



Crexendo, Inc.

Employee Handbook

January 2013

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Forward

Welcome to the Crexendo, Inc. team! You have joined a team of employees who have made Crexendo, Inc. one of the leaders of our industry. We provide quality products and great customer service.

In this handbook, we have tried to acquaint you with Crexendo, Inc. (sometimes referred to as the “Company” and Crexendo,) policy and philosophy. Please read your handbook thoroughly. Your understanding of our Company guidelines will assist you in carrying out your functions while employed with the Company.

If you have any questions or concerns regarding the Company, please contact your supervisor, the Human Resources Department or a senior-level manager. Any of these individuals will be happy to assist you in addressing the situation or answering your questions.

Through your efforts and those of many other employees, we work toward our goal of growing sales through strong customer service and excellent product presentation.

There are several things that are important to keep in mind about this handbook. First, it contains only general information and guidelines. It is not intended to be comprehensive or to address all the possible applications of, or exceptions to, the topics discussed in the handbook. Second, the procedures, practices, policies, and benefits described here may be modified or discontinued from time to time without notice.

Crexendo, Inc. Vision, Mission and Values

VISION

Crexendo strives to be the very best cloud-based services firm ever.

MISSION

Crexendo creates and hosts world class cloud-based solutions for small- and medium-sized businesses. We offer the best hosted ecommerce website builder, Internet marketing services, and hosted telecom solutions to help our customers achieve their objectives. We enthusiastically drive innovation, service, and profitability in our business to ensure the ongoing success of our customers, our shareholders, and our employees.

VALUES

1. **Quality Comes First** - We do things right the first time, every time.
2. **Customers Are Our Focus** - We are dedicated to customer success, *one customer at a time*. Whether the customer is internal or external, all processes in our business drive long-term customer success. We meet and exceed expectations to create highly satisfied customers.
3. **Communication is Essential** - We use all means at our disposal to communicate effectively with both internal and external customers.
4. **Employees Are Our Greatest Strength** - We foster a work environment that allows every employee the opportunity to grow both personally and professionally. Our business culture empowers employees at every level to drive innovation that leads to continuous improvement.
5. **Integrity is Never Compromised** - In all circumstances, we do what we say we will do because we value our personal and company integrity.
6. **Continuous Improvement is Vital** - We continually strive to improve all processes at every level of the organization. We eliminate activities and procedures that do not advance our vision, mission and guiding values.
7. **Profitability and Growth Drive Our Success** - Our success depends on our ability to generate profitable growth in our business. Profits ensure that we will be able to serve our customers in the future. We continually drive unnecessary cost out of the business and create highly satisfied customers that provide long-term, recurring revenue.
8. **Customer Centered Innovation Is Our Foundation** - Customer needs drive development of all products and services. Relevant research of the needs of our customers drives product development.
9. **Teamwork Is Practiced** - We work as a team in a spirit of cooperation to create and maintain highly satisfied customers, shareholder value and employees who are proud of what we do as a company. We learn from our peers and respect their efforts.
10. **Change is Embraced** - We embrace change that supports our vision, mission and guiding values.

Values are not what we say—they are the actions we take.

Non-Retaliation Policy

It is Company policy to comply with all applicable laws that protect employees against unlawful discrimination or retaliation by their employer as a result of their lawfully reporting information regarding, or their participating in, investigations involving any violation by the Company or its agents of federal or state law. Specifically, Company policy prevents any employee from being subject to disciplinary or retaliatory action by the Company or any of its employees or agents as a result of the employee's:

1. Disclosing information to a government or law enforcement agency, where the employee has reasonable cause to believe that the information discloses a violation or possible violation of federal or state law or regulation; or
2. Providing information, filing, testifying, participating in a proceeding, or otherwise assisting in an investigation or proceeding regarding any conduct that the employee reasonably believes involves a violation of: (i) any rule or regulation of the United States Securities and Exchange Commission; (ii) any federal or state law relating to fraud against shareholders, where with respect to investigations, the investigation is being conducted by a federal regulatory agency, a member of Congress, or a person at the Company with supervisory authority over the employee; or
3. Reporting unfair or discriminatory employment practices, harassment of a sexual nature or any other type, and any other concerns of a similar tenor to any manager, director, vice president or officer of the Company.

However, employees who file reports or provide evidence which they know to be false or without a reasonable belief in the truth and accuracy of such information will not be protected by the above policy statement and may be subject to disciplinary action, including termination of their employment.

1. At Will Employment

Employment at the Company is on an at-will basis, which means that your employment may be terminated by you or by the Company at any time, for any reason or for no reason, with or without notice and without any procedure or formality. The at-will nature of your employment is not affected by any of the policies or practices in these employment documents and cannot be modified by any oral promise from or oral statement by any supervisor or company representative. The Company President and/or CEO are the only Company representatives with authority to alter your at-will employment relationship, and he/she may only do so in a written agreement that is executed by both you and the Company's President and/or CEO with the Board of Directors approval. Any such agreement must also be notarized.

None of these employment documents, any other guidebook, guidelines, policy statements or any other materials provided to you, nor any of the provisions of such materials (whether executed or acknowledged by you or not) are intended to bind the Company in any way beyond its sole obligation to pay you wages earned and benefits vested through your last day worked. No contract, either express or implied, concerning the procedures, terms, conditions, or duration of employment is created by these employment documents, by any of the policies, procedures, or practices contained herein, or by any other policies, procedures or practices at the Company.

2. Customer Care

All employees must understand that our customers are the primary source of the organization's income, and are, therefore, the ultimate source of each employee's job security and income. All employees have an obligation to represent the Company in a professional manner, and to make customers feel as comfortable as possible in dealing with the organization. It must be every employee's goal to make our customers proud and satisfied with their association with the Company.

Employees of our company are encouraged to report any customer-related problems to their Supervisor, and to make suggestions for changes in Company policies or operating procedures to resolve problems.

3. Equal Employment Opportunity

Crexendo, Inc. is firmly committed to equal employment opportunity and it recruits, hires and promotes qualified applicants without regard to race, color, religion, sex, national origin, age, disability, or veteran status, and makes employment related decisions based on the principles of equal employment opportunity.

3.1 I-9 Procedures. The Company complies with the provisions set forth in the Immigration Reform and Control Act of 1986 (IRCA) in such a way as to meet all government requirements in documentation, while maintaining Equal Employment Opportunity policies. **IRCA requires the Company to refuse to hire or continue the employment of workers who are not authorized to work in the United States, and to verify that all newly hired employees have the right to work in the U.S. This policy applies to all persons hired or re-hired by the Company on or after November 6, 1986.**

As a condition of employment, all employees must complete the Employment Eligibility Verification Form I-9, and present documentation establishing identity and employment eligibility within 3 days of the start date. Former employees who are re-hired must also complete the form as part of the new hire packet.

3.2 E-Verify. The Company uses the federal E-Verify system. All employees hired after July 1, 2010 will be subject to verification under this system and any action taken based on such verifications will be as required by the system.

4. Job Classifications

4.1 Exempt Employees. An exempt employee is one who is eligible to receive an exemption from the minimum wage and maximum hour provision of the Fair Labor Standards Act. According to the Act, exempt employees include executive, administrative and professional employees. The Act has specific salary requirements, qualifications and exceptions for each category. These employees are not required to be paid overtime compensation.

4.2 Non-Exempt Employees. A non-exempt employee is one who is covered by the minimum wage and overtime provisions of the Fair Labor Standards Act or applicable state statutes. These employees may qualify for overtime pay for time worked in excess of 40 hours during the regular work week.

4.3 Full-Time Employees. Full-time Employee is one who is normally scheduled to work 31 to 40 hours per week. All full-time employees are eligible to participate in and receive employee benefits.

4.4 Part-Time 6 Employees. A part-time 6 employee is one who regularly works 30 hours per week. All part-time 6 employees are eligible to participate in and receive employee benefits.

4.5 Part-Time 4 Employees. A part-time 4 employee is one who regularly works less than 30 hours per week. Part-time 4 employees cannot participate in or receive employee benefits, other than as specified in the vacation policy.

5. Work Hours and Pay Policies

5.1 Work Hours. The workweek begins at 12:01 a.m. on Sunday and ends at midnight the following Saturday. The offices of the Company normally open Monday through Friday from 8:00 a.m. to 5:00 p.m. The basic workweek for most regular full-time, non-exempt employees is 40 hours per week. Employees may be required to work in excess of 40 hours per workweek in order to meet the operating requirements of their position or by Crexendo, Inc.

Full time employees normally receive two fifteen-minute rest breaks each day when they work eight (8) hours or more. If you work a four or five hour shift, you will receive one fifteen-minute break. If state law is broader, state law will prevail. Your manager will schedule rest breaks. In the event of an emergency or in order to maintain quality customer service, your manager may ask you to change or postpone your break.

If you work longer than 5 hours, you will be given an unpaid meal period in addition to your fifteen-minute break. Your manager will schedule your meal period. At no time should your meal period be under thirty minutes. You are expected to take your full-allotted time for meals. Meals should be taken outside of your normal work area and you should not perform any work during your scheduled meal period. You may not “work through meals” to make up for time missed, or to leave early. You must record your time out and time in on the time clock when leaving for and coming back from your meal period. It is important to return to work on time when your meal period ends to avoid potential conflicts with the schedules of other employees. Failure to adhere to this procedure will result in disciplinary action, up to and including termination of employment.

5.2 Time Keeping Policy. For hourly employees only. Federal and state laws require the Company to keep an accurate record of time worked by employees, in order to calculate their pay and benefits. It is your responsibility to ensure accurate recording of your time worked, by clocking in and out as required. Any failure to comply with the requirements set forth below will lead to discipline, up to and including termination.

Time History and Time Adjustments

Hourly employees must record their hours by entering their unique number into the time tracking system.

Your Responsibilities

You must **personally** clock in and clock out on the time clock for all hours worked and for meal breaks as follows:

- You must clock in at the start of a shift and when you return from lunch breaks.
- You must also clock out at the start of your lunch break and at the end of the shift.

Clocking in and out on the time clock allows the Payroll Department to capture your hours worked. However, if you forget to clock in or out, either for your work shift or meal period, you must inform your manager within 24 hours in writing by filling out a Time Tracking Adjustment Form.

If it is necessary to make an adjustment to your hours, you must fill out a TimeClock Adjustment Form, which can be attained from your manager. Once the form has been completed, it must be used to make the adjustments/edits to your payroll hours. You are required to approve your time in the time tracking system, acknowledging your hours worked for the pay period. The approval must take place before your paycheck can be issued.

You are required to work your scheduled hours unless you have approved time off or have been instructed to do otherwise by your manager.

Working off the clock is not permitted under any circumstances. All employees must ensure that they are clocked in while working. Employees who fail to clock in and out accurately will be subject to disciplinary action, up to and including termination.

Under no circumstances

- 1. Should an employee clock in or clock out for any other employee,**
- 2. Should an employee's payroll hours be altered to reflect any hours different from the time actually worked,**
- 3. Should an employee violate or instruct someone to violate this policy, or**
- 4. Should an employee abuse the timekeeping system.**

Any violation of this policy will be grounds for immediate disciplinary action, up to and including termination of employment. THE COMPANY RESERVES THE RIGHT TO REPORT OR OTHERWISE PROSECUTE ACTIVITIES IT DEEMS TO BE FRAUDULANT OR OTHERWISE ILLEGAL.

5.3 Overtime for non-exempt employees

Overtime shall be paid to non-exempt employees at the rate of one and one-half (1-½) times their regular hourly rate for work performed in excess of forty (40) straight paid hours in a regular work week. For those employees earning a non-discretionary bonus, as defined by the FLSA regulations, overtime will be calculated using an adjusted hourly rate. If you have questions about how your overtime will be calculated, please see Payroll or Human Resources.

Paid vacation, holiday time, jury time, bereavement time, etc., shall not be considered hours worked for the purpose of computing overtime.

All overtime must be authorized and approved by the employee's supervisor. If overtime is not approved prior to it being worked, the employee will be subject to disciplinary action up to and including termination.

5.4 Travel Time Pay

Compensation and Overtime for hourly non-exempt employees. Travel by a non-exempt or hourly employee who will be away from home overnight is work time only during those periods the employee is engaged in Company business, which typically will coincide with the employee's regular working hours. Such time counts as hours worked, even if it occurs on a non-working day. If an hourly employee is actively involved in work matters outside of their normal work schedule, they will be entitled to overtime as stated by FLSA rules.

Compensation for Salaried employees. Travel by a salaried employee who will be away from home overnight will be compensated at their regular salary.

5.5 Pay Period and Receiving Pay. The standard pay period is every other Friday for all employees. Pay dates are the following Friday after a pay period ends.

Manual Checks

All checks will be issued on the Friday following the end of a pay period and must be signed for by the employee. If you need to send someone else to pick up your check, the Company requires written approval stating who will pick up the check. If a check is not picked up on the Friday it is available, they will be mailed out the following Monday.

Direct Deposit

Direct deposit of payroll checks is available to you, but the Company reserves the right to terminate this service at any time. If you would like to take advantage of Direct Deposit, ask Human Resources for an application form. You will need to provide a voided check or deposit slip for your bank account and complete the application to set up the deposit. Typically, the bank will begin the direct deposit 4-6 weeks after you have submitted your request. If you

wish to cancel or change your direct deposit at any time, the same application form used for Direct Deposit will allow you that option.

5.6 Paycheck Deductions. The Company is required by Federal and State law to make certain deductions from your paycheck. This includes Federal income tax, State income and unemployment tax, FICA contributions (social security and Medicare), and State Disability Insurance (SDI). The amount of your tax deductions will depend on your earnings and the number of exemptions you list on your W-4 Form. Deductions are also taken if you are enrolled in the health, dental, life insurance, 401(k) and any other Company benefits. Any additional paycheck deductions for the purchase of out of date company equipment or branded merchandise, etc. must be signed for and authorized by the employee.

5.7 Reimbursements. You may be eligible to be reimbursed for certain business related expenses, such as travel, cell phone, mileage, company related purchases etc. Your supervisor will let you know of your eligibility on these expenses. To be reimbursed for expenses, please download the expense reimbursement form from The Hub, fill it out completely, attach all related receipts and have your supervisor sign off on the form. Submit the form to Payroll after it has been approved.

6. Change of Personal Information

It is important that personal data of all employees, such as address, telephone number, marital status, name change, number of dependents, beneficiaries and tax withholding information be kept accurate and up to date. Each employee is required to and responsible for reporting any changes within one week of the change.

7. Use of Company Property and Resources

7.1 Phone Mail, Electronic Mail and Internet Usage. Crexendo, Inc.'s phone mail, e-mail systems and computers, and all information stored on them are the property of Crexendo, Inc. Although the privacy of employees is respected, it does not extend to their use of Crexendo, Inc. equipment, hardware, and software. Employees should have no expectation of privacy. Employees should assume that any communication or information, whether business-related or personal, they create, transmit, access, receive or store on Crexendo, Inc. communications systems and computers may be read or heard by someone other than the recipient. The Company does from time to time monitor and record phone calls, email or other communications to confirm compliance with customer service and sales quality.

All Internet, phone calls, e-mail and phone mail systems and computers are subject to inspection by Crexendo, Inc. Such inspections may include, but are not limited to, reviewing e-mail, Internet, phone calls computer and phone mail usage. Additionally, computer, e-mail, phone mail and Internet records may be subject to disclosure to law enforcement or government officials, parties to a lawsuit, or to other third parties, without notification or permission from the individual sending or receiving the message or information.

Because e-mail sent from Crexendo, Inc. network contains Crexendo, Inc.'s name, any messages, even personal ones, may be construed by recipients as containing communications from Crexendo, Inc., and care should be taken in formulating messages. For these reasons, no message should be sent or left except one that a user would be comfortable putting in a memorandum or letter for general distribution.

Incidental personal use of information and messaging technology tools should be limited and should not interfere with business operations of Crexendo, Inc. Acceptable use of e-mail includes brief communications with family members, or in conjunction with community activities, educational, or professional development purposes. Inappropriate use includes, but is not limited to, excessive "socializing," installation or distribution of software, shopping, accessing or transmitting inappropriate graphics and text files, placing wagers, watching non-work related videos or streaming non-work related video or audio streams, and playing games, unless previously authorized by an executive officer of Crexendo, Inc.

The display (temporary or otherwise) or transmission of sexually explicit information, images, messages, or cartoons, or any display or transmission that contains slurs or disparages others based upon race, national origin, religion, sex, age, disability, or other protected status is not permitted at any time on any information or messaging system at Crexendo, Inc. Using company resources,

including a company computer, company network, or Internet access provided for or paid for by Crexendo, Inc., to view adult entertainment, pornographic or similar materials is grounds for termination. If at any time you find evidence of abuse, as described above, either on your desk, in your computer, or in log files of abuse, such must be reported immediately to your supervisor. Every effort will be made to protect the identity of the employee making the report. Employees who use Crexendo, Inc.'s information or messaging systems inconsistent with this policy or other policies of Crexendo, Inc. are subject to disciplinary action, up to and including termination.

7.2 Computer Software/Hardware. Crexendo, Inc. is committed to providing the necessary computer software and hardware resources to allow each employee to complete the tasks they are assigned. If you need software or hardware that is not currently available, please notify your supervisor, who will take the appropriate steps to determine the necessity of your request. The use of non-Crexendo, Inc. owned software on any Crexendo, Inc. computer, network or other peripheral device is prohibited, unless previously authorized by an executive officer of Crexendo, Inc. The use of hardware devices from outside sources on any Crexendo, Inc. computer, network or other peripheral device is prohibited. You may contact your supervisor for permission to use personal software or hardware on a temporary basis. If permission is granted for use of any software or hardware device in the office, the owner accepts full responsibility for any damage or loss that may occur.

In addition to the policy as outlined above, Crexendo, Inc. follows the "Software Code of Ethic" as disclosed below:

Software Code of Ethics

- Unauthorized duplication of copyrighted computer software violates the law and is contrary to our organization's standard of conduct. This includes the downloading or use of illegal or "cracked" versions of any software product using company computers or bandwidth. We disapprove of such copying and recognize the following principles as a basis for preventing its occurrence.
- We will neither engage in nor tolerate the making or using of unauthorized software copies under any circumstances.
- We will provide legally acquired software to meet legitimate software needs in a timely fashion and in sufficient quantities for all of our computers.
- We will comply with all license or purchase terms regulating the use of software we acquire or use.
- We will enforce strong internal controls to prevent the making or using of unauthorized software copies, including effective measures to verify

compliance with these standards and appropriate disciplinary measures for violation of these standards.

In accordance with the Software Code of Ethics, Crexendo, Inc. will "enforce strong internal controls" as follows:

- a) Spot checks for software violations will be performed as often as weekly to ensure that illegal software is not installed on any company computer.
- b) Routine computer reinstalls will be performed in an effort to ensure that computers maintain the correctly installed software. This is a requirement for any employee who changes from one department to another and keeps his/her same computer.
- c) Internal server checks on company computers will be performed as a way of looking for software violations.

Penalties for abuse of this policy will include fining (\$500 for the first offense) and the possible loss of employment. If an employee's abuse of this policy results in a fine levied against Crexendo, Inc. by any outside party, the employee will be expected to pay that fine.

7.3 Office Keys. All Crexendo, Inc. employees who enter the work areas of Crexendo, Inc.'s corporate headquarters must do so using an access keycard, which they will be issued at the start of their employment. Employees are responsible for the replacement cost of an access keycard if lost, stolen or not returned upon termination. Currently the replacement cost for the Access Key Card is \$25.00. The replacement cost is subject to change without notification.

8. Password Policy

8.1 Overview. Passwords are an important aspect of computer security. They are the front line of protection for user accounts. A poorly chosen password may result in the compromise of Crexendo's entire corporate network. As such, all Crexendo employees, including contractors and vendors with access to Crexendo, systems, are responsible for taking the appropriate steps, as outlined below, to select and secure their passwords.

8.2 Purpose. The purpose of this policy is to establish a standard for creation of strong passwords, the protection of those passwords, and the frequency of change.

8.3 Scope. The scope of this policy includes all personnel who have or are responsible for an account (or any form of access that supports or requires a password) on any system that resides at any Crexendo, facility has access to the Crexendo, network, or stores any non-public Crexendo, information.

8.4 Policy

- All system-level passwords (e.g., root, enable, NT admin, application administration accounts, etc.) must be changed on at least a quarterly basis, all other passwords (user-level, etc.) must be changed at least every 6 months but it is recommended to change them every 4 months.
- All production system-level passwords must be part of the Crexendo, administered global password management database.
- User accounts that have system-level privileges granted through group memberships or programs such as "sudo" must have a unique password from all other accounts held by that user.
- **Passwords must not be inserted into email messages or other forms of electronic communication.**
- Where SNMP is used, the community strings must be defined as something other than the standard defaults of "public," "private" and "system" and must be different from the passwords used to log in interactively. A keyed hash must be used where available (e.g., SNMPv2).
- All user-level and system-level passwords must conform to the guidelines described below.
- It is never acceptable to sign in to a program and then allow someone else to utilize the system unless IT or an executive approves it. In all exception cases, the owner of the access must monitor the other user to ensure proper usage and that access is terminated when finished. Generally, the only times that an exception will be granted is to de-bug or troubleshoot a technical issue.

8.5 Guidelines - General Password Construction Guidelines

Passwords are used for various purposes at Crexendo. Some of the more common uses include; user level accounts, web accounts, email accounts, screen saver protection, voicemail password, and local router logins. Since very few systems have support for one-time tokens (i.e., dynamic passwords which are only used once), everyone should be aware of how to select strong passwords.

Poor, weak passwords have the following characteristics:

- The password contains less than six characters
- The password is a word found in a dictionary (English or foreign)
- The password is a common usage word such as:
 - Names of family, pets, friends, co-workers, fantasy characters, etc.
 - Computer terms and names, commands, sites, companies, hardware, software.
 - The words "Crexendo", "Crexendo,", "Utah", "galaxy" or any derivation.
 - Birthdays and other personal information such as addresses, phone or pin numbers.
 - Word or number patterns like aaabbb, qwerty, zyxwvuts, 123321, etc.
 - Any of the above spelled backwards.
 - Any of the above preceded or followed by a digit (e.g. secret1, 1secret)

Strong passwords have the following characteristics:

- Have digits and punctuation characters as well as letters and contain characters from three of the following four categories:
 - English uppercase characters (A through Z)
 - English lowercase characters (a through z)
 - Base 10 digits (0 through 9)
 - Non-alphanumeric characters (e.g.,!, \$, #, %)
- Are at least six alphanumeric characters long.
- Are not a work in any language, slang, dialect, jargon, etc.
- Are not based on personal information, names of family, etc.

Passwords should never be written down or stored on-line, nor should they be stored in a file on any computer system (including phones or PDA's, etc. without encryption. Instead, try to create passwords that can be easily remembered.

One way to do this is to create a password based on a song title, affirmation, or other phrase. For example, the phrase might be: "This May Be One Way To Remember" and the password could be: "TmB1w2R!" or "Tmb1W>r~" or some other variation; or use variations of words together with a twist on the words. For example: "One Summer Day" and the password, using numbers or punctuation characters for letters (examples: 1 or! for l; @ for a; 3 for e); shortened variations of the word (example: summer=sumr); adding numbers or punctuation characters in between words (example: One Day= 1!D@y); could be 1sUm@rd@y& or On3Sumbd@Y or some other variation.

Note: Do not use these examples as passwords!

Password Protection Standards

Do not use the same password for Crexendo, accounts as for other non-Crexendo, access (e.g. personal ISP account, option trading, benefits, etc.). For example, select one password for the Network and a separate password for the Internal Database. Also, select a separate password to be used for an NT account and a UNIX account.

Do not share Company passwords with anyone. All passwords are to be treated as sensitive, confidential Company information.

Included are some examples of "don'ts":

- **Don't reveal a password to anyone under any circumstances. (i.e. over the phone, by email, to the boss or a co-worker, while on vacation, to a family member, etc.)!**
- Don't talk about or hint at the format of a password in (i.e. "My family name").

If someone demands a password, refer them to this document or have them call someone in the Information Technology Department.

Do not use the "Remember Password" feature of applications (e.g., Eudora, Outlook, Netscape Messenger).

If an employee does not log in at least every 30 days the account will be locked/disabled.

All accounts will be locked for a minimum of 30 minutes or may require the Information Technology Department to unlock the password if the password is entered in 3 times incorrectly. Screen Savers with password protection are required to be used on all computers that have the capability and must be set to come on automatically within 10 minutes of computer idle time.

If an account or password is suspected to have been compromised, report the incident to the Company Information Technology department and change all passwords.

Password cracking or guessing may be performed on a periodic or random basis by Company or its delegates. If a password is guessed or cracked during one of these scans, the user will be required to change it.

Application Development Standards

Application developers must ensure their programs contain the following security precautions.

Applications:

- Should support authentication for individual users, not groups
- Should not store passwords in clear text or in any easily reversible form
- Should provide for some sort of role management, such that one user can take over the functions of another without having to know the other's password.

Enforcement

Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

9. The Work Environment

9.1 General Principles of Work Place Conduct. In order to maintain a productive work environment, employees should avoid all thoughtless and wrongful acts. The following is a cursory, non-exhaustive list of examples of unacceptable behavior:

- a. Dishonesty in any form;
- b. Damage, loss or destruction of Company, employee or customer property due to careless or willful acts;
- c. Unauthorized removal or use of property belonging to the Company, any other employee or any customer;
- d. Being under the influence of, possessing, or using alcohol or illegal drugs on Company property, or during working hours;
- e. Loafing or sleeping on the job, inefficient performance of duties, incompetence or neglect of duty;
- f. Failure or willful refusal to perform work as directed, or insubordination;
- g. Negligence in observing fire prevention or safety regulations, or failure to report on-the-job injuries or unsafe conditions;
- h. Unexcused absence or tardiness;
- i. Unwillingness or inability to work in harmony with others, or conduct creating disharmony, irritation, or friction;
- j. Discourtesy to others such as using speakerphone in offices or cubicle areas which can make it difficult for others to communicate or concentrate, or create a bad impression for customers;
- k. Fighting, gambling, horseplay, threatening, intimidating, or coercing others on Company premises;
- l. Carrying weapons while working, whether or not concealed; and/or
- m. Sexual harassment or discrimination of any kind.
- n. Working on non-work related projects during working hours

Violation of any of the above general standards of conduct may result in disciplinary action up to and including termination of employment.

The Company cannot assume responsibility for the loss or theft of personal belongings. You are advised not to carry large sums of cash or other valuables with you at work. See your manager regarding the storage of personal items while at work.

In addition, personal visits by outsiders to employees are discouraged and should not be planned. Personal visitors may only enter through the main lobby and will be restricted to the lobby. You will have to meet such visitors there.

9.2 Respectful Workplace. Crexendo, Inc. is committed to ensuring and maintaining a respectful workplace. Each employee is personally responsible

for ensuring that his or her conduct is free of any actions that constitute unlawful discrimination or harassment. Crexendo, Inc. strives to provide a work environment free of sexual harassment or other harassment or unlawful discrimination based on age, race, color, national origin, veteran status, religion, sex, ethnicity, marital or family status, disability or any other legally protected category.

Even conduct that does not rise to the level of unlawful harassment or is not prohibited by the law in the particular jurisdiction of the employee may violate Company policy and be grounds for discipline. Crexendo, Inc. will not tolerate harassment in any form - conduct, speech, written notes, photos, cartoons or electronic mail (even if it is personal electronic mail) which is defined in the Company's Equal Employment Opportunity Policy and Sexual Harassment Policy.

A violation of this policy can occur even when conduct does not rise to the level of unlawful harassment. This policy is not designed or intended to limit the Company's authority to discipline or take remedial action for conduct in the workplace that is, in the Company's sole discretion, determined to be unacceptable. The Company will not tolerate behavior in violation of this policy whether displayed by or toward employees, customers, vendors/suppliers, visitors or other non-employees. This policy also applies to situations where employees are acting in a business capacity away from the workplace. Failure to comply with this policy may result in disciplinary action, up to and including termination.

If you observe or experience any form of harassment or discrimination, promptly report the matter to your supervisor. If the supervisor is unavailable, or if you are uncomfortable or believe it is not appropriate to report the conduct to your supervisor, immediately contact the Human Resources Director, the Chief Legal Officer, the President or CFO of the Company. Additionally, an anonymous hotline is available to all employees at 800-398-1496. Nothing in this policy requires any person complaining of harassment or discrimination to present the matter directly to the individual who is the subject of the complaint. Managers must take appropriate action on suspected violations of this policy and report all suspected violations of this policy immediately.

9.3 Sexual Harassment. It is a violation of Company policy and of federal law to subject any employee, male or female, to sexual harassment. Sexual harassment can include unwelcome sexual advances; requests for sexual favors; unsolicited physical conduct; unwelcome flirtations; offensive verbal, visual or physical conduct of a sexual nature; suggestive or lewd remarks; remarks or rumors about a person's sexuality or sexual experience directed at or made in the presence of any employee, unwanted hugs or touches; offensive

jokes or visuals; pornography and sexually graphic material. This is not an exhaustive list.

The above listed actions constitute sexual harassment when:

- Submission to such conduct is made, either explicitly or implicitly, a term or condition of an individual's employment;
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

If you observe, experience or have concerns about a sexual harassment issues, promptly report the matter to your supervisor. If the supervisor is unavailable, or if you are uncomfortable or believe it is not appropriate to report the conduct to your supervisor, immediately contact the Human Resources Director or the Chief Legal Officer of the Company. Additionally, an anonymous hotline is available to all employees at 800-398-1496. Nothing in this policy requires any person complaining of sexual harassment to present the matter directly to the individual who is the subject of the complaint. Managers must take appropriate action on suspected violations of this policy and report all suspected violations of this policy to Human Resources immediately.

9.4 Inter-Office Relationships. We recognize that from time-to-time our employees may date, fall in love, and even marry each other. While we understand such situations can develop, we do not encourage office romances because of the concern that they may interfere with workplace performance or create potentially difficult work environments.

This concern is heightened when supervisors and subordinates become romantically involved, given the inequality in job power in the relationship. Because of these concerns, we require any supervisor involved in an inter-office relationship to make the situation known to his or her supervisor, or to any member of the executive staff. We also request that any other employee involved in an inter-office relationship do the same. A company representative will then meet with both parties to discuss the company's expectation that the parties will conduct themselves in such a way that their personal relationship (whether budding, in full bloom, or in its demise) does not impact their own work activities or work performance, or anyone else's, in any way. The company representative will also discuss with them the company policy prohibiting sexual harassment and retaliation for complaints of the same. If the romance is between parties of unequal levels of authority in the company, the company will evaluate whether it will reassign the parties involved so that the employee with more authority does not have supervisory authority or influence over the

other employee. This may result in the reassignment of the manager, the non-managerial employee, or both.

9.5 Work Place Violence. To preserve workplace safety and security, you shall not possess weapons (regardless of whether you have a permit) of any sort including, but not limited to, firearms, ammunition, explosives, incendiary devices, knives other than those used in your job, and cases/holsters/sheaths for weapons on Company property, in Company vehicles, in the workplace or while acting in a business capacity. The Company forbids acts or threats of violence, including intimidation, harassment, and/or coercion, that involve or affect the Company (or its employees, vendors or customers) or that occur on Company property or in the conduct of Company business off Company property, which are violations of this Code.

Specific examples of conduct that may constitute threats or acts of violence under this policy include, but are not limited to, the following:

- Threats or acts of physical or aggressive contact directed toward another individual;
- Threats or acts of physical harm directed toward an individual or his/her family, friends, employees or property;
- Intentional destruction, defacing of or threat of the defacing or destruction of Company property or another employee's property;
- Harassing or threatening phone calls;
- Stalking;
- Veiled threats of physical harm or similar intimidation; and
- Any conduct resulting in an arrest or conviction under any criminal code provision relating to the violence or threats of violence.

Immediately report threatening behavior or any risk of violent behavior to your manager or Human Resources. In the case of imminent danger, contact 911 or the local police.

Crexendo, Inc. does not tolerate harassment or discrimination of any kind. The Company strongly believes that each individual, regardless of race, national origin, sex, religion, age, disability (or other protected status) has the right to work in an environment free of discrimination and harassment. Accordingly, Crexendo, Inc. strives to maintain a culture of respect for each and every individual. Any employee who violates this policy will be disciplined, up to and including termination.

9.6 Other Types of Discrimination and Harassment. Crexendo, Inc. also strives to provide a work environment that is free of discrimination and physical or verbal harassment that is based upon race, gender, color, national origin, religion, age, disability, and/or other protected status.

Any employee who experiences harassment or discrimination, or who witnesses discrimination or harassment of another employee, must immediately report the incident to their manager. In the event that the employee does not feel comfortable reporting the incident to their manager, then he/she should contact the Director of Human Resources, a Company Executive, or the Anonymous Reporting Hotline, Lighthouse Services, at 800-398-1496.

9.7 Drug and Alcohol Policy. Crexendo, Inc. is committed to providing employees with a safe and drug-free workplace. The sale, purchase, use or possession of illegal drugs by employees on Company premises, or while on Company business, is strictly prohibited, except for the possession or use of prescription drugs prescribed to the employee by a qualified medical practitioner, or over-the-counter medication taken for a medical condition.

Any employee who engages in such conduct will be disciplined, up to and including termination. This prohibition applies to all forms of narcotics, depressants, stimulants, or hallucinogens whose sale, use or possession is prohibited by law.

Crexendo, Inc. prohibits any employee from being under the influence of alcohol, illegal drugs, or other controlled substances while on company business, work premises, reporting for work, or operating any Company vehicle. Reporting for work or working under the influence of alcohol, illegal drugs or other controlled substances is strictly prohibited, and will result in discipline, up to and including termination.

9.8 Drug and Alcohol Testing. Applicants for employment, re-hires, and all other employees are subject to one or more of the following drug and/or alcohol tests:

- Prior to employment;
- Prior to re-hire;
- Suspicion employee is under the influence of drugs or alcohol, or reason to suspect that employee has used prohibited drugs or alcohol;
- Critical incident;
- Post-incident;
- Return to duty; and
- Random (only applicable in states where not prohibited by law).

Employees are subject to discipline, up to and including termination, if alcohol test results are .04 or greater when tested before or during work. All employees are subject to discipline, up to and including termination, when the results of an alcohol test shows less than the established alcohol concentration cutoff level if management believes that an employee is unable to perform his or her assigned job tasks.

All employees are subject to termination if a drug test shows the presence of any amount of an illegal or controlled substance that was not prescribed to the employee by a physician.

Refusal to submit to an alcohol or drug test will subject the employee to disciplinary action including termination. An employee who substitutes, adulterates, or otherwise tampers with a drug or alcohol testing sample, or attempts to do so, will be subject to disciplinary action which may include termination.

9.9 Smoking. Smoking is prohibited on all Company premises and at all Company functions. In addition, employees are prohibited from smoking within 25 feet from the entrance to Company facilities.

In some cases, the Company may designate certain areas for smoking which employees will be required to utilize. Smoking breaks should be taken in accordance with the "Work Hours" policy and should be limited to one or two 15-minute break periods depending on the length of the employee's shift. Employees taking more than the permitted number of breaks, regardless of length, will be subject to disciplinary action up to, and including, termination.

9.10 ADA Policy. In accordance with the Americans with Disabilities Act and related state laws and regulations; it is Crexendo, Inc. policy to select, retain, and promote the best-qualified applicant for each available job. An applicant's or employee's disability will not remove the applicant from consideration or the current employee from his/her job if the applicant or employee is otherwise qualified and is able to perform the essential functions of the job with or without reasonable accommodation.

Qualified applicants or employees who inform the company that they have a physical or mental disability, which is protected by the Americans with Disabilities Act or state law, will be given reasonable accommodation unless such accommodation will result in undue hardship. A reasonable accommodation is defined as any modification or adjustment to a job, employment practice or the work environment, which will make it possible for an individual with a disability to enjoy an equal employment opportunity.

Procedure for Reasonable Accommodation Requests:

- Employee advises supervisor, manager or Human Resources or the company otherwise become aware of the need for accommodation. Employee completes a Request for Accommodation form and gives it to his/her supervisor.

- Supervisors must submit a request for an accommodation to Human Resources on behalf of job applicants or current employees who are otherwise qualified but require an accommodation.
- If an appropriate accommodation is reasonably available, the request will be approved and the accommodation implemented.
- If an accommodation is not reasonably available, Human Resources may consult with disability specialists, agencies or support groups for further information until a reasonable accommodation is identified.

Human Resources and the employee's supervisor will review the suggested accommodation for reasonableness. Remember, under disability law, employees are required to perform all essential job duties to company performance standards. If a requested accommodation is approved, Human Resources will authorize the supervisor to implement the accommodation. If it is denied, the employee will be informed as to why.

9.11 Grooming and Dress. Personal appearance of employees plays a significant role in projecting a professional image of the company. Your appearance and presence should not be a distraction to you, your co-workers, customers, or vendors. You are expected to bathe/shower daily and dress and groom yourself in accordance with the Company's guidelines listed below. If your manager feels that you have not complied with the dress code, you may be asked to leave and not return until you are properly groomed and attired. Non-exempt employees must clock out if they are asked to leave work for non-compliance with the dress code policy. Listed below is a general overview of acceptable clothing as well as a listing of some of the more common items that are not appropriate for the office. Neither group is intended to be all-inclusive. Rather, these items should help set the general parameters for proper clothing and allow you to make intelligent judgments about items that are not specifically addressed. A good rule of thumb is that if you are not sure if something is acceptable, choose something else or inquire first.

There are exceptions to this policy. If you are meeting with clients, customers, vendors or other people outside of our normal employee base on behalf of the company, you must dress professionally. You must dress in at least business casual attire, unless circumstances require more formal clothing. There will be times that we require business casual clothing for all employees. Generally, this happens when we have a shareholder meeting or a large client event onsite. You will be notified when this is required.

- Dress Code is Semi-Business Casual Monday-Thursday with Casual clothing allowed on Fridays.
- For gentlemen, Slacks, Dockers, khaki or corduroy pants, or jeans that are not worn or distressed to the extent that there are holes and shredded bottoms, would be acceptable.
- For ladies, slacks, khaki or corduroy pants, capri's, dresses, or jeans that are not worn or distressed to the extent that there are holes and shredded bottoms, would be acceptable.
- Dresses and skirts must be of appropriate business length (no more than two inches above the knee).
- Inappropriate attire includes:
 - Tank tops, halter tops and midriff baring tops
 - Hoodies or sweatshirts
 - Sweatpants, exercise pants, or workout attire
 - Shorts
 - Pajamas
 - Flip-flops
- Extreme or obscene tattoos cannot be visible and must not be offensive or cause disruption in the workplace.

- No facial or body piercing may be visible with the exception of earrings and piercings that are worn for religious reasons. Piercings worn for religious reasons must not be offensive or cause disruption in the workplace.
- Shirts with potentially offensive words, terms, large logos, pictures, cartoons, or slogans are never allowed.
- No visible undergarments.
- Perfumes, colognes and lotions should only be mildly scented.

All clothing must conform to general standards of modesty. All clothing should be clean and neat, All clothing worn by employees must be modest, decent and in no way provocative or offensive to others. Travel team members should refer to the travel team policies and procedures manual regarding appropriate dress code while traveling. When coming into the office for any reason, you must conform to the office dress code.

9.12 Telephones. Telephones are provided primarily for business purposes. Personal phone calls should not be made or received during the workday. In recognition that personal calls occasionally cannot be avoided and must be made or received, the calls should be kept to a minimum and be conducted during breaks or meal times, when practical.

9.13 No Solicitation. Employees of the Company are not permitted to solicit other employees for funds, contributions, and memberships or for any other purposes on Company property. Distribution or circulation of solicitation literature, documents, or any other type of written material, or any solicitations conducted via email will not be permitted on Company property at any time. Similarly, the posting of written solicitations on Company bulletin boards is restricted to Company business only.

Persons not employed by the Company are prohibited from solicitation or distribution of notices, literature, pamphlets, or other material for any purpose in any Company area, subject to the requirements of federal and state law.

9.14 Discipline, Suspension and/or Discharge. Disciplinary action is at the discretion of Crexendo, Inc. and may include:

- Verbal Warning;
- Written Warning;
- Suspension with or without pay; or
- Termination of employment.

However, employment may be terminated without prior discipline or without prior notice at the sole discretion of the Company. Further, nothing herein should be construed as a representation that disciplinary action will be or should be imposed in the order above.

9.15 Hire of Family Members and Rehire of Former Employees. Family members of current employees and former employees of the Company may be hired/rehired only with the permission of the Chief Executive Officer or President of the Company. Employees who are rehired after leaving the Company for any period of time may receive prior employment service credit with the permission of the President of the Company. Those employees will accrue paid time off at the accrual rate used prior to termination. However, from that time, those employees will fall under the Paid Time Off policy currently in effect in regards to accrual rate and years of service. The rehire date will become the employment date for eligibility for all other Crexendo, Inc. benefits.

9.16 Background checks. All employees are required to submit to background checks before being employed and during employment. Your employment with the Company is conditional upon our review of the information received from the background investigation. All background investigations will be conducted within the guidelines of the Fair Credit Reporting Act. Upon employment, you received a copy of your rights under the Fair Credit Reporting Act. If you need an additional copy, or if you have any questions or concerns, please see your manager or contact the Human Resources Department.

9.17 Credit checks. Certain employees who collect credit card, handle cash or collect payment information or have access to said information are subject to a credit check before and during employment. Should an employee begin work prior to credit check results being received by the Company, such employment is conditional subject to such results. All credit checks will be conducted within the guidelines of the Fair Credit Reporting Act. Upon employment, you received a copy of your rights under the Fair Credit Reporting Act. If you need an additional copy, or if you have any questions or concerns, please see your manager or contact the Human Resources Department.

10. Travel Policy

10.1 Travel Policy Overview

This policy is intended to provide employees with procedures and guidelines to facilitate reimbursement of reasonable and necessary travel expenses. It is the Company policy to reimburse employees for ordinary, necessary and reasonable travel and other business related expenses when the expense specifically relates to Company business. Employees are encouraged to use conference calls and other technology to reduce travel expenses when possible. Employees are expected to exercise business judgment regarding expenses covered by this policy. Any item not covered in this policy may not be reimbursable, or may require a written explanation with prior approval before it can be processed for reimbursement.

Non-compliance with this policy may result in:

- Delay or withholding of reimbursement
- Disciplinary action, up to and including termination

Responsibility

The employee incurring the business expense is responsible for complying with this policy, which includes ensuring the expenses are for an appropriate business purpose and are reasonable. It is the employee's responsibility to submit expenses for reimbursement with the proper documentation in a timely manner. Original receipts must be provided, neatly affixed to the expense report form and submitted to your manager for approval.

The employee's immediate supervisor or manager must ensure employees traveling on Company business and incurring reimbursable business expenses have read and understand this policy. The approver is responsible for accurately reviewing expense reports for compliance with this policy and determining if the expenses are within the department's budget.

The immediate supervisor or manager reviewing the expense report is responsible for auditing submitted expenses for compliance with the policy.

Non-compliance with this policy may result in the Company withholding reimbursement for expenses incurred. Incomplete expense reports will be returned to the employee for correction.

Expense reports should be submitted as soon as possible, and not later than the 10th day of the subsequent month. Expense reports filed more than 90 days after the completion of a trip or occurrence of a business expense **will not** be reimbursed. For instances where the report will not be completed by the 10th day of the subsequent month, please provide accounting with an estimate of expenses incurred, so these expense can be properly reflected in our financial statements.

Note: Employees who make travel arrangements outside the scope of this policy may be personally liable for the expenses incurred.

Reimbursements for expense reports are included with biweekly paychecks. It is important to submit expense reports and receive approval before the payroll processing cut-off date which is the Thursday before payroll week.

Travel Authorization

Approval from the department manager or Executive is required before domestic or international travel arrangements can be arranged.

Travel Expense Guidelines

The general guidelines covering reimbursable business travel expenses are:

- The expense must be reasonable
- The expense must be for a specific business purpose, and
- Every effort should be made to save the Company money
- Airfare in excess of \$400 must be approved by an Executive prior to booking travel

Employees are expected to advance the cost of travel on their personal credit card for both domestic and international travel.

Exceptions to Policy

Exceptions to this policy may be necessary from time to time. For example, an employee may lose a receipt that is required for reimbursement. If an employee loses a receipt, the employee should complete the Missing Receipt Form and include an explanation of the expense incurred, the date of the expense, the amount of the expense, the business purpose for the expense and when possible, a credit card statement showing the charge. Approvers must approve and sign the written explanations for these exceptions. Significant exceptions require approval on the expense report form by an Executive.

Travel time for Non-exempt Hourly Employees

Non-exempt hourly employees will be paid their normal rate of pay for all time spent traveling that intersects with their normal schedule. Any additional time outside of their normal schedule spent on a flight, driving to and from the business destination, or time spent driving to and from the airport in excess of their normal commute will also be paid at their normal rate of pay.

Spouse/Companion Travel

The Company will **NOT** reimburse travel and other expenses incurred by a spouse or other individual accompanying an employee on business. A spouse or other individual may accompany an employee on a business trip at the employee's expense.

Combining Personal Travel with Business Travel

Personal/vacation travel may be combined with business travel, provided there is no additional cost to the Company. Personal expenses are non-reimbursable.

Company travel coordination resources should not be used to book family travel or other personal travel arrangements.

10.2 Airlines

Airfare

Employees and those acting on the Company's behalf are required to obtain the lowest, logical, published economy airfare available. Non-refundable tickets should be purchased, **if** travel is reasonably assured. Employees should make every effort to purchase domestic airfare 15 days or more in advance to avoid higher priced airfare. To obtain lowest logical airfare, employees should accept reservations within a minimum of 2 hours before or after the requested departure/arrival times; be willing to accept at least one stopover and/or connection; to obtain advance ticketing discounts. Employees may **NOT** specify a preferred carrier when less expensive options are available. Airfare in excess of \$400 must be approved by an Executive prior to booking travel

Air travel should be in coach class for travel within the same continent. Upgrades, early bird check-ins, and other premium services are allowed at employee's expense. Upgrades must **NOT** be charged on a corporate credit card or account. A higher priced coach class ticket may not be purchased to receive a free upgrade.

Lost Baggage

The Company is not responsible for lost baggage. Lost baggage issues should be handled by the airlines.

Delays/Cancellations/Unused Airline Tickets

Airlines occasionally offer free tickets or cash allowances to compensate travelers for delays and inconveniences due to overbooking, flight cancellations, changes of equipment, etc. Employees may volunteer for denied boarding compensation only if the delay in their trip will not result in any interruption or loss of business. For non-exempt hourly employees, travel time incurred as a result for volunteering to take a later flight will not be paid for additional time resulting from volunteering for denied board compensation. When a trip is canceled after an airline ticket has been issued, the employee should consult the Accounting Department to determine whether it is possible to use the same ticket for future travel or obtain a refund.

Change Fees

Every effort should be made to avoid changing flights, which result in additional fees. Change fees will be reimbursed upon Executive's advance approval. Employees should sufficiently document the reason for the change in their expense report.

Baggage Fees

Employees should attempt to travel without incurring any additional baggage fees when possible. Excessive or avoidable baggage fees may not be reimbursed.

Frequent Flier Programs

All rewards for frequent travel belong to the employee. However, participation in these programs must not influence flight selection resulting in incremental cost to the Company beyond the lowest available airfare.

Airport Parking

The Company will reimburse parking at the airport. When parking at the airport you should use the economy long term lots. If you choose to use short term parking, you will be reimbursed at the long term rates.

10.3 Lodging

Hotel Selection

Employees should reserve standard rooms at reasonable priced hotels. Reasonable rates will vary from city to city and every effort should be made to find the best rate available. Use of discount websites such as hotwire.com and priceline.com is encouraged to obtain lowest rates. Look for hotels that offer free parking, free internet service and/or free breakfast. Employees are entitled to stay in a single room with a private bath. Employees are required to stay at properties in close proximity to their destination or place of business and properties where there are Company-negotiated rates, if feasible. Employees staying a week or longer should inquire about weekly/long term discounts. As with frequent flier programs, all rewards for hotel stays belong to the employee. However, participation in these programs must **not** influence hotel selection.

If an employee plans on arriving late, it is the employee's obligation to guarantee the reservation for a late arrival to avoid unnecessary costs. Sauna and spa treatment expenses (such as massages) are **NOT** reimbursable. Movies and incidentals are NOT reimbursable. Fitness room charges are also **NOT** reimbursable. Internet services will be reimbursed if they are business related. Employees are strongly encouraged to use their cell phones in place of using hotel phones to avoid excessive hotel charges. Employees whose cell phone use is reimbursed are REQUIRED to use their cell phones.

Hotel Cancellation Procedures

If the employee cancels a room reservation, the reservation must be canceled according to the hotel's cancellation policy to avoid unnecessary charges. If the cancellation is made directly with the hotel, employees are advised to request and retain a "cancellation number" as documentation of the

cancellation. Any charges incurred by the employee due to not cancelling a room reservation according to the hotel's policy may not be reimbursed.

Tip and Gratuities

Tipping a porter, bellman, or valet attendant should be based on the quality of service rendered. Lavish or unreasonable gratuities may be refused for reimbursement. Receipts are not required for these tips, however proper documentation in the expense report is required and the fact that no receipt is attached should be documented. Unreasonable gratuities and tips will not be reimbursed.

10.4 Ground Transportation

Taxis and Shuttles

Whenever practical, the airport or hotel shuttle service should be the preferred method of transportation. Taxis and car rentals should be used only when they represent a more reasonable alternative. When traveling by taxi, bus or train, obtain a receipt as documentation of the trip. Tipping for taxi or shuttle services should be reasonable and not excessive.

Car Rentals

Employees should always choose a compact model car unless a larger one is necessary for equipment or additional travelers. Employees shall inspect the rental car carefully before leaving the rental site, making note on the agreement of all dents, scratches or other defects. Additional fees for Satellite radio or other upgrades are not reimbursable. GPS should be declined unless renting outside the North American continent. A detailed receipt is required for all rental vehicles and should be submitted with your reimbursement.

Rental Car Insurance

The company has corporate collision and property damage insurance coverage for rental cars while employees are on Company business. When renting cars within the United States and Canada, it is imperative that all insurance coverage offered at the car rental counter is **DECLINED** because additional insurance is not necessary.

Employees driving vehicles rented for Company purposes must have a valid driver's license.

Rental Car Returns

Every effort should be made to:

- Return the rental car with a full tank of gas to avoid costly gasoline charges imposed by the car rental vendors,
- Return the car to the original rental location to avoid drop-off charges; drop off charges may not be reimbursable if those charges could have been avoided,

- Verify that the correct rate was charged. Employees should not accept rental car companies' options to pre-purchase a full tank of gas or allow the rental Company to charge for fuel. Gasoline charges are fully reimbursable for business purposes, and
- Obtain a detailed receipt for all rental vehicles as this will be required to be submitted with your expense reimbursement.

Personal Car Usage

Personal car usage for business purposes will be reimbursed at the current federal rate per mile. Employees also may be reimbursed for tolls, parking and/or other costs incurred while using their personal automobile. Employees will not be reimbursed for any repairs to their personal car even if these costs are a result of business travel. Accidents related to personal automobiles that occur while on Company business are covered by the automobile owner's insurance. To be reimbursed for use of personal car use for business, employees must include on their expense report the purpose of the trip, dates of travel, travel destination and mileage. The total amount reimbursed should not exceed equivalent airfare, if applicable.

For employees that receive a monthly car allowance, no car reimbursements will be made unless the employee is required to drive further than 250 miles round trip. In situations that employees with a monthly car allowance are required to drive 250 miles or more for a business related activity, the employee may submit reimbursement for actual gasoline expenses. The total amount reimbursed should not exceed equivalent airfare, if applicable.

10.5 Telephone and Internet

Internet (ISP) Reimbursement

Internet services, regardless of forum- hotel, trains, planes etc., are reimbursable if they are business related and reasonable. However, we encourage employees to utilize free internet access that is generally offered at hotels, cafes, and other public areas.

Internet will not be reimbursed for use at the employee's personal residence. Any exception to this policy will require approval from the Chief Financial Officer.

Telephone

Eligible employees will be reimbursed for cellular telephone service based upon the allowance rate table below. The cell phone service is personally owned and should be established in an employee's name, not Crexendo, Inc's. An employee with a cell phone allowance must maintain an active cell phone contract for the life of the stipend. All individuals are responsible to pay the entire monthly service charges directly to the provider of their choice.

Eligible employees will be required to submit their cell phone bill through an expense report and will be reimbursed the actual amount of the cellular

telephone bill or the amount set for forth in the allowance table below, whichever is less.

Position	Allowance
Manager	\$70
Director	\$70
Engineers/IT	\$70
Sales Representative	\$100
Vice President	\$100
Executive	\$100

All other employees are not eligible for cellular telephone reimbursement. In situations that a specific job requires an employee to have a cell phone or to be reimbursed outside of the allowance table above, the amount must be approved by the Chief Financial Officer.

The Company does not reimburse for the purchase of a cellular telephone device.

10.6 Business Meals and Entertainment

Personal Meal Expenses

Employees traveling out-of-town on business trips are reimbursed for reasonable out-of-pocket meals. Employees are required to submit receipts for all meals to be reimbursed. All meal receipts must include: The name of the Vendor; Date of Purchase; Amount and Itemized detail of food purchases. *When taping receipts to a piece of paper, be sure to not tape over any of the previously listed items.* Tips and taxes on actual meal receipts are reimbursable. **Each meal (breakfast, lunch, and dinner) must be recorded separately on the expense report.** The general guideline governing reasonable out-of-pocket business meal expenses is that total expenses for meals should not exceed fifty dollars (\$50) per day.

Business Meal Expenses

Business meals are where an employee eats with customers, business clients, prospects or associates, and during which a specific business discussion takes place. Employees will be reimbursed for business meal expenses according to actual and reasonable cost. IRS regulations require all claims for reimbursement of business meals expenses to include: the names of the persons entertained; their business affiliation; the name and location of the facility where the event took place; the exact amount and date of the expense; and the specific business topic discussed. Business meal expenses should be reasonable and necessary to conduct business. Each meal (breakfast, lunch and dinner) must be recorded separately on the expense report.

Tipping for Meals

Tipping for services provided on a meal are reimbursable. Tips should be reasonable and reflect the level of service provided. The standard US rate for tipping ranges from 15% to 20%, tips totaling more than 20% of the bill will be considered excessive and may not be reimbursed.

Entertaining Customers

Entertainment expenses include events wherein a business discussion takes place during, immediately before, or immediately after the event. Entertainment must be in good taste and reflect positively on the Company. Employees will be reimbursed for entertaining customers if the persons entertained have a potential or actual business relationship with the Company. These expenses should not be abused and are reimbursable after the event.

Unacceptable Receipts

The following receipts are **NOT** acceptable:

- Restaurant tear tabs
- Credit card billing statements
- Photocopies
- Receipts which do not list name of vendor; date of purchase; and an itemized detail of the expense and purchase amount

Incorrect or Incomplete Expense Reports

Expense reports that are incorrect or incomplete may be returned to the employee for correction; may result in delay of reimbursement; or deduction of specific items.

10.7 Non Reimbursable Items

Airline club membership dues or upgrades
Annual fees for personal credit cards
Barbers and hairdressers
Birthday cakes/cards; Birthday meals for employees
Car washes for a personal vehicle
Cigarettes, cigars or any tobacco products
Clothing, including socks, ties, nylons, etc.
Credit card delinquency fees, finance or interest charges
Country club dues
Excessive personal telephone call/charges
Expenses for Travel companions/spouse/family members
Expenses related to vacation or personal days while on a business trip
Flowers for employees
Golf fees (when not part of customer entertainment)
In-flight telephone charges
Loss or theft of personal funds, baggage or property
Luggage and briefcases
Magazines, books, newspapers
Medical bills incurred during travel
No Show charges for hotel or car service
Optional travel or baggage insurance or personal property insurance
Parking or traffic tickets/fines
Personal accident insurance
Personal cell phone service charges
Personal entertainment while traveling
Private aircraft travel
Rental car insurance within US and Canada
Rental car Company gas fill-ups or options to pre-purchase full tank of gas
Rental car upgrades
Routine vehicle maintenance/tune-ups
Sauna/Spa treatments
Season tickets to sporting events
Shoe shines
Souvenirs/personal gifts
Vehicle repairs due to accidents
Toiletries such as toothpaste, toothbrush, deodorant etc.
Transportation between home office and personal residence
Travel agency fees

11. Employee Files

Employee files are the exclusive property of the Company. Such records are treated with confidentiality for your protection. You may examine your file and others may examine your file if they have a legitimate need to do so. However, any person seeking review of an employee file, other than the employee, must obtain permission from the Human Resources Director, CFO, President, or Chief Legal Officer. Examination of the file must be done by appointment and in the presence of the Human Resource Director. A written request for an appointment to review your file should be made through the Human Resources Director, CFO, President, or Chief Legal Officer. At no time will copies be made of the contents of an employee's file.

12. Authorized Absences

12.1 Family and Medical Leave Act (FMLA).

Any employee who has been employed by the Company at least 12 months and has worked at least 1,250 hours during the 12 months preceding the commencement of a leave of absence is eligible for unpaid family and medical leave ("FMLA leave") if other conditions are met. Certain high-level employees may be excluded from this coverage.

An eligible employee may take FMLA leave for one or more of the following reasons:

- The inability of the employee to perform the functions of his or her position due to a serious health condition or pregnancy disability.
- To care for the employee's newborn child, if within twelve (12) months after the birth of the child.
- To care for a child who has been placed with the employee by adoption or foster care, if within twelve (12) months after the date of placement.
- To care for the spouse, child (under 18 years or disabled) or parent of the employee who has a serious health condition.

Each eligible employee may be granted an unpaid family or medical leave for a period up to 12 weeks during any 12 month period. The 12 month period is a rolling period measured backward from the date an individual uses an FMLA leave. When both spouses are employed by the Company, certain limitations may apply to length of leave.

The Company will also provide leave for eligible employees with family members on active duty with the Armed Forces, including the National Guard and Reserves, as defined by the Department of Labor Regulations. The company will provide up to 26 weeks of leave, in a single twelve month period, for an eligible employee to care for his or her service member spouse, child, parent or next of kin who is recovering from a serious injury or illness incurred in the line of duty, which may prevent the service member from performing the duties of his or her office, grade, rank or rating.

The Company will also provide up to twelve weeks of leave in a single twelve month period, to an eligible employee for any non-medical "qualifying exigency" arising out of the employee's spouse, child or parent either being on active duty or being called to active duty. A "qualifying exigency" is recognized as any issue directly arising from deployment or extended deployments and includes but is not limited to: making legal, financial, economic, childcare, or other familial arrangements; attending deployment or return meetings, sessions or ceremonies; attending family support sessions, and;

attending to the affairs caused by the missing status or death of a service member.

Employees may use any earned vacation and any available vacation and personal leave at the beginning of any FMLA leave. The employee's remaining FMLA leave is unpaid. The company may require the use of earned vacation and personal leave time at its discretion.

An employee must submit a written FMLA leave request 30 days in advance for foreseeable needs, or as soon as possible in emergencies. After the request is made, the employee may be required to submit medical certification of the serious health condition. If medical certification is not returned within 15 days or is found deficient and not corrected within 7 days, an employee will not be entitled to the leave.

The company may require the employee to report periodically regarding status and intent to return to work. The company will consider any employee who fails to return to work at the designated time to have resigned.

If health insurance was provided to the employee at the time of leave, then Crexendo, Inc. will continue to maintain the insurance during the course of the FMLA leave. The employee will continue to be responsible to pay his/her share of the monthly health insurance cost during the FMLA leave. If an employee fails to return to work after the FMLA leave has ended, the Company may recover, with certain exceptions, the health insurance premiums paid by it on the employee's behalf. An employee is considered to have returned to work if the employee returns to work at the designated time and works for at least 30 calendar days.

Medical certification of fitness for duty may be required prior to an employee's return to work. An employee (except for certain highly compensated employees) will be reinstated to the same or an equivalent position upon the Employee's return to work.

The full extent of FMLA coverage and regulations are too extensive for inclusion in this handbook. If you have questions, please contact the Human Resources Department.

12.2 Leave of Absence. If you do not qualify for FMLA or in other special circumstances, the Company may grant unpaid personal leave of absence. You should discuss the reason for the leave with your immediate supervisor, who will submit the request for approval. A personal leave of absence must not interfere with normal operations.

If leave is granted, all vacation, PTO, etc., must be used. During such leave, it is your responsibility to maintain contact with your manager. If you are in good standing, you may return to your previous or similar position, unless the Company has eliminated or filled the position while you were on leave. Should this occur, the Company may, but is not required to, assign you to an open position for which you are qualified. However, upon your return from a personal leave of absence, you are not guaranteed re-employment.

If you do not return from your leave of absence on the day indicated in the original request, your employment will be terminated effective the last day of approved leave. All benefit premiums must be paid to the Company while out on personal leave.

12.3 Military Leave. If an employee is a member of the US Armed Forces Reserve or National Guard, an unpaid leave of absence will be granted when called for active duty or training. The employee may voluntarily request the use of accrued vacation during this absence. An employee must give notice of training and/or active military duty as soon as she/he is notified. Upon proper separation and return from active military service, an employee will be placed in the original position or one of like seniority, status and pay.

12.4 Bereavement Leave. All Crexendo, Inc. employees are eligible to receive paid time off for making arrangements, settling family affairs, bereavement, and/or attending the funeral or memorial service of a member of the immediate or extended family. Crexendo, Inc. reserves the right to require documentation of the death (e.g., death certificate, obituary, documentation from funeral home). Time off for death in the family is arranged by notifying the employee's manager and completing a request for time off form. If additional time is needed or in the event of the death of a person who is not a family member, unpaid leave or vacation time may be taken, subject to manager approval.

Time Allowances

A maximum of five (5) days off with pay is permitted upon the death of an employee's

- spouse
- child or step-child
- brother or sister
- parent or guardian or step-parent
- son or daughter-in-law
- mother or father-in-law
- brother or sister-in-law

A maximum of three (3) days off with pay is permitted upon the death of an employee's

- grandparent or grandparent-in-law
- grandchild
- aunt or uncle
- niece or nephew

12.5 Jury Duty. All employees who are required to serve jury duty are authorized to take time off from work. The employee must give the Supervisor notice within 48 hours of receiving a jury summons. Employees will be paid their regular rate of pay, less compensation paid by the court to the employee for jury service. In order to receive jury duty pay, the employee must present a Court-issued statement of jury service to his Supervisor for each day that is missed.

12.6 Voting Leave. If your work schedule prevents you from voting on Election Day, the Company will allow you a reasonable time in which to vote. The time when you can go to vote will be at the discretion of your supervisor, consistent with applicable legal requirements. In order to receive pay for the time that you voted you must provide a voter's receipt.

12.7 PTO Policy. All employees (except for Executives and any others designated as part of a separate agreement) that work 40 hours or more a pay period (20 hours per week) qualify for use of accrued PTO (PTO) beginning the first day of the month following 30 days of service. Accrual of PTO will begin on the date of hire. If your employment terminated for any reason prior to your eligibility for PTO, you will not be paid out any accrued time.

For hourly employees, accruals will be based on hours worked as recorded by our time keeping system. For salaried and commissioned employees, your PTO will be accrued based on working an average of 80 hours per pay period.

During an employee's first and second year of service, he or she may accrue a maximum of 12 PTO days. During the employee's third and fourth year of service, he or she may accrue a maximum of 18 PTO days. During the employee's fifth and above years of service, he or she may accrue a maximum of 24 PTO days.

The Paid Time Off hours will accrue as follows:

Year	Full Time	Part Time 4	Part Time 6
0-2	3.70	1.85	2.77
3-4	5.54	2.77	4.15
5 & up	7.39	3.69	5.54

Maximum Accrual Days

Year	Full Time	Part Time 4	Part Time 6
0-2	12	6	9
3-4	18	9	12
5 & up	24	12	15

All PTO days/hours earned should be taken within twelve months from its year anniversary, however employees are allowed to “roll over” PTO time from the prior year as long as it does not exceed the maximum PTO days allowed based on years of service. Once an employee reaches his/her maximum allowed PTO days, paid time off accrual will cease until PTO time falls below the maximum. We realize that family emergencies may arise from time to time but request that you pre-schedule all personal leave time, when possible, to avoid staffing issues. All vacation time must be pre-approved and pre-scheduled with your manager, and may be taken in hourly increments. In most cases, PTO schedules will be approved and granted on a first come, first serve basis.

To request PTO, please fill out an absence request form and submit it to your supervisor for approval. Any employee found taking PTO without submitting PTO hours is committing a fraudulent act and will be subject to disciplinary action up to, and including, termination.

If you terminate your employment and give a minimum of a two-week notice or are involuntarily terminated, you will be paid for all earned and unused PTO time (or in accordance with any applicable state laws).

12.8 Paid Holidays. Employees will receive ten (10) paid holidays each calendar year, eight (8) fixed and two (2) floating. Full time employees will be paid for 8 hours. Part time employees will be paid either 4 or 6 hours based on their classification. It is at the company’s discretion to decide which days will be observed if a holiday falls on a weekend; however, when a fixed holiday falls on Saturday, the holiday normally will be observed the preceding Friday; when it falls on Sunday, the holiday normally will be observed the following Monday.

The fixed holidays are:

- New Year’s Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Eve
- Christmas Day

The two (2) remaining paid days will be considered floating holidays that may be used to observe other religious, civic or personal occasions (preferably to extend a holiday weekend). Holidays are available as of your first day of employment. Employees starting employment with the Company on or before June 30th will receive two (2) paid floating holidays. Employees starting on or after July 1st will receive one (1) paid floating holiday. Those employees starting in the last quarter of the year will not receive either of the two paid floating holidays for that calendar year. The request to use a floating holiday must be submitted in writing to your manager using an absence request form no less than two weeks in advance and are granted on a first come, first serve basis. If any holidays are not taken during the calendar year, they will be forfeited. Holidays will not be paid out at termination.

12.9 Eligibility of Benefits. All employees who work 30+ hours per week will be eligible for insurance, paid time off and paid holidays. At the end of each quarter the hourly employee time worked will be reviewed, if the employee has worked 30+ hours eleven of the thirteen weeks of the previous quarter they will qualify. If they have not met the requirements, their benefits will change to a part time (4 hr.) status for the next quarter only. If during that quarter they work eleven 30+ weeks, their benefits will be reinstated at the beginning of the next quarter. The quarters are 13-week period ending with the last Saturday in March, June, September, and December.

13. Unauthorized Absence and Tardiness

Employees are expected to report to work on time and to observe established working hours. Absenteeism reduces service to the customer, increases workloads on remaining staff, and negatively impacts staff morale.

Crexendo, Inc. considers an employee to be absent if he/she is not present for work during scheduled work hours, including reporting late for work or returning late from lunch. Thus, each employee shall be at his/her designated work place ready to work at the scheduled starting time on scheduled workdays and after lunch breaks. An employee's failure to call in or show up ("no call/no show") may result in disciplinary action, up to and including termination. Failure to report for work or to call for two (2) days will be considered a voluntary resignation and the employee will be classified as non-rehireable.

If an employee is to be absent due to illness, injury or other urgent matter or if an employee is to be tardy, he/she must notify the immediate Supervisor no later than ½ hour prior to the start of the work day by calling and speaking to the supervisor (text messaging and/or e-mail are not acceptable for notification). The employee must personally call the Supervisor each day of a sick leave. The Company reserves the right to question the basis for the absence, receive a written explanation and, if medically related, secure medical documentation.

For hourly employees, a physician's note is required after 2 consecutive days of sick leave.

Even with proper notification, excessive absences or tardiness will be grounds for disciplinary action, up to and including termination.

The failure to directly notify the Supervisor of the unexpected absence or tardiness will be considered an unexcused absence and will result in disciplinary action, up to and including termination.

13.1 Job Abandonment. If an employee fails to show up for work or call in with an acceptable reason for their absence for a period of two (2) consecutive days, they will be considered to have abandoned their job and voluntarily terminated their employment. A letter detailing the change in their status will be mailed by Fed Ex, certified mail or something similar. The final paycheck will follow the normal payroll processing guidelines for other voluntary terminations.

14. Benefits

Health, dental, vision, life, disability and all other options under our benefits plan will be available to all full-time and part-time employees beginning on the first day of the month following three (3) months of employment. Health, dental, vision and supplemental life insurance coverage for the employee's family is also available for an additional cost that can also be deducted from the employee's pay.

Premiums will be deducted from the employee's paycheck on a semi-monthly basis. Please see the benefits enrollment packet provided by Human Resources at date of hire for information on coverage and cost of the plans. If you choose not to participate in our health insurance programs or do not complete your enrollment online, you will not have another opportunity to enroll until the next open enrollment period or until you experience a qualifying change of status (i.e. marriage, divorce, birth of a child, loss of coverage) and all coverage will be defaulted to a waived status.

14.1 Gym Membership Healthy and happy employees are important to Crexendo, Inc. This policy allows for all employees (PT/FT) whether enrolled in medical benefits or not, the ability to participate in a gym membership.

Employees may purchase a gym membership with any gym of their choosing and will receive the following benefits:

- *Reimbursement of gym membership **up to** \$20.00 (based on attendance)
- \$1 credit for each day of attendance - not to exceed \$20.00.
- Documentation of attendance and payment from the gym must be turned in quarterly to the Human Resources Department along with an Expense Reimbursement form found on the HUB. The Expense Reimbursement form must be turned in within 30 days of the end of each quarter. In some cases, a gym may only be able to provide the number of days of attendance (not dates) in the quarter. In those situations, reimbursement will be made based on the total number of days attended averaged over the three-month period.
- Reimbursement will appear on employees pay check once per quarter. Employees that do not work the full quarter will not be eligible for reimbursement.
- *Executives will be reimbursed up to a maximum of \$50 per month for the cost of their gym membership. Receipts should be submitted on an expense reimbursement form for reimbursement

14.2 Continuing Education Policy and Tuition Assistance. It is the policy of Crexendo, Inc. to provide a comprehensive education and professional development program for its employees. Eligible full-time employees may

receive reimbursement toward tuition according to the conditions established in this policy.

Eligibility

In order to be eligible for this program, employees must:

- Be an active full-time employee with at least one year of continuous employment; and
- In return for tuition reimbursement agrees to provide two years of employment for each semester reimbursed. Each two year period will run concurrently.
- Have satisfactory job performance in current position.

Policy Details

- Eligible employees may receive tuition reimbursement for 100% of approved undergraduate and graduate course tuition, up to a maximum of \$2500 per semester and up to \$5000 per fiscal year; Crexendo, Inc. will comply with IRS rules regarding taxation of tuition reimbursement proceeds.
- Upon completion of 12 months of continuous employment, employee may request reimbursement for all approved courses completed while employed by Crexendo
- Any courses for which this program will be applied must be pre-approved by the employee's supervisor, as well as either the CEO, President, CFO, or CTO. Applications must be received no later than two weeks prior to the start of the course for which reimbursement is being requested.
- Degrees need to be related to the employee's current position, or a position within the company
- Courses must be taken by a US Board of Education accredited institution
- Employees must successfully complete courses with a "B" average to qualify for reimbursement.
- Classes are expected to be scheduled outside of working hours; any special considerations or exceptions are at the manager's discretion.
- Employees who do not fulfill their two year employment commitment will be required to return a prorated portion of all reimbursements to Crexendo, Inc. Any amounts owed will be taken out of the final paycheck. If any amount is remaining, the employee will be required to pay at the time of termination or resignation. If such payment is not made, the matter will be referred to collections.
- Proration begins from the day the reimbursement is paid to employee.
- The employee shall make repayment pursuant to the following schedule:
 - **Each Semester**
 - Less than ½ year employment 100% employee repayment
 - ½-1 year of employment 75% employee repayment
 - 1 year employment 50% employee repayment
 - 1 ½ years of employment 25% employee repayment

- 2 years of employment
 - No repayment
- This policy is intended to reimburse for tuition costs. Non-reimbursable costs include, but are not limited to:
 - Textbooks
 - Lab fees
 - Service fees
 - Admission tests
 - Activity fees
 - Out of state resident fees/courses
- This policy does not override the employee's at will employment status and is not to be construed as an employment contract. Nothing in this policy guarantees continued employment or income.

Process

- Employee completes the Tuition Reimbursement Request form and has the course work approved by their manager, as well as either the CEO, President, CFO, or CTO.
- Supervisor verifies eligibility, makes determination, and if approves, forward to the Department of Human Resources for final approval
- Upon successful completion of the course(s), the employee must submit required documentation within 90 days of the course end date; documentation must clearly show tuition costs and grades with a "B" average.
- Upon receipt of required documentation, the Department of Human Resources will submit for reimbursement.

14.3 401(k)

The Company sponsors a retirement savings plan through our 401(k) plan. All employees are eligible to participate once they have reached age 21 and will be enrolled on the first day of the month following 90 days of service. Details regarding the plan, the investments, automatic enrollment, the employer match and vesting schedule are available from the HR department or online through the 401(k) provider's website. A booklet detailing the plan will be given to employees within the first 30 days of hire.

15. Garnishments

Crexendo, Inc. complies with applicable federal and state laws and regulations relating to the garnishment of wages. Garnishments are processed through the accounting office. The employee will be provided with a copy of the Writ of Garnishment, where required.

16. Workers Compensation

Crexendo, Inc. complies with state requirements to provide Workers Compensation Insurance to all employees.

Employee must notify the HR office immediately of any work related injury. Preliminary Accident Report forms are available through the HR office, and need to be completed and returned to the office within 3 days of the accident.

17. Separation from the Company or Termination

When separating from the Company, or in case of termination, employees are required to turn in all of the company property in their possession, including but not limited to: credit cards, keys, and all Company equipment. Employees must file outstanding expense reports and cash advances, if any, with the accounting office on or before the last day of employment.

Failure of employee to return company property may result in further legal action.

The employee's immediate Supervisor or Human Resources may conduct an exit interview on the last day worked. This session may also include collection of any remaining company property, arranging for the mailing or pick-up of final check, and a discussion of applicable benefits.

In the event of an employee's death, final pay will be forwarded to the employee's designated beneficiary.

18. Media Policy

At times, members of the media seeking information regarding the Company may approach you. It is important that our Company's message to the public be uniform and completely truthful. Consequently, all media questions to any employee should be referred to Jeffery Korn, Chief Legal Officer, at 801-431-4630.

19. Social Media Policy

Crexendo, Inc. strives for a balanced online dialogue. When we moderate postings to the company blog, or run across any postings put on public access social media, we expect our employees to act in a professional manner.

If you participate in social media, such as MySpace, Facebook, LinkedIn, Twitter, YouTube, a blog, etc. on business or personal time we expect you to follow the following guidelines. If you have any questions about this policy, please contact the human resources department, for further information or clarification.

1. **Prohibited Conduct** - The Company absolutely prohibits revealing its name on social media or other websites, which include sexual, violent, or illegal content. It also prohibits postings on any social media discussing competitors or their products or services, without express permission to do so. The same goes for clients, customers, and potential clients and customers. The company also prohibits language that is defamatory, harassing, disparaging, or violates obscenity laws.
2. **Transparency** - Always identify yourself; especially if you're saying anything related to our business, including our company, the competition, or any products on the marketplace. Indicate you are a company employee where appropriate.
3. **Have Integrity and Be Honest** - Stick to your area of expertise. Don't pretend to be a know-it-all. Half-truths and outright lies will be quickly ferreted out by today's social media watchdogs, competitors, regulators and others. Whether it's a comment you make on a MySpace page or in an update to a Wiki page, chances are, somebody may be monitoring your activities; if not the company, the government, the corporate media, or some other watchdog is likely to be paying close attention.
4. **Your Opinion vs. Company Opinion** - Unless you have *specific permission* to speak on behalf of the company, clearly indicate that all postings represent *your opinion*. When posting to any site outside of the company, please use the following disclaimer: "The postings on this site are my own and don't necessarily represent the company's positions, strategies, or opinions."

5. **Protect the Brand** - Be careful when using the company brand, logos, copyrights, trademarks, etc. If you intend to use them on social media at all, you must obtain permission prior to doing so. Same with the property of any client, customer, or competitor.
6. **Company Policies and Procedures Apply** - Your social media activities are subject to the same policies and procedures as your other workplace activities. So, for example, if it is inappropriate to engage in sexual harassment while at work, then it is equally inappropriate to do so through the context of social media. This policy is also meant to support and integrate with our internet and emailing policies.
7. **Confidentiality** - Maintain the confidentiality of company, client, and customer information. Just like you can destroy the value of a company trade secret by sharing too much information at a trade show, you can do likewise while posting it online. If you're not sure what is/isn't appropriate to share in these areas, please do not hesitate to seek out advice first. If you do not feel comfortable speaking about this with your supervisor, please contact human resources.
8. **Take Advantage of Social Media Privacy Settings** - Protect your personal information. It will help avoid identity theft, scams, and other risks.
9. **"Friending"** - If you are in management, think twice about friending an employee.

20. Code of Business Conduct and Ethics

20.1 Introduction. At Crexendo, Inc., we are committed to always doing the right thing. That is why we have an ethics and compliance program and why we publish this Code.

The Code is specifically designed to be part of an effective program to prevent and detect violations of law and conduct we believe is important.

Before you review specific principles, you should have a general sense of Crexendo, Inc., basic principles reflected in this Code. These principles are:

- We will always be truthful.
- We will adhere to both the letter and spirit of all laws.
- We will provide high quality products, service, and customer support.
- We will work to earn the respect of our customers, colleagues, vendors, and all parties we come into contact with as a consequence of our employment.
- We will be good corporate citizens.
- We will promote and sustain a work environment that fosters mutual respect, openness and individual integrity.
- We will be fair in all aspects of our business.

When faced with a business decision that seems to have ethical overtones, here are several questions you should ask yourself to determine if your actions are proper:

- Am I adhering to the spirit, as well as the letter of applicable law or Crexendo, Inc. policy that may be involved?
- Am I proud of my actions?
- What would others think of my actions?
- Could my actions involve negative consequences for me or Crexendo, Inc.?
- Are my actions consistent with the overall values set forth in this Code and the Crexendo, Inc. policy manual?

This Code is not just for our employees, officers and directors. All consultants, sales agents and representatives must be informed about the Crexendo, Inc., Code of Corporate Conduct. In some cases, U.S. or other countries' laws may impose on our business associates, including consultants, sales agents and representatives, an obligation to obey and to help us obey certain laws. Also, where the actions of our consultants, agents or representatives may be attributable to us, we must insist that they conduct themselves in accordance with this Code in carrying out those actions, and help us comply with applicable laws.

If you remain uncertain about what to do, stop and ask for help. Refer to the relevant section of this Code. Speak with your supervisor, or senior management.

If you have any doubt, ask for help.

20.2 Our Commitment. This Code affirms our commitment to the highest standards of integrity in our relationships with one another, customers, suppliers, shareowners, and others in the communities where we live and work. We all are expected to uphold these standards of professionalism, honesty and respect in all of our interactions with others, including colleagues in the workplace.

20.3 Accountability. It is ultimately the responsibility of the Board of Directors, the Compliance Committee of the Company and senior management, both directly and indirectly, to oversee compliance with this Code.

People who supervise others have a special responsibility to show, through words and actions, personal commitment to the highest standards of integrity. In particular, supervisors:

- Maintain an environment of open communication in which the Crexendo, Inc. commitment to integrity and honesty and the provisions of the Code and related policies and instructions are shared and discussed.
- Ensure their people understand the Crexendo, Inc. commitment to integrity and honesty and the provisions of this Code, and give them additional information and training, when appropriate.
- Take reasonable steps to ensure that unethical or improper conduct within their areas of responsibility is detected and addressed.
- Consider whether a person maintains the appropriate commitment to integrity and honesty before placing him or her in a position of responsibility.
- Ensure that all information necessary to meet disclosure and reporting obligations of the Company is accurately and completely compiled and communicated.

Because Crexendo, Inc. believes so strongly in ethical behavior, those persons who don't comply with the provisions of this Code and other Crexendo, Inc. plans and policies may be disciplined, up to and including termination or removal -- even for a first offense in appropriate circumstances -- and criminal prosecution may occur if the law has been broken.

The Compliance Committee and Board of Directors shall review or (cause to be reviewed) at reasonable intervals the various compliance plans and policies of the Company, and will annually review this Code.

20.4 Conflict of Interest A conflict of interest arises when an employee's personal interests conflicts with their responsibilities to Crexendo, Inc. As to employees, Crexendo, Inc. policy regarding conflicts of interest is straightforward: Employees may never let business dealings on behalf of Crexendo, Inc. be influenced – or even appear to be influenced – by personal or family interests and relationships. Employees, officers and directors may not use corporate property, information, or position for personal gain.

- Employees must never compete with Crexendo, Inc. and not enter into unauthorized business relationships with competitors.
- Employees, officers and directors should advance the Company's legitimate interests when the opportunity to do so arises.

The Company's General Counsel and outside counsel retained by the GC must conduct themselves in accordance with all applicable professional ethical obligations, which govern their profession and their relationship with their client, the Company. The Company's lawyers have a duty to comply with all rules and regulations promulgated by the Securities and Exchange Commission, as well as our internal policy, that may require them to report violations of law and breaches of fiduciary duties to the General Counsel or CEO and, if necessary, to the Audit Committee of the Board.

The Company will apply standards of full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with or submitted to the Securities and Exchange Commission and other government agencies.

The Company's accounting and financial employees must conduct themselves in accordance with all applicable ethical obligations, which govern their profession. Each member of the accounting department has signed Code of Ethics for the Company's Chief Executive Officer and Employees of the Company's Finance Department.

It is imperative that Crexendo, Inc. accounting, financial, and other systems provide accurate and timely reporting of transactions involving Crexendo, Inc. assets. Therefore, every accounting or financial record, as well as the underlying support data, must accurately describe the assets and transactions without omission, concealment or falsification of information, and must comply with applicable accounting standards and laws.

You should not have a financial interest in any organization that Crexendo, Inc. does business with or competes with if that interest would give you or would appear to give you a conflict of interest with Crexendo, Inc. Such organizations

include suppliers, competitors, customers, distributors and alliance companies. Financial interests in competitors usually will present a conflict of interest. To determine whether an improper interest exists, ask yourself the following questions:

- What is the extent of the competition or the nature of the relationship between Crexendo, Inc. and the other company? If the other company is in more than one line of business, how significant is the part that competes with or supplies Crexendo, Inc.?
- What is the size of my investment in relation to my salary and other family income, including income from other investments? Is it significant enough to cause me to take some action as a Crexendo employee to protect or enhance my investment?
- Given the nature of my job at Crexendo, Inc., could my actions as a Crexendo, Inc. employee affect the value of my investment in the other company? Could my actions significantly enhance my investment, even if it is a relatively modest one?

A financial interest is improper if your job, the amount of your investment, or the particular company in which you invested could--when viewed objectively by another person--influence your actions as a Crexendo, Inc. employee. You should not evade these guidelines on investments by acting indirectly through anyone else.

20.5 Insider Information and Trading of Company Stock. In the course of your employment with Crexendo, Inc., you may become aware of information about Crexendo, Inc., or other companies that has not been made public. The use of such nonpublic or "inside" information about Crexendo, Inc. or Crexendo, or another company for your financial or other benefit not only is unethical, but also may be a violation of law.

U.S. law makes it unlawful for any person who has "material" nonpublic information about a company to trade the stock or other securities of the company or to disclose such information to others who may trade. Violation of such laws may result in civil and criminal penalties, including fines and jail sentences. Crexendo, Inc. will not tolerate the improper use of inside information. These prohibitions also apply outside the U.S.

Material inside information is information which is not available to the general public and which could influence a reasonable investor to buy, sell or hold stock or securities. While it is not possible to identify in advance all information that could be viewed as material inside information, some examples might include nonpublic information about: Crexendo, Inc. or Crexendo's financial performance including earnings and dividend actions; acquisitions or other business combinations; divestitures; major new product announcements;

significant advances in research; and, other significant activities affecting Crexendo or Crexendo, Here are some examples of how you can avoid the improper use of inside information:

- If you know that Crexendo, Inc., is considering an alliance or is about to announce a new product or make a purchasing decision that could affect the price of the stock of Crexendo, Inc., supplier or other company, you should not buy or sell the stock of that company until after the information becomes public.
- If you are aware of financial results or have material information on performance of the company which has not been made public you may not trade in the stock of the company until that information becomes public.
- Similarly, if you know that Crexendo, Inc. or Crexendo, is about to make an announcement that could affect the price of its stock, you should not buy or sell Crexendo, stock on the open market until after the announcement.
- You should not buy or sell the stock of a customer or alliance company based on any inside information you have about that company announcement. You should not disclose inside information to Crexendo, Inc. employees who do not have a business need to know or to anyone outside of Crexendo, Inc.
- You may also not trade in Crexendo, stock during a “quiet period”.

If you have any doubt about what you can or cannot do in this area, you should consult with the General Counsel.

20.6 Gift Policy. Gifts offered by employees of different companies vary widely. They can range from widely distributed advertising novelties of nominal value, which you may give or accept, to bribes, which you unquestionably may not give or accept. Gifts include not only material goods, but also services, promotional premiums and discounts.

The following are Crexendo, Inc.'s general guidelines on giving and receiving gifts and business amenities. Under these guidelines, senior management may also approve giving or receiving higher value gifts and business amenities provided the gifts and business amenities are not prohibited by law or known customer business practice.

With management approval, you may give or accept customary business amenities, such as meals and entertainment, provided the expenses involved are kept at a reasonable level and are not prohibited by law or known customer business practice.

Neither you nor any member of your family may solicit or accept from a supplier or customer money or a gift that could influence or could reasonably give the appearance of influencing Crexendo, Inc.'s business relationship with that supplier or customer. Furthermore, you may accept a gift of nominal value, such as an advertising novelty, when it is customarily offered to others having a similar relationship with the customer or supplier. If you have any doubts about a particular situation, you should consult your supervisor, the President, CFO or General Counsel.

If you are offered a gift which has more than nominal value or which is not customarily offered to others, or money, or if either arrives at your home or office, tell your manager immediately. Appropriate arrangements will be made to return or dispose of what has been received, and the supplier or customer will be reminded of Crexendo, Inc.'s gift policy.

When authorized by Crexendo, Inc., you may refer customers to third party vendors, however; Crexendo, Inc. employees may not accept any fee, commission or other compensation for this activity from anyone except Crexendo, Inc.

20.7 Compliance with Laws. Every one of us must comply with all applicable laws and regulations, and with the provisions of this Code. Ultimately, our conduct is our own responsibility. We should never commit dishonest, destructive, or illegal acts even if directed to do so by a supervisor or co-worker, nor should we direct others to act improperly.

In all our business relationships, we must comply with the domestic and foreign laws and regulations affecting our business. These laws include, but are not limited to, federal and state securities and business laws (including those of the Securities and Exchange Commission), Environment, Health & Safety laws and regulations.

20.8 Fair Dealing. It is our policy that each employee, officer and director will endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. No one should take unfair advantage of another through improper manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other dealing practice.

Employees are bound by other company policies, which address specific behaviors including but not limited to the training manual.

20.9 Community Support. We believe in contributing to the wellbeing of local and regional communities. We encourage employees to be active in their local communities, engage in charitable endeavors, and be an asset both to the company and the greater community.

20.10 Reporting Concerns or Violations. Employees who believe they are aware of a violation of the Code are expected and encouraged to report their concerns.

Employees have many ways in which they can report a concern or incident related to this Code. They may discuss it with their manager, the President, CFO, or the General Counsel. Employees may also contact Lighthouse Services at 1-800-398-1496. Such reports may be made confidentially and anonymously.

The Company may investigate any behavior that may harm the Company's reputation, the safety or security of its employees or assets, or that violates the law, our policies or the Code of Conduct. During internal investigations, the Company will not violate legal rights. All employees are required to cooperate with the Company's investigations. No one may interfere or obstruct an investigation, misrepresent or fail to disclose facts in an investigation or attempt to discover the identity of anyone cooperating in an investigation

20.11 Conclusion. Ethical behavior cannot be easily codified. This policy is therefore only a blueprint to advise you of what we as a company expect from our board, management, employees and agents.

We expect, trust, and demand that each of us is a person of honesty and integrity. Each person's actions affect the company and how people perceive the company. We expect you to use your best judgment to always abide by this code, and engage in proper business behavior and etiquette. Your actions do reflect on yourself, your coworkers, company and community.

As indicated in the preface to this policy we ask that you take that into consideration and take actions that make you and Crexendo, Inc. proud.

21. Supplementation of This Employee Handbook

Your department may issue supplementary employment policies for you to follow which are specific and apply only to your department. In the event of inconsistent provisions between this Handbook and the department policies, those set forth in this Employee Handbook will govern.

2013 Employee Handbook Acknowledgement

By signing below, I acknowledge that I have been given a copy of the current information and guidelines established by the company, including the company's harassment and discrimination policy. I understand and acknowledge that **I am employed "AT WILL"** and as such my employment may be terminated at any time, for any reason, or for no reason, with or without cause, either by myself or by my employer. I further understand that no promise exists regarding continued employment for any length of time. No person has the authority to make any promise or agreement that is contrary to my AT WILL employment.

Crexendo, Inc. reserves the right to revise all or any portion of the Employee Handbook and any benefits described in it, at any time, with or without notice.

Name: _____

Signature: _____

Date: _____