reporting to supervisors and seeking first aid for all injuries, regardless of how minor.
3. Reporting unsafe conditions, equipment, or practices to supervisory personnel.
4. Using safety equipment provided by the company at all times.
5. Observing conscientiously all safety rules and regulations at all times.
6. Notifying your supervisor, before the beginning of the workday, of any medication you are taking, that may cause drowsiness or other side effects that could lead to injury to you and your coworkers.

WORKPLACE VIOLENCE

FSC is concerned about the increased violence in society, which has also filtered into many workplaces throughout the United States, and has taken steps to help prevent incidents of violence from occurring at FSC. In this connection, it is the policy of FSC to expressly prohibit any acts or threats of violence by any FSC employee or former employee against any other employee in FSC facilities. FSC will not condone any acts or threats of violence against FSC employees, customers or visitors on FSC premises at any time or while they are engaged in business with or on behalf of FSC.

In keeping with the spirit and intent of this policy, and to ensure the company's objectives in this regard are attained, FSC is committed to the following:

1. To provide a safe and healthful work environment, in accordance with FSC's safety and health policy.
2. To take prompt remedial action up to and including immediate termination, against any employee who engages in any threatening behavior or acts of violence or who uses any obscene, abusive, or threatening language or gestures.
3. To take appropriate action when dealing with customers, former employees, or visitors to FSC facilities who engage in such behavior. Such action may include notifying the police or other law enforcement personnel and prosecuting violators of this policy to the maximum extent of the law.
4. To prohibit employees, customers and visitors from bringing unauthorized firearms or other weapons onto FSC premises.
5. To establish viable security measures to ensure that FSC facilities are safe and secure to the maximum extent possible and to properly handle access to FSC facilities by the public, off-duty employees, and former employees.

UNIFORMS

1. FSC employees are expected to wear uniforms which are available through the FSC uniform program. Upon hiring, an initial uniform order, which will be paid by FSC, will be placed as follows:

Branch Clerical and All General Office Employees: \$50 maximum for shirts or tops

Counter Sales, Sales, Production, Delivery, Transportation and Maintenance: \$350 Maximum for shirts, sweatshirt, warm-up jacket, hooded sweatshirt, bib overall, regular coveralls, insulated coveralls, coat (Employee can select any combination of uniform items up to the \$350 limit)

Any additional items beyond the maximums are the financial responsibility of the employee. They will be required to reimburse FSC by check or payroll deduction. Counter Sales, Sales, Production, Delivery, Transportation and Maintenance employees are required to wear these uniform items at all times while working.

2. Part-time employees are allowed one-half the Initial Uniform Order of full-time employees. Uniforms are not provided for seasonal employees.

3. Replacement orders for uniforms will take place twice a year. Uniform orders will be placed in February and September.

4. The replacement orders will be done on an as-needed basis and within the confines of Farm Service Co-op's financial budget. No uniform items will be ordered that will cause the financial budget to be exceeded. If an employee wants to order any uniform items which a Branch Manager or Supervisor feels is beyond the responsibility of Farm Service Co-op, the employee, with the Branch Manager or Supervisor's permission, may order the item(s) with the employee being responsible for 100% of the cost. A Branch Manager or Supervisor may ask an employee to return old uniforms when asking for replacements.

5. Logos will be placed on all uniform items with the exception of bib overalls.

6. Employees will be allowed to wear any clothing item which identifies any products Farm Service Co-op sells with the exception of T-shirts.

HB026 Uniforms (con't.)

7. No shorts, including jeans shorts can be worn. However, female employees classified as branch clerical and general office are allowed to wear dress shorts or skirts at an appropriate length.
8. When an employee leaves Farm Service Co-op for any reason, all uniform items must be turned in to Management prior to receiving their last pay check. If an employee leaves FSC within the first 12 months of employment and does not return all or part of the Initial Uniform Order, a deduction will be made from their last pay check for any unreturned items.
9. The provisions of the policy are subject to revision on an annual basis.

HOLIDAYS

Full-time employees receive six paid holidays annually. The six holidays are:

- New Year's Day
- Fourth of July
- Thanksgiving Day
- Memorial Day
- Labor Day
- Christmas Day

The FSC board shall make a determination each year whether a Holiday party for all employees will be held. If the board decides to not host a Holiday party, full time and part-time employees will receive a floating holiday to be taken between Thanksgiving and New Year's Day.

Full-time employees receive compensation equal to eight hours of work time for each holiday. The eight hours are considered to be part of the first forty hours worked and therefore will be paid at overtime rates where appropriate.

In the event the holiday falls on a Saturday or Sunday, and if it is generally accepted practice in the community to close on the day prior to the holiday, or the day following the holiday, Farm Service Cooperative will conform to the community custom and holiday pay will be granted for the day not worked.

Holidays falling during an employee's regular scheduled vacation will not be charged against accrued vacation time.

If an hourly employee is required to work on a regularly scheduled holiday, the employee will be paid double time for the hours worked in addition to the above holiday compensation.

Temporary/seasonal employees are not eligible for holiday pay.

VACATION

Vacations are a benefit provided by the Cooperative and are not to be considered as part of the employee's wages. Vacations are provided to give employees a period of annual rest and relaxation. Pay instead of time off is never granted.

Full-time employees are granted two weeks of vacation time after one year of employment, and three weeks of vacation after ten years of continuous employment. Vacation time is accrued at the rate of 6.67 hours for each month employed for employees eligible for two weeks of vacation, and 10 hours for each month employed for employees eligible for three weeks of vacation. Part-time employees receive vacation benefits equal to 1/2 that of full-time employees. For computation purposes, a full-time employee's vacation will be computed at the rate of five 8-hour days for a week. Because the accrual method is used, employees need not wait until the completion of the first year of employment before vacation time is taken. However, employees will not be paid for vacation time used which is in excess of earned vacation time. In this case the immediate supervisor will be responsible for approving or disapproving non-paid vacation time.

No more than ten days of vacation may be carried forward from one vacation year to the next by employees earning 10 days of vacation per year. No more than fifteen days of vacation may be carried forward from one vacation year to the next by employees earning 15 days of vacation per year. Each employee's vacation year begins on August 31st.

An annual vacation schedule will be prepared by June 1 of each year. Employees should schedule their vacation for the slower time of the month and year, and it should be prearranged with the employee's immediate supervisor. Planting and harvesting periods should be avoided if at all possible. General office employees should try to avoid fiscal year-end and calendar year-end if at all possible.

Temporary/season employees are not eligible for vacation time.

For payment of earned vacation pay under situations of termination, please refer to the Notice of Resignation/Retirement or Termination sections of this Handbook.

EMPLOYEE SMOKING

In a continuing effort to make Farm Service Cooperative a healthier and better place to work, a "NO SMOKING POLICY" is effective January 1, 1995. Effective that date, the use of tobacco products (cigars, cigarettes and pipes) will not be allowed to be used in any building of FSC.

Smoking is not permitted in FSC vehicles unless permission has been granted by the individual employee responsible for that vehicle.

Employees are responsible for asking the customers or visitors to adhere to this policy.

Employees not adhering to the "NO SMOKING" policy will be subject to the following discipline:

First Offense - Written Warning

Second Offense - Two (2) Days Suspension Without Pay

Third Offense - Automatic Dismissal

TIME CARD PROCEDURE

All hourly employees are required to maintain a time card. The time card has a space to show the time you report for work in the morning, the time you check out for the noon meal, the time you report back to work after the noon meal, and the time you complete work prior to the evening meal. There are also spaces for you to show the time you begin work after the evening meal and the time you complete that part of your day's work. Time cards also have a space to show the department in which you work and how many hours you work in that department.

To verify the hours you work each day, the supervisor will place his initials on the line for the hours you record. On the last working day of the pay period, you are required to recheck your time card, sign the card and turn it in to your supervisor.

Hourly pay is computed on the basis of regular time for the first forty hours worked in a week and 1-1/2 times regular time for any hours worked over forty hours in the same week. The normal pay period is a two-week period, Sunday through Saturday.

Pay checks are processed biweekly at the general office in Harlan. Checks are written on or before the 3rd working day following the end of the pay period. Depending upon mail service, it may be possible for you to receive your check earlier than the days indicated above.

JURY DUTY

Should an employee be called for jury duty, time off will be arranged if you contact your immediate supervisor. Any compensation you receive from the court is yours. In addition, you will be paid your regular salary. Payment will be made at the rate of eight hours per day, five days per week. No overtime will be paid. If the employee is not selected for jury duty, it is expected that they will return to their regular work schedule immediately.

COMMUNITY SERVICE

Employees may be involved in community responsibilities such as serving on official boards. We encourage our employees to be active in community affairs. Anything you receive for such service is yours. Determination for compensation and absence, however, must be made in advance with your immediate supervisor.

MILITARY LEAVE

Employees who are members of the Active Reserve or the National Guard may request leave time, without pay, for periods of active duty in addition to their regular vacation time. Time-off for temporary duty will be granted in accordance with the provisions of Iowa code. Arrangements must be made with your supervisor in advance.

EMPLOYEE TRAINING

Farm Service Cooperative at times, requires employees to take additional training to improve job performance. Desired courses and seminars need final approval by division managers.

When employees are requested to attend a specific training school by their supervisor, all tuition, out-of-pocket expense, and transportation will be paid by the Cooperative. Periodic company training and employee meetings will be held, and hourly employees will receive compensation for attendance at these meetings. At the conclusion of the meetings, hourly employees will be notified of the amount of time to be recorded on their time card for attendance at the meetings.

EXPENSE ACCOUNTS

If Farm Service Cooperative should require any employees to perform company business away from his/her normal work area, any normal expenses incurred by the employee will be reimbursed by Farm Service Cooperative.

A receipt for meals, hotel and services received must accompany all expense accounts turned in by employees. Expense vouchers should be turned in to your supervisor for authorization of payment.

SOLICITATION

The policies of the Cooperative prohibit solicitation and distribution on its premises by non-employees and to permit solicitation and distribution by employees only as outlined below.

FSC limits solicitation and distribution on its premises because, when left unrestricted, such activities can interfere with the normal operations of the organization, can be detrimental to employee efficiency, can be annoying to customers and can pose a threat to security. Persons who are not employed are prohibited from soliciting funds or signatures, conducting membership drives, distributing literature or gifts, offering to sell merchandise or services, or engaging in any other solicitation or similar activity on FSC premises.

Management may authorize a few fund drives by employees on behalf of charitable organizations. Employees are encouraged to volunteer to assist in these drives. However, employees are not to be discriminated against because of their willingness or unwillingness to participate. Employees are permitted to engage in solicitation or distribution of literature for any group or organization, as long as it does not occur during the working time of either the employee making the solicitation or the targeted employee. Working time does not include an employee's authorized lunch or break or other time when the employee is not required to be working.

USE OF COMPANY TELEPHONES and COMMUNICATION EQUIPMENT

The use of company telephones for personal business should be kept to a minimum. Personal long distance calls may be made on company telephones only in case of emergencies.

All electronic and telephonic communication systems and all communications and information transmitted by, received from, or stored in these systems are the property of FSC and as such, are to be used solely for job-related purposes. The use of any software and business equipment, including, but not limited to, facsimiles, telecopiers, computers, and copy machines for private purposes is strictly prohibited unless permission has been granted by an authorized company representative.

Employees using this equipment for personal purposes do so at their own risk. Further, employees are not permitted to use a code, access a file or retrieve any stored communication unless authorized to do so or unless they have received prior clearance from an authorized company representative. All pass codes are the property of the Company. No employee may use a pass code that has not been issued to that employee or that is unknown to the Company. Employees who violate this policy are subject to disciplinary action, up to and including discharge.

To ensure the use of electronic and telephonic communications systems and business equipment is consistent with the Company's legitimate business interests; authorized representatives of the Company may monitor the use of such equipment from time to time.

FSC Computer, Email and Internet Usage Policy

As an employee of Farm Service Cooperative, you are being provided an email ID, and access to email, internet and other computer programs. These are being provided to you as tools to assist you with your employment responsibilities, and their use is a privilege. You are expected to use these programs in a professional manner, since as an employee of FSC, how you use them may reflect on FSC.

While FSC does not monitor email and internet usage or content at the present time, FSC reserves the right to implement tools to monitor and examine email, internet usage, and any other activities and information located or stored on FSC computers at any time. Such implementation may be done without any prior notification being made to employees. FSC may also implement software to prohibit access to internet sites deemed inappropriate or objectionable.

Employees must respect all copyright and license agreements with respect to the operation of the computer and software programs. No software is to be loaded unless approved in advance by FSC's Information Services division. No "pirating", copying, or distribution of licensed software is allowed. No programs or files should be downloaded from the internet without prior approval from FSC's Information Services. Downloading such information is a threat to FSC's various computer systems because of viruses or other affected programs and files which are commonly propagated through the internet.

Employees may not access "adult" sites, or sites with lewd, obscene or objectionable material, whether graphic or written in nature. Remember that any email you might send could be opened by someone other than the party it is addressed to. As you cannot control who might actually receive and/or open any email, you need to carefully consider what information or material is included in email. You are advised to not send or forward email which contain jokes or material which might be construed by someone to contain obscene, libelous, indecent, profane, lewd, vulgar, abusive, harassing, or threatening language. If you should receive such email, advise the sender to not send such email in the future, and notify your supervisor immediately. The use of "chat rooms" is prohibited.

Be aware that extraneous email and internet usage consumes space, wastes time and employee productivity, and is an expense, if not relevant to business. If excessive and repeated violations occur, disciplinary measures may be taken with any employee in violation of this policy. FSC recommends you obtain a private email address for personal use rather than using your FSC-assigned email address to avoid potential problems. This does not imply that you cannot *occasionally* look up personal information or send personal email through FSC computers; however, please keep in mind that these programs are being provided for business purposes. FSC wants employees who are knowledgeable in the use of these programs and encourages their use to improve employee productivity and knowledge.

I have read the above information and understand it, and agree to comply with it.

Signature of employee

Date

HB036

FSC Computer, Email and Internet Standards & Etiquette

The following information is being provided to you to help you better understand FSC's requirements and expectations for the use of Internet resources, and to help you use these resources wisely.

The internet access is being provided to you primarily for business-related purposes; i.e. to communicate with customers and suppliers; to research relevant topics and obtain useful business information. We insist that you conduct yourself honestly and appropriately on the Internet, and respect the copyrights, software licensing rules, property rights, privacy of others, just as you would in any other business dealings. All company policies apply to your conduct on the Internet especially those that deal with intellectual property protection, privacy, misuse of company resources or information, sexual harassment, defamation, data security, and standards of conduct and confidentiality.

Unnecessary or unauthorized Internet usage causes network and server congestion. It slows down access for others and impedes their ability to work on the system, takes away from work time, consumes supplies and ties up resources. Unlawful Internet usage may create negative publicity for FSC, and expose FSC and you to significant legal liabilities.

Newsgroups and e-mail capabilities give each user immense and unprecedented ability to propagate information and messages. We must take special care to maintain the clarity, consistency and integrity of FSC's image and posture. Anything one employee writes in the course of employment on the Internet may be taken as representing FSC's posture.

INTERNET SECURITY

We have a direct connection to the Internet, which offers many benefits; however it opens the door to significant risks to our data and systems if we do not follow appropriate security procedures.

Definitions:

- Document covers any kind of file that can be read on a computer screen as if it were a printed page, including HTML files read in an Internet browser session, any file meant to be accessed by a word processing or desk-top published program or its viewer, or the files prepared for Adobe Acrobat reader, or other electronic publishing tools.
- Graphics includes photographs, pictures, animations, movies or drawings
- Display includes monitors and displays, projectors or virtual-reality tools

INTERNET STANDARDS

1. FSC may implement technology that can monitor and record all Internet usage. Be aware that such software can record (for each user) every Web-site visit, every newsgroup or email message, and every file transfer into and out of our networks and we reserve the right to do so at any time. No employee should have any expectation of privacy as to their internet usage. We will review Internet activity and analyze usage patterns and then may publicize this data to assure that computing resources are devoted to productive uses.
2. In general, employees are prohibited from downloading software or files to any media including network drives, local hard drives or floppy disks. Employees with an identified business need to routinely download software and files may request permission to do so.
3. Employees with download capabilities may download only software with direct business use, and must arrange to have such software properly licensed and registered.
4. No employee may use company facilities knowingly to download or distribute pirated software or data or any illegal, inappropriate or defamatory material.
5. We reserve the right to inspect all files stored on our network or computers in order to assure compliance with these standards, without notice to the employee.
6. The viewing or display of any kind of sexually explicit image or document on any company system is a violation of our policy on sexual harassment. In addition, sexually explicit material may not be viewed, archived, stored, distributed, edited or recorded using our network or computing resources.
7. FSC Internet computing resources may not be used to knowingly violate the laws and regulations of the United States or any other nation, or the laws and regulations of any state, city or local jurisdiction in any way. Use of company resources for illegal activity is grounds for immediate dismissal. FSC will cooperate with any legitimate law enforcement activity or investigation.
8. No employee will use the Internet knowingly to disable or overload any computer system or network, or to circumvent any system intended to protect the privacy or security of another user.
9. Employees using the Internet will identify themselves honestly, accurately and completely when participating in newsgroups or in e-mail correspondence. Employees should also clearly communicate, where appropriate, that their opinions do not necessarily reflect the opinions or company positions of FSC.
10. Employees will not reveal confidential company information (i.e. financial information), customer data or information, trade secrets, or any other similar material over the Internet.

11. Due to the adverse impact on network traffic, products which provide real-time or near real-time data feeds (like PointCast) are not acceptable to install or use on an individual workstation without explicit permission in advance.
12. Employees may use the Internet for non-business research or browsing during mealtime or other breaks, or outside of work hours, provided that all other usage policies and standards are adhered to.

E-MAIL AND INTERNET EXPECTATIONS

1. You may wish to use the "Auto-Signature" provided with Outlook to assure a standard format or layout:

i.e.	Keith Heim General Manager Farm Service Cooperative 2308 Pine Harlan, IA 51537 Kheim@fscoop.com (712) 755-3185 (712) 755-7098 (fax)	This will allow recipients to easily know how to contact you
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2. Do not forward "chain" mail. This includes messages indicating that they are chain letters, along with messages containing jokes, holiday cards, puzzles, etc. These messages normally originate outside our system. Forwarding these messages consumes system resources and increases chances of virus infestation. If you receive such a message, please delete it upon receipt.

3. Each user has the ability to create folders and store messages. These folders consume space. It's your responsibility to periodically "purge" old messages (and attachments) from your local hard drive or network drive.

As a reminder, we may routinely monitor Internet activity and email, and specifically, traffic to inappropriate web sites. We are aware that someone may stumble onto an inappropriate site on the Internet accidentally, and will work to implement software to reduce the chance of that happening. However, intentional and repeated visits to inappropriate sites, or inappropriate email or Internet usage will likely result in disciplinary actions, including verbal and written warnings, and willful and subsequent violations could lead to dismissal.

We realize the use of the Internet and email is new at FSC and will continue to provide on-going training and education to users to help them make use of the Internet more effectively. You are encouraged to participate in these training sessions if appropriate to your use of the Internet.

You are encouraged to keep your Internet Browser open and minimized all day. One of the productivity aspects of windows is the ability to have multiple applications opened at once. However, to enable you to make rapid use of the Internet as a business tool, you are welcome to open the browser and leave it open all day; however, you may want to "minimize" it on your desktop.

We appreciate your adherence to our recommendations and procedures governing Internet and computer resources. We are striving to create an environment that encourages employee productivity by providing you the latest in computer resources, research tool and communications media. However, we must ask employees to be responsible and thoughtful users of these technologies.

INJURY ON THE JOB

Farm Service Cooperative carries Worker's Compensation Insurance to reimburse you for time lost due to injuries sustained on the job. This insurance not only pays all of your medical bills related to such injuries, but also compensates you for time lost. All such injuries that may result in a claim must be reported immediately to your supervisor.

The Cooperative will not reimburse any employee in addition to the Worker's Compensation payment other than that referenced in Paragraph 4 of this policy. Worker's Compensation payments will never equal your regular wages.

WORKER'S COMPENSATION BENEFITS

Should any employee be injured on the job, Worker's Compensation insurance shall provide the following benefits:

1. Payment for all medical treatment. This includes doctor bills, hospital bills, and prescriptions related to the injury.
2. Payment for time off work due to the injury is as follows:
 - a. The first three days are not paid.
 - b. Starting with the fourth day off, Worker's Compensation will begin paying for lost wages. These payments are made direct to the injured employee. They will normally amount to approximately 2/3 of the gross wages that the employee would have earned had he/she been working. This money is tax free to the employee.
 - c. If the employee is off work for a period of two weeks or more, Worker's Compensation will compensate the employee for the first three days.

In an effort to be fair to all employees, the policy for payment of wages to an injured employee shall be as follows:

1. FSC shall not pay any wages for time off due to a Worker's Compensation injury because Worker's Compensation insurance shall be providing a paycheck direct to the employee.
2. FSC shall pay the employee for the actual time worked during the pay period.
 - a. An hourly employee will be paid for actual hours worked.
 - b. A commission or salaried employee shall be paid a pro-rated check for actual time worked during the pay period.

WORKER'S COMPENSATION (con't.)

3. In order to receive payment for the first three days, an employee must turn in a timecard clearly marked "Special leave." A salaried employee must also turn in a timecard or report of salaried absence marked "Special leave." These hours will be deducted from the employee's accrued special leave time at the rate of eight hours per day.

4. Due to the fact that, in most cases, Worker's Compensation insurance will not pay as much as an employee would have earned, FSC will allow an employee to use accrued special leave, if available, to make up the difference. This will be paid at the employee's hourly rate and computed on eight hours per day. The employee must turn in a timecard or report of absence, and these hours will be deducted from his or her accrued special leave hours.

NORMAL WORKING SCHEDULE

While it should be recognized that FSC's operating hours will be dictated by seasonal operation, an average working day begins at 7:30 a.m. and ends at 5:30 p.m. with an hour for lunch. In an effort to service customer's needs, lunch hours need to be coordinated among employees between the hours of 11:00 a.m. and 2:00 p.m. Specific job responsibilities will be determined by your immediate supervisor. Your immediate supervisor will notify you of your normal working schedule when it differs from the above hours.

WORK BREAKS

In the interest of safety and efficiency Farm Service Cooperative encourages employees to take periodic breaks in their normal work. The Co-op makes vending machines and coffee available for these break periods. Since we must be continuously serving our member owners from the time we open in the morning until we close in the evening, employees are expected to coordinate their breaks so that an employee is always available to serve the member's needs. Breaks are to be taken on the premises.

CONFIDENTIALITY

In the course of work, employees may have access to confidential information. It is an important responsibility to protect the privacy and confidentiality of customers, members, other employees and the work itself. Confidential information should be used only in the performance of duties, and discussed with no one outside the organization and only discussed within the organization on a "need to know" basis.

Employees who violate state or federal confidentiality statutes in the course of their work assume personal liability for the consequences of their actions.

Failure to comply will result in disciplinary action up to and including termination.

GRIEVANCES

Employee concerns about working conditions, actions of other employees and questions concerning company policy should first be directed to the employee's immediate supervisor. If, after meeting with the immediate supervisor, the employee does not feel that his/her concern has been adequately met, he/she may request a meeting with the division manager. Division managers are required to report all grievances to the general manager. At the time of the request, the employee should be prepared to state his/her concern, the time of the meeting with his/her immediate supervisor, and the response he/she receives from the supervisor. If the employee feels his/her concern has not been adequately met after meeting with his/her immediate supervisor and division manager, he/she should contact the general manager to schedule an appointment to review the concern.

HARASSMENT AND COMPLAINT PROCEDURE

FSC is committed to providing employment opportunity based upon ability and performance in a productive climate free of discrimination and to providing a work place in which employees are treated with dignity and respect. Harassment of any kind by managers, supervisors, co-workers, or non-employees will not be tolerated. Racial or ethnic slurs and other verbal or physical abuse related to a person's sex, age, race, color, religion, disability or national origin constitute harassment if they create an environment that is in any way considered to be intimidating, hostile or offensive.

All employees, including supervisors and managers, will be subject to severe discipline including immediate discharge, for any harassing behavior.

As an Equal Opportunity employer, FSC will not permit or condone sexual harassment in the workplace. Conduct on the part of any employee which is of a sexually harassing nature, which is unwelcome, and which creates an offensive and hostile work environment for the victim is strictly prohibited.

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when:

- * submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; or
- * submission to or rejection of such conduct by an individual is used as the basis for an adverse employment decision(s) affecting the individual; or
- * such conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

No supervisor, co-employee or non-employee shall threaten or suggest that an employee's refusal to submit to sexual advances will adversely affect the employee's employment, wages, advancement, assigned duties, shifts or any other condition of employment. Other types of prohibited conduct by supervisors, co-employees or non-employees include, but are not limited to, sexual advances, sexual banter or innuendoes, sexual jokes, propositions, verbal abuse of a sexual nature, suggestive touching, suggestive gestures and comments, graphic verbal description of an individual's body, and the display in the work place of sexually suggestive objects, pictures, photographs, or drawings.

COMPLAINT PROCEDURE

Any employee who believes he/she has been subjected to sex, age, race, color, religion, disability or national origin harassment shall immediately report this to his/her supervisor. If the first-line supervisor is the source of the alleged harassment, the employee should report the problem to the supervisor's superior or the Human Resource department. When a supervisor or manager receives a harassment complaint, the Human Resource Manager or his/her supervisor must immediately be notified.

The matter will be carefully, promptly and completely investigated. Upon completion of the fact finding investigation, appropriate action will be taken based on the result of the investigation. The employee who makes the complaint will be notified of the results of the investigation and the discipline, if any, taken.

No employee will be subject to any form of retaliation or discipline for assisting in the investigation or making a harassment complaint.

NOTICE OF RESIGNATION/RETIREMENT

Employees who voluntarily terminate their employment are requested to provide their immediate supervisor with a written resignation at least thirty (30) calendar days prior to their termination date. Failure to provide adequate notice of resignation will result in forfeiture of accrued vacation and/or special leave time. Employees giving the proper resignation notice will be paid for earned vacation time plus up to a maximum of 320 hours of unused special leave time, if earned. Payments for such will begin at the pay period immediately following the date of termination. Payment will be made at the rate of eight hours per day, five days per week. No payment for accrued special leave or vacation will be made for termination notice of less than thirty days.

Persons who are eligible for benefits under provisions of the retirement plan, and who give sixty day's notice of intent to claim such benefits, will be paid for all accrued vacation and special leave time. Payment will be made in the same manner as described above.

Employees who resign or retire will be required to return the Employee Handbook, FSC price book, keys to FSC, uniforms and any other property in their possession. All other FSC policies as stated in this Handbook must also be satisfied.

TERMINATION

Employees have the right to terminate their employment at any time, and we, as the employer, retain a similar right.

Should Farm Service Coop find it necessary to terminate your employment, you will be paid for all accrued vacation time plus special leave time up to a maximum of 320 hours, if earned. Any severance pay, if granted, is to be approved by the general manager. Severance pay, if granted, will not exceed two weeks pay at the rate of five days per week, 8 hours per day.

Severance pay, including accrued vacation or special leave, will not be granted if you are discharged for dishonesty or an infraction of Farm Service Co-op's policies or rules.

Terminated employees will be required to return the Employee Handbook, FSC price book, keys to FSC, uniforms and any other property in their possession. All other FSC policies as stated in this Handbook must also be satisfied.

DISCIPLINARY ACTION

It is the policy of FSC that all employees are expected to comply with the terms and conditions of this handbook and that any noncompliance with these standards must be remedied.

Corrective discipline is given to provide employees with notice of deficiency. The circumstances will determine the severity of the discipline. Disciplinary actions may include a verbal reprimand or counseling session; a written reprimand or warning to be signed by the supervisor and employee and forwarded to the Human Resource Department for inclusion in the employee's personnel file; suspension without pay; or termination of employment. However, your employment is at-will at all times and the company reserves the right to take any disciplinary action necessary at any time including immediate termination of employment.

GLAD YOU'RE ON THE TEAM

We are glad that you selected Farm Service Cooperative as a place to work, and hope you and your family will find your work at FSC to be satisfying.

The Co-op has always been a leader in providing interesting work, good working conditions and the best possible fringe benefits. We intend to continue this policy.

All of us wish you the best of luck as you begin your work. A team can accomplish more than an individual, and we welcome you as a "regular" on our team. We want you to know that all of us, whether we wear ties or work gloves, have the same objective -----"to be the BEST ag-retail supply and grain marketing company in Western Iowa."

Keith Heim
General Manager

