

Welcome

*Team Member
Handbook*



Effective February 20, 2020 (This handbook supersedes all prior handbooks)

*Unless otherwise noted in this handbook, the terms “Clayton” or “the Company” shall refer to the following separate and distinct companies that together make up a portion of the Clayton family of companies: Clayton Homes, Inc., CMH Homes, Inc. (Home Office Team Members only); CMH Manufacturing, Inc. (Home Office Team Members only); CMH Services, Inc., Vanderbilt Mortgage and Finance, Inc., HomeFirst Agency, Inc., CMH Parks, Inc., and Wimbledon Properties, LLC. The use of the name “Clayton” to collectively refer to these companies shall not be construed to imply that these are not separate and distinct companies that operate independently of one another. Moreover, unless otherwise noted herein, the use of the name Clayton is not intended to refer solely to Clayton.

ACKNOWLEDGEMENT

I acknowledge having been provided a copy of the Clayton Team Member Handbook and agree to abide by the rules, regulations and policies contained in the handbook or otherwise provided or posted by the Company. I understand that these rules, regulations and policies may be changed, interpreted, withdrawn or added to by the Company at any time without prior notice to me.

I ACKNOWLEDGE THAT THE MATERIAL IN THIS HANDBOOK DOES NOT CONSTITUTE AN EMPLOYMENT CONTRACT. I UNDERSTAND THAT CLAYTON HAS A POLICY OF “EMPLOYMENT-AT-WILL” WHICH MEANS THAT AN INDIVIDUAL MAY BE TERMINATED AT WILL BY THE COMPANY FOR REASONS STATED IN THIS HANDBOOK AS WELL AS FOR REASONS NOT STATED IN THIS HANDBOOK, OR THE INDIVIDUAL MAY TERMINATE EMPLOYMENT, AT HIS OR HER OPTION, WITH OR WITHOUT CAUSE OR NOTICE BY EITHER PARTY. I ACKNOWLEDGE THAT THIS EMPLOYMENT “AT WILL” RELATIONSHIP MAY NOT BE MODIFIED BY ANY FORM OF ORAL OR IMPLIED AGREEMENT AND THAT NO COMPANY TEAM MEMBER, SUPERVISOR OR REPRESENTATIVE OTHER THAN THE PRESIDENT OR CHIEF EXECUTIVE OFFICER OF THE COMPANY WITH WHICH I AM EMPLOYED HAS THE AUTHORITY TO ALTER THIS RELATIONSHIP, AND TEAM MEMBERS SHOULD NEVER INTERPRET SUCH A PERSON’S REMARKS AS A GUARANTEE OF CONTINUED EMPLOYMENT.

I understand that Company policy and Federal Law requires all Team Members to accurately record ACTUAL HOURS WORKED on their time sheet and to be paid for all hours worked. I further understand that Company policy requires all Team Members to be at least 18 years of age. I further understand that falsification of any information provided to the employer will result in disciplinary action up to and including termination of employment of the individual and any management person who submits such falsified information.

I understand that if I should have a complaint against the Company that is not resolved, the Company will, at my request, institute a mediation process. In the event the Company cannot resolve my dispute and I think legal proceedings arising out of my employment are necessary, I agree (i) to have all matters tried without a jury; (ii) to file any legal proceeding no more than six months after the date of the employment action at issue; and (iii) to not be a member of a class-action lawsuit against the company.

Team Member Signature

Date

Printed Name

WELCOME TO CLAYTON

On behalf of your colleagues, we welcome you to Clayton and wish you every success. We believe that each individual contributes directly to the Company's growth and success, and we hope you will take pride in being a member of our team.

This handbook was developed to describe the Company's expectations of our work force and to outline the policies, programs, and benefits available to eligible individuals. You should familiarize yourselves with the contents of the handbook as soon as possible, for it will answer many questions about employment with the Company.

We hope that your experience at Clayton will be challenging, enjoyable, and rewarding. *Again, welcome to the team!*

Sincerely,

KEVIN T. CLAYTON

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RECENT CHANGE SUMMARY

| Section | Page | Topic or Description of Changes |
|----------------------|------|--|
| FEBRUARY 2020 | | |
| 307 | 26 | Replaced Paid Maternity Leave of Absence with Paid Maternity Disability Leave. |
| 308 | 26 | Added a new section for Paid Parental Leave and renumbered the rest of Section 300 accordingly. |
| MARCH 2019 | | |
| IV. Company History | 7 | Corrected spelling of “Summitt Homes” to “Summit Homes”. |
| JANUARY 2019 | | |
| IV. Company History | 6 | Updated the Company’s History for significant events in 2018. |
| 110 | 12 | Update any gift valued in excess of \$50 to \$100. |
| OCTOBER 2018 | | |
| 503 | 34 | Update diagram of Building Evacuation Plan. |
| JULY 2018 | | |
| 503 | 55 | Renamed David Booth TR to Energy Smart TR. Updated procedures with new building evacuation plan and added the diagram. |
| APRIL 2018 | | |
| 703 | 55 | Updated all references of “Global Compliance” to “NAVEX Global Compliance”. |
| ADDENDUM C | 63 | Updated “Global Compliance” to “NAVEX Global Compliance”. |
| MARCH 2018 | | |
| IV. Company History | 6 | Updated the Company’s History for significant events in 2017. |

INTRODUCTORY STATEMENT

This handbook is designed to provide a guide for your success and to acquaint you with Clayton (generally referred to as “the Company” in this handbook). It will provide you with information about working conditions, benefits, and some of the policies affecting your employment. It is our belief that the more we know and understand each other, the better our chances for success. You should read, understand, and comply with all provisions of the handbook and contact your supervisor if you have questions.

The policies, practices, and benefits set forth in this handbook generally apply to each business group within Clayton, as defined previously in this handbook, with the exception of retail and HBG Team Members working outside the home office location (e.g., Team Members of CMH Homes, Inc. working at a CMH Homes, Inc. Home Center and Team Members of CMH Manufacturing, Inc. working at CMH Manufacturing, Inc. Home Building Facilities), which are generally covered by a separate Team Member handbook. Differences applicable to your group will be explained by your manager. If a legally binding plan, contract, or statute exists for a policy or benefit, the official document takes precedence over the summary provided in this handbook.

No handbook can anticipate every circumstance or question about policy. This handbook is intended as a supplement to any verbal explanations of company rules and policies, as well as any separate and distinct, stand-alone rules or policies, including, but not limited to, the Acceptable Use Policy, the Team Member Confidentiality Agreement or any other applicable confidentiality agreements signed by a Team Member, the Home Office Position Posting Policy, the Berkshire Hathaway Inc. Code of Business Conduct and Ethics, and the Clayton Personal Appearance Policy. However, this handbook may not be altered or modified by oral statements or representations. This handbook is intended to provide a ready reference for Team Members and ensure that all Team Members receive essential information in an accurate and standardized form. As the Company continues to grow, the need may arise to revise, supplement, or rescind portions of the handbook from time to time as the Company deems appropriate, at its sole and absolute discretion. The Company specifically reserves the right to make changes to the handbook with or without notice to Team Members. By your continued employment with the Company, you agree to accept any such changes. As revisions and changes occur, Team Members will be notified through Company communications or postings as is practical.

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THE AUTHORITY TO ALTER THIS RELATIONSHIP, AND TEAM MEMBERS SHOULD NEVER INTERPRET SUCH A PERSON'S REMARKS AS A GUARANTEE OF CONTINUED EMPLOYMENT.

ORGANIZATION DESCRIPTION

I. BUSINESS PHILOSOPHY

A primary objective of Clayton is to create and market high value products and services for our customers. We believe this can best be accomplished by providing customers with high value quality built homes at affordable prices.

Our goals can only be attained through the efforts of our people. Therefore, we provide an environment that attracts and retains highly motivated, honest, and dedicated individuals.

We believe that people are our most important asset. We believe in recognizing people for their accomplishments, giving them opportunities to grow, and providing fair compensation. Clayton embraces the concept of pay-for-performance. Most every person in our company has the opportunity to increase their pay through improved performance. Merit increases and bonuses, while at the discretion of the Company to provide, are generally tied to individual and Company performance. In filling job vacancies, we make every effort to find candidates from within the Company. However, we will not discriminate against any Team Member or applicant on the basis of any legally protected trait.

II. COMPANY PROFILE

CLAYTON and its subsidiaries make up a vertically integrated housing company located outside of Knoxville, Tennessee. The Company builds, sells, finances, insures and operates manufactured home communities and subdivisions.

The **HOME BUILDING GROUP** (HBG) operation is one of the nation's largest producers of factory-built homes. Our home building facilities supply homes to hundreds of Company-owned and independent retailers. Some Team Members in the HBG group are generally covered by a separate Team Member handbook (i.e., those who primarily work outside of the Home Office as stated above).

Our **RETAIL** group is the nation's largest retailer of manufactured homes. We are a nationwide distributor, located in more than half of the 50 states, and we continue to grow. Some Team Members in the Retail group are generally covered by a separate Team Member handbook (i.e., those who primarily work outside of the Home Office as states above).

FINANCIAL SERVICES provides home-buyer financing and HomeFirst Insurance provides insurance to customers of Company-owned and selected independent retailers.

The **PROPERTIES** group is the site-built division of the Clayton Home Building Group, focused on building affordable homes on-site in several markets across the United States.

III. OUR PURPOSE AND GUIDING PRINCIPLES

COMPANY PURPOSE

Opening doors to a better life.



GUIDING PRINCIPLES



- We're passionate about being the best housing company.
- Our strength is our people... we attract those who make us better.
- We strive to be extraordinary at every customer touchpoint, creating raving fans.
- We're engaged team members who act as owners and take results personally.
- We uphold our integrity and reputation above all else.
- We manage cost to invest in profitable top-line growth.
- We encourage innovation... try a lot of stuff; keep what works.
- We will leave the company and the world better than we found them.

IV. THE COMPANY'S HISTORY

Jim Clayton, the founder of our Company, has been working to provide quality, affordable homes for decades. Jim, the son of a sharecropper, was inducted into the Horatio Alger Association of Distinguished Americans in 1991 in recognition of his success in overcoming adversity and his contributions to society. He learned early on that by serving the customer well, opportunities for growth and success would be plentiful. Clayton provides superior quality and high value for its customers while maintaining a work environment that allows people to learn and grow. Highlights of the Company's history include the following:

- 1956....Jim Clayton opened used car lot and sold first home, Knoxville, TN.
- 1963....Jim begins to spotlight local performers on his TV show, *Star Time*.
- 1966....First Home Center, opens in Knoxville, TN on Clinton Highway (#31).
- 1968....On-location live country music performances increased customer interest, resulting in record-breaking sales at Home Center #31 on Clinton Highway.
- 1974....Vanderbilt Mortgage begins with 12 ledger cards.
- 1976....Revenues \$16 million; Net income \$1 million.
- 1983....Initial Public Offering by Prudential and Bradford.
- 1984....Clayton Homes joined the New York Stock Exchange as CMH.
- 1987....Revenues \$185 million; Net income \$10 million.
- 1988....10th Home Building Facility opens in Waycross, GA.
- 1988....Communities Groups begins with seven properties.
- 1990....100th Home Center opens in Walterboro, SC.
- 1995....200th Home Center opens in Shelby, NC.
- 1997....Clayton moves to Maryville home office location.
- 1997....Revenues \$1 billion; Net income \$115 million.
- 1999....Kevin Clayton named President and CEO, Jim Clayton remains chairman.
- 1999....300th Home Center opens in Kodak, TN.
- 2000....20th Home Building Facility opens in Hodgenville, KY.
- 2001....Market Share more than all other competitors combined.
- 2001....Clayton receives its first MHI Manufacturer of the Year award.
- 2003....Clayton acquired by Warren Buffett's Berkshire-Hathaway company for \$1.8 billion
- 2004....Clayton acquires Oakwood Homes and 100% ownership in 21st Mortgage.
- 2005....Clayton acquires Freedom Homes and Karsten Homes.
- 2006....SE Homes acquired.
- 2007....Wimbledon Properties begins with four subdivisions.
- 2008....i-house debuted at Knoxville Home Show as energy-saving home model.
- 2009....Cavalier Homes acquired.
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- 2010....Clayton Supply founded.
- 2011....Clayton Home Building Solutions established.
- 2012....Ignite leadership development program created.
- 2013....Blount County’s first STEM school launched.
- 2014....Gen Now Concept Home displayed at Berkshire Hathaway Show with new tech-savvy design.
- 2015....Clayton acquires Chafin Communities and enters the site-built industry for the first time.
- 2015....Clayton introduces luxury floor plans for ‘tiny living’.
- 2016....Clayton adopts ISO 14001 building standards at each home building facility and introduced the Energy Smart Home upgrade package which helps conserve energy and lower energy costs.
- 2016....Clayton expands the Properties Group by acquiring the Nashville-based family homebuilder, Goodall Homes, and Kansas City-based homebuilder, Summit Homes.
- 2017....Clayton expands the Properties Group by acquiring Birmingham-based homebuilder Harris Doyle Homes and Denver-based homebuilder, Oakwood Homes.
- 2017....Home transportation company launched – Clayton Connect.
- 2018....Clayton partners with ecobee, a manufacturer of smart home thermostats, to deliver better energy efficiency technology for our customers.
- 2018....The Clayton Properties Group continues to expand by adding three new builders: Brohn Homes of Texas, Arbor Homes of Indiana and Mungo Homes of South Carolina.
-

CLAYTON'S QUALITY FOCUS

“QUALITY” is defined by our customers. Our objective is to consistently **meet or exceed their expectations every day**. We believe long term success, in both new and existing markets, is best achieved by listening to our customers.

Our products and services are the result of processes that can be analyzed, measured, and continuously improved. To improve our processes, everyone in the Company must work together. We believe teamwork enhances communication and cooperation, stimulates creative thought, supports our quality improvement efforts, and makes the work more enjoyable.

“PEOPLE,” our largest and most valuable resource, make up our teams. People provide the knowledge and experience on which the Company relies. People are the most essential component in continuous process improvement. Training, team-building, and work-life enhancements are important elements in creating an environment in which our people can grow, gain experience and capabilities, and contribute to the goals and objectives of the Company.

Success at Clayton begins with you!

SECTION 100 - EMPLOYMENT

101 Working Together

The Company believes that the work conditions, wages, and benefits it offers are competitive with those offered by other companies in similar businesses and market areas. When individuals have comments about work conditions or compensation, they are strongly encouraged to speak openly and directly to their supervisors.

Experience has shown that when we deal openly with one another, the work environment tends to be excellent, communications clear, and attitudes positive. The Company will make every effort to respond to your concerns in a timely manner.

While we respect your right to choose, the Company believes that third-party employee representation in the form of a union or otherwise is unneeded and detrimental to the need for direct and open lines of communication and flexibility, as well as the Company's ability to encourage and allow change and be responsive to competition and other influences on our business. For these reasons, the Company will resist such third-party representation, within applicable legal limits, believing that the right of individuals to speak for themselves is a more desired approach.

102 Equal Employment Opportunity

To provide equal employment and advancement opportunities for all individuals, employment decisions at the Company are based on merit, qualifications, and abilities. The Company does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, genetic information, veteran status, or any other characteristic protected by law.

Questions or concerns about any type of discrimination in the work place should be brought to the attention of your immediate supervisor or the Human Resources Department without any fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination or retaliation will be subject to disciplinary action, up to and including termination of employment.

103 Legal Work Status

The Immigration Reform and Control Act of 1986 requires that all Team Members hired by Clayton provide documentation providing that they have a legal right to work in the United States. In compliance with this Act, all job offers extended to successful applicants are made contingent upon the receipt of the required documentation and completion of INS Form I-9. Only those successful applicants who complete Form I-9 will be permitted to begin work. New Team Members must provide the required documentation within three (3) business days of the date of hire. The information from the I-9 will be used to complete an E-Verify check on each new Team Member. If the government cannot confirm a new hire is authorized to work, he/she will receive written instructions and an opportunity to contact Social Security Administration (SSA) and/or Department of Homeland Security (DHS). If the matter of work eligibility is not resolved the new hire's employment will be terminated.

104 Individuals with Disabilities

It is the desire and intent of management to comply with the provisions of the Americans with Disabilities Act (ADA) of 1990, as amended, which prohibits discriminatory employment practices against individuals with disabilities. We will make a good faith effort to provide reasonable accommodation to an otherwise qualified candidate who applies for a position or Team Member who is able to perform the essential functions of his or her job, either with or without reasonable accommodation. Team Members should notify the Human Resources Department if an accommodation is needed due to a disability.

105 Promotions and Job Postings

To ensure that all Team Members are aware of job opportunities, most hourly and many-salaried positions are posted on our Company bulletin boards and intranet when appropriate before a person is hired from outside. As the Company grows, so do the opportunities for advancement. Whenever possible, we will promote qualified people from within the Company.

After successful performance in your current position, normally for 12 months or more, a person may initiate a request for transfer or apply for a posted job, laterally or vertically. You need to submit this request to your immediate supervisor and/or the human resources office.

If a person posts for and receives a position of lesser responsibility or lower grade level, then the person's rate of pay will be adjusted to the appropriate lower rate.

106 Training

The Company is committed to doing its part to make sure that its Team Members are appropriately trained to do their job. Accordingly, training opportunities will be made available when appropriate to all Team Members without regard to age, sex, race, color, religion, national origin, disability, genetic information, veteran status, or any other legally protected characteristic. Additionally, the Company recognizes that certain Team Members may have to attend continuing education-type programs in order to maintain licenses and certifications. Any such Team Member should find out from his or her supervisor whether such training will be provided by or reimbursed by the Company. The Company offers a wide variety of courses available online through ENGAGE-LEARN as well as Classroom Training at the Home Office. Team Members receive email notifications directly from the Learning Management System concerning course registrations and reminders about applicable due dates. Learning transcripts are audited regularly to ensure compliance training completions.

107 Dating in the Workplace

The Company recognizes and respects the individual's right to engage in activities not associated with their job that are private in nature and do not in any way interfere with job performance. Therefore, dating in the workplace is restricted when a relationship develops between someone in a leadership role and another under his or her supervision. Because these relationships can cause the perception of favoritism or decisions being based on the relationship rather than facts, the supervisor must notify management of the existence of the relationship so that management

may take appropriate steps consistent with and that do not interfere with this policy and the Company's business goals and ethical standards. When possible and appropriate, management will transfer one of the Team Members or take other appropriate steps to prevent the relationship from interfering with job performance. Violation of this policy may result in disciplinary action up to and including termination. It is impossible to detail every situation where problems with consensual relationships could occur. Our leadership principles and business objectives must not be influenced in a negative way and the Company can attempt to resolve any issues as it deems necessary to correct a negative situation.

108 Relatives in the Workplace

All employment related decisions made by the Company, including but not limited to decisions related to hiring, promoting, evaluating, awarding pay increases, and terminating Team Members, are based on qualifications for the position, ability, and performance. Every attempt is made to avoid favoritism, the appearance of favoritism, and conflicts of interest. The employment of relatives in the same area of an organization can create the perception of favoritism, and conflicts of interest which in turn may affect morale and cause conflict.

Relatives, as defined below, may be hired as Team Members or contractors. The Relative relationship must be disclosed and approved through your Human Resources representative if the relative is to be employed within the same Department or in the direct chain of command of another relative. If the Relative relationship is established after employment, Team Members should disclose the relationship to their Human Resources representative. Failure to do so could result in disciplinary action up to and including termination. Team Members may be required to transfer to another Department.

For purposes of this policy, "Relative" is defined as a Team Member's parent, child, spouse, domestic partner, brother, sister or grandparent. "Department" is defined as a specific work group. Examples of a specific work group at the Home Office location include Collections, Operations, Default Services, Information Technology, Corporate, Retail Home Office, HBG Home Office and HomeFirst Agency. Examples of a "Department" outside of the Home Office include a Home Center in Retail.

In the event that any legislation is enacted, which conflicts with this policy, state and federal law will prevail.

109 Outside Employment

You may hold a job with another organization as long as it is not in competition or a Conflict of Interest (see section 110 of this handbook) with the Company, you have notified your immediate supervisor of the outside employment, you satisfactorily perform your job responsibilities, and you are not on any form of company leave. Everyone will be judged by the same performance standards and will be subject to the Company's scheduling needs, regardless of any existing outside work requirements. The term "competition" includes, but is not limited to, circumstances in which the Team Member owns, manages, operates, consults, or works as a direct or indirect employee of a business similar to or competitive with the present business of

the Company or such other business activity in which the Company may engage. Violation of this policy may result in disciplinary action up to and including termination.

110 Conflicts of Interest

An actual or potential conflict of interest occurs when someone is in a position to influence a Company business decision that may result in a personal gain for that person and/or for a relative or associate, or becomes directly or indirectly involved in a business relationship which competes with the Company's activities, or otherwise fails to represent the best interests of the Company.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if a person has any influence on transactions involving purchases, contracts, or leases, or becomes involved in a potentially competitive relationship, he or she must disclose to an officer of the Company immediately the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

A conflict of interest can result not only in cases where an individual or relative has a significant ownership in a firm with which the Company does business or competes, but also when that person or relative receives any money or any gift valued in excess of \$100 or special consideration as a result of any transaction or business dealings involving the Company or its competitors. It is almost always a conflict of interest for a Team Member to work simultaneously for a competitor, customer, or supplier. The Company expects everyone to conduct business free from actual or potential conflicts of interest. These guidelines are intended to provide general direction. Contact your supervisor or Human Resources Department when you have questions or concerns related to conflicts of interest and acceptable standards of operation. Violation of this policy may result in disciplinary action up to and including termination.

For more information regarding prohibited conflicts of interest, please consult the Berkshire Hathaway Inc. Code of Business Conduct and Ethics provided to you by the Company.

111 Confidential Information

The protection of confidential business information, trade secrets, and customer information is vital to the interests and the success of the Company. Such confidential information includes, but is not limited to, the following examples:

- Compensation and other personnel data
 - Customer lists and preferences
 - Financial information
 - Marketing strategies
 - New product and materials research
 - Pending projects and proposals
 - Procedure and policy manuals
 - Personal information concerning Clayton Team Members and customers
 - Non-public personal information
 - Personal health information
-

Team Members who are exposed to confidential information will be required to sign a Team Member Confidentiality Agreement or some other form of confidentiality and/or privacy agreement as a condition of employment. Anyone who improperly uses or discloses confidential information will be subject to disciplinary action, up to and including termination of employment, even if he or she does not actually benefit from the disclosed information and whether or not any Team Member Confidentiality Agreement or some other form of confidentiality and/or privacy agreement is signed.

SECTION 200 - EMPLOYMENT STATUS AND RECORDS

201 Employment Categories

Each person is designated as being exempt or nonexempt from the overtime provisions of federal and state wage and hour laws. Nonexempt individuals (usually hourly Team Members) are entitled to overtime pay under the specific provisions of federal and state laws, while exempt (mostly salaried Team Members) are excluded. In addition to the above categories, each Team Member not on temporary status will belong to one other employment category:

FULL-TIME individuals are those who are not in a temporary or orientation status and who are regularly scheduled to work the Company's full-time schedule of 30 hours per week or more. Generally, they are eligible for the Company's benefit package, subject to the terms, conditions, and limitations of each benefit program.

PART-TIME individuals are those who are not assigned to a temporary or orientation status and who are regularly scheduled to work less than 30 hours per week.

A payroll identification number is assigned to each individual and is shown on your pay record. For hourly Team Members, this number should be indicated on your time record.

Your supervisor should notify you of your proper employment classification. Should you have any questions regarding your employment classification, please contact your supervisor or the Human Resources Department.

202 Development and Performance Reviews

Development and Performance Reviews are conducted to provide both supervisors and individuals the opportunity to discuss performance objectives, job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals. Development and performance is generally evaluated according to an ongoing 12-month cycle, beginning on your hire date and delivered within the quarter which contains your work anniversary

In addition to formal evaluations, the Company strongly encourages supervisors to discuss job performance and goals on an informal, day-to-day basis.

Merit based pay adjustments may be awarded in an effort to recognize truly superior performance and are based on a number of different factors, generally including the Company's ability to pay and Development and Performance Review documentation, as well as outside economic data and statistics. Length of service is generally not a factor in determining pay adjustments.

203 Personal Information

In order to keep your benefits, emergency contacts, personnel files, etc. current and up to date, each person must promptly notify the Company of any changes in their personal information.

Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such status changes should be accurate and current at all times. Please update any changes to your personal information by visiting Team Member Self Service at www.claytonselfservice.com. Failure to notify the Company of changes in your personal information may jeopardize eligibility for certain benefits.

204 Access to Personnel Files

The Company maintains an electronic personnel file on each Team Member. The personnel file includes such information as the Team Member's completed job application, resume, records of training, documentation of performance reviews and salary changes, and other employment records. A separate medical file is maintained for all medical documentation pursuant to the requirements of the Americans with Disabilities Act, as amended.

Personnel files are considered property of the Company, and access to the information they contain is restricted for your protection. Generally, only management personnel and members of human resources who have a legitimate reason to review information in a file are allowed to do so.

Those who wish to review their own file should contact their supervisor or the Human Resources Department. With reasonable advance notice, you may review your personnel file in the Company's offices and in the presence of an individual appointed by the Company to maintain the files. Individuals are welcome to take notes, but copies cannot be provided, unless otherwise required by law.

205 Safeguarding Personnel Records

Our applicants and Team Members have a right to expect that their personal information entrusted to Clayton will be kept confidential to the greatest extent possible. Accordingly, the purpose of this policy is to provide for the security of records pertaining to our Team Members and applicants for employment with our company to prevent the misappropriation or misuse of such records. We seek to prevent identity theft and other harm to our applicants and Team Members that may occur when unauthorized individuals obtain personal information about our applicants and Team Members from our records.

This policy applies to all records obtained by the Company from whatever source that contain identifying personal or financial information about a Team Member or applicant for employment, such as financial records, medical records, consumer reports such as credit reports, criminal history reports, driving history reports and other documents obtained from third parties that relate to an applicant's or Team Member's identity, finances, credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living ("Personnel Records"). Personnel Records will be kept confidential to the greatest extent possible. However, disclosure on a "need to know" basis may be required. For example, certain otherwise confidential Personnel Records related to Team Members or applicants in some positions may be shared as appropriate with State and/or Federal agencies or other third parties

based on applicable legal process (such as a subpoena or enforceable discovery request) or applicable law and/or licensing requirements.

Personnel Records maintained by Clayton may be stored in one or more filing cabinets, which shall be locked at night and at other times when the office is unattended. The Company will also ensure the security of Personnel Records kept in electronic format, including e-mails and word processor, spreadsheet and data base documents. Electronic Personnel Records should not be stored in a shared area of a network.

When Personnel Records are disposed of in accordance with our schedule for disposition, they shall be burned or shredded. No other methods of disposal are authorized or permitted. Electronic forms of Personnel Records shall be destroyed or erased, by or under the supervision of the Human Resources Department or its qualified designee, in such a way that the information cannot be read or reconstructed.

Violation of this policy will result in disciplinary action up to and including termination.

SECTION 300 - BENEFITS

301 *Benefits in General*

The dedication and hard work of Clayton Team Members have contributed greatly to our success. These efforts enable us to enjoy a comprehensive benefit program that helps to protect you and your family. Benefits may differ somewhat between operating groups. Benefits eligibility is dependent upon a variety of factors, including the individual's classification. You can find more Benefits information including Summary Plan Descriptions and enrollment information by logging into www.myclaytonbenefits.com. You can also contact your HR Representative or the Benefits Department at 865-380-3000 x7400, if you need additional assistance.

302 *401(k) Retirement Plan*

The Clayton Homes, Inc. 401(k) Retirement Plan (the "Plan") is a convenient tax-deferred way to save for retirement. The Plan allows you to defer paying taxes on your contributions or investment earnings until you withdraw them from your account, enabling you to keep more money working for you now. The Plan is available to full or part-time Team Members who are at least 18 years old and have completed 90 days of service. An enrollment guide will be provided to you once you have met the Plan's eligibility requirements. The Company, at its discretion, may match a percentage of your contributions. You will be eligible to receive company matching contributions the beginning of the quarter following your one year anniversary. The match is paid in cash each pay period you contribute to the Plan and is allocated among your investment elections. You may select a mix of investment options available in the Plan that best suits your goals, time horizon and risk tolerance. If you have a balance in a previous employer's qualified retirement plan, you are permitted to roll that balance into the Plan once you are eligible to participate. Effective January 1, 2008, while you are still employed you may take a withdrawal from your employer contributions accounts and your elective deferral accounts in the event of a "hardship." If you are over age 59 ½ and still employed you may request one withdrawal per quarter. Effective April 15, 2009, if you separate service you may request a withdrawal or rollover as soon as administratively feasible following separation. Effective as of April 1, 2011, you may request a Participant loan from all your accounts using an application form provided by the Administrator. You may take up to two loans from the Plan in an amount greater than \$1,000 each. Generally, the Administrator will require that the Participant repay the loan by agreeing to payroll deduction. For additional information regarding the Plan, please contact the Benefits Department for a copy of the Summary Plan Description.

303 *Paid Time Off (PTO)*

The Company encourages everyone to take time off each year for rest and recreation, and to maintain a healthy work-life balance. PTO provides Team Members with flexible paid time off from work that can be used for such needs as vacation, personal or family illness, bad weather, doctor appointments, school, volunteerism, and other activities of the Team Member's choosing. All full-time Team Members are granted Paid Time Off (PTO) 90 days after their date of hire.

PTO may be taken in increments as small as 2 hours. Part-time and temporary Team Members are not eligible for PTO.

Both your and the Company's needs will be considered when a Team Member requests PTO; however, the Company reserves the right to decline PTO requests during peak work-load periods or if staffing is an issue. If more than one person in a department requests PTO at the same time, the person with the greatest length of service will *usually* be given preference. PTO should be pre-approved by your supervisor 30 days prior to the requested time off except in the case of an emergency. In the case of any emergency, it is the responsibility of the Team Member to contact his/her manager as soon as possible to notify that manager of the absence. If a Team Member is unable to come to work and s/he has unused PTO, the Team Member must use PTO. If a Team Member needs time off but has exhausted all his/her PTO, that time off will be treated as unpaid leave unless otherwise required by law. However, as we generally do not offer unpaid time off, absences exceeding a Team Member's PTO may lead to disciplinary action up to and including termination, unless the absence is covered as excused under another policy (i.e. FMLA, workers' compensation, etc.).

PTO is based on continuous service with the Company and is renewed annually according to each Team Member's anniversary date of hire or rehire. A maximum of 3 days of PTO (24 hours) may be carried over from one anniversary year to the next if it is unused. Since PTO is granted and not "earned," unused PTO in excess of 3 days will be forfeited at the end of each anniversary year. Unless otherwise required by law, Team Members will not be paid for unused PTO.

If a Team Member is out on a leave of absence, s/he will be required to exhaust all but 10 days (80 hours) of PTO while on leave. Please see the Leave of Absence Policy for more detail. PTO will not be counted as time worked for the purpose of calculating overtime for non-exempt Team Members.

Upon termination, the Company will pay out a maximum of 10 days (80 hours) of unused PTO. PTO rates will be computed at the Team Member's base rate of pay at the time PTO is taken or at the time of termination. Mandatory and other applicable deductions, such as federal and state taxes, will be withheld from all PTO payments.

Bereavement Leave, Jury Duty Leave, and Military Leave will not affect a Team Member's PTO. Please see separate leave policies for further details.

Paid Time Off will be granted according to the following tenure:

- Less than one year – 7 days
- On Team Member's 1st anniversary – 17 days
- On Team Member's 5th anniversary – 22 days
- On Team Member's 15th anniversary – 27 days

The PTO days are in addition to the paid holidays the Company grants.

304 Paid Holidays

The Company grants paid time off for certain holidays during the year for full-time Team Members. The holidays observed by your location may vary. The eight paid holidays typically provided are:

1. New Year's Day
2. Memorial Day
3. July 4th
4. Labor Day
5. Thanksgiving Day
6. Day after Thanksgiving
7. Christmas Eve
8. Christmas Day

Please see your supervisor for a list of holidays observed at your location.

All full-time Team Members are eligible for holiday pay. When a Company recognized holiday, for which you would be eligible to be paid, falls during a pre-approved period of PTO, a PTO day will not be deducted from the Team Member's PTO bank, as it will be a paid holiday.

Holiday pay will be calculated based on your straight-time pay rate times the number of hours you would otherwise have worked on that day. An eligible hourly non-exempt person working on a recognized holiday will receive holiday pay plus wages at his or her straight-time rate for the hours worked on the holiday or, at the Company's discretion, will receive holiday pay plus compensatory time off for the number of hours worked. Paid time off for holidays will not be counted as hours worked for the purpose of determining overtime. If a recognized holiday falls while an individual is on a leave of absence (for example, FMLA, Personal or Military), the individual will be ineligible for holiday pay.

305 Tuition Assistance Program

The Tuition Assistance Program is available to eligible Team Members who are seeking an undergraduate degree related to either his or her current job duties or prospective future position at Clayton. A Team Member may be reimbursed for a portion or all of tuition fees up to a maximum yearly amount if he or she meets the application qualifications and reimbursement criteria listed below.

- I. Application Qualifications
 - Any full-time Team Member that has been employed for 12 months and in good standing with the company is eligible to apply.
 - The Team Member must be classified as full-time upon course start date and through the completion of the course.
 - The Team Member must be employed with the company at the time of payment.
 - The focus of the degree should be related to either current or prospective job duties of the Team Member.
-

II. Applying for Reimbursement

- The Team Member must complete a tuition assistance application prior to beginning the course and return to his or her supervisor and divisional Human Resources for approval.
- Once approved or denied by Human Resources, the completed tuition assistance application must be submitted to the Benefits Department.
- After course completion, the Team Member must submit grade verification, tuition receipts and a copy of the signed tuition assistance application to their divisional Human Resources Department. The Human Resources Department should forward the submitted packet to the Benefits Department.

III. Reimbursement Criteria

- Team Members may be reimbursed up to a maximum of \$6,000 per calendar year.
- Courses must be completed at an accredited institution.
- Reimbursement is provided for tuition only. It does not apply to the cost of books, supplies or miscellaneous fees.
- Reimbursement will be made on the following grade scale:

| <u>Grade:</u> | <u>% of Reimbursement:</u> |
|---------------|----------------------------|
| A..... | 100 |
| B..... | 80 |
| C..... | 50 |

306 Clayton's Family and Medical Leave Act (FMLA) Policy

I. Eligibility

Team Members who have worked for Clayton for at least twelve (12) months, and who have worked at least 1,250 hours during the twelve (12) month period immediately preceding the commencement of leave, may take up to twelve (12) weeks of unpaid leave for the following reasons:

1. to care for the Team Member's newborn child, or as required in connection with the placement with the Team Member of a child for adoption or foster care; (For details regarding paid maternity leave following birth, please also refer to section 307 of the handbook for additional details)
 2. to care for a Team Member's spouse, child or parent who has a serious health condition;
 3. because of a serious health condition which renders the Team Member unable to perform the functions of his or her job; or
 4. because of a qualifying exigency arising out of the fact that the spouse, son, daughter, or parent of the Team Member is on or has been notified of an impending call to active duty military service.
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In addition, in compliance with the FMLA, Clayton provides for eligible Team Members to take up to 26 weeks of job-protected “military caregiver leave” during a single 12 month period, as described below.

In the case of leave for the birth or placement of a child, intermittent leave or working a reduced number of hours is not permitted unless both the Team Member and Clayton agree. Also, leave for the birth or placement of a child must be completed within twelve (12) months of the birth or placement.

In the case of a Team Member’s serious health condition, or in the case where a Team Member must care for a spouse, child or parent’s serious health condition, leave may be taken intermittently or on a reduced hourly basis, but only if such leave is medically necessary. If either intermittent leave or reduced hours is required, Clayton, at its sole discretion, may temporarily transfer the Team Member to another position with equivalent pay and benefits that better accommodates the leave. Although the alternative position will have equivalent pay and benefits, it will not necessarily entail equivalent duties.

When leave is needed to care for an immediate family member or for the Team Member’s own illness, and is for planned medical treatment, the Team Member must make a reasonable effort to schedule treatment so as not to unduly disrupt business operations.

Upon receipt of notification of the need for leave from the Team Member, the Company will make an initial determination as to whether the Team Member is eligible for leave under the FMLA and the requested leave may qualify for FMLA leave. Under normal circumstances the Company will notify the Team Member of this determination promptly after learning that the leave is being taken for a potentially FMLA-qualifying reason. If the Company does not have the requisite information to designate the leave as FMLA-qualifying prior to or at the time the leave commences it may upon obtaining such information retroactively designate the leave as FMLA-qualifying. The Company has the legal right to designate FMLA-qualifying leave as FMLA leave, even if the Team Member does not wish it to be so designated.

Additional information regarding eligibility for FMLA leave appears in the “Employee Rights and Responsibilities Under the Family and Medical Leave Act” document (WH Publication 1420) published by the U.S. Department of Labor, which is reproduced as “Appendix A” to this Handbook.

II. Health Insurance Benefits During Family or Medical Leave

During a family or medical leave of absence, Clayton will continue to pay the required amount to continue the Team Member’s health insurance coverage. Team Members will be required to reimburse the Company for payment of health insurance premiums the Company paid during the family or medical leave, unless the Team Member does not return due to the presence of a serious health condition that prevents the Team Member from performing his or her job duties or if circumstances exist which are beyond the control of the Team Member. This may be repaid by contributions outside of the payroll process (generally a personal check) or by

agreeing to additional premium deduction to repay the reimbursement amount upon returning to work. These options will be offered during the leave of absence request process.

III. Rolling Twelve-Month Period

Eligible Team Members may take up to 12 weeks of FMLA leave (or up to 26 weeks of military caregiver leave to care for a covered service member) during any 12 month period. The applicable 12 month “leave year” period is a “rolling” 12 month period measured backward from the date when a Team Member uses any FMLA leave. Thus, each time a Team Member takes FMLA leave, the Team Member’s remaining entitlement to FMLA leave will be the balance of any portion of FMLA leave that the Team Member has not used during the immediately preceding 12 months.

IV. Earned Leave and Other Benefits

Team Members who return to work from a family or medical leave of absence within the leave period or on the next business day following the expiration of the twelve (12) weeks are entitled to return to their position or an equivalent position without any loss of benefits or pay otherwise available.

Team Members are required to use all available Paid Time Off except 80 hours during any absence covered under this policy. Use of such Paid Time Off will be in compliance with the established policy and procedure and will run concurrently with leave provided under this policy.

In situations where the Team Member is off work due to a work-related injury, disease, or illness payable under workers’ compensation laws and the Team Member’s absence qualifies as a serious health condition, the Company will designate the Team Member’s leave as FMLA leave. However, where the Team Member is receiving workers’ compensation benefits, the Team Member will not be required to substitute paid time off during the period of leave due to the work-related injury or illness.

V. Military Caregiver Leave under the FMLA

Eligible Team Members may take up to 26 weeks of job-protected “military caregiver leave” during a single 12 month period. This leave must be used to care for a covered family member with a serious illness or injury that was incurred in the line of duty while on active duty in the regular armed forces, National Guard, or Reserves. In this context, a “covered family member” means a spouse, child, parent, or next of kin who is a “covered service member.” A covered service member is a person who is a member of the regular armed forces, National Guard, or Reserves and is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness incurred in the line of duty on active duty that may render the service member medically unfit to perform the duties of the service member’s office, grade, rank, or rating. A covered service member also includes a veteran who is undergoing medical treatment, recuperation or therapy, for a serious injury or illness and who was a member of the Armed Forces (including a

member of the National Guard or Reserves) at any time during the period of five years preceding the date on which the veteran undergoes that medical treatment, recuperation or therapy.

A Team Member's entitlement to military caregiver leave is limited to 26 workweeks of leave within each 12 month period, per covered service member, per injury. Each 12 month period in which up to 26 weeks of military caregiver leave may be taken must be measured forward from the date when the caregiver leave begins. Thus, an eligible Team Member may take 26 workweeks of military caregiver leave in different 12 month periods to care for multiple service members or to care for the same service member with a subsequent serious injury or illness. The Company may, at its discretion, request that a Team Member seeking to take military caregiver leave provide a certification from the U.S. Department of Defense that the covered service member's serious injury or illness was incurred in the line of duty while on active duty.

VI. Qualifying Exigency Leave under the FMLA

Eligible Team Members may take up to 12 weeks of job-protected leave for a "qualifying exigency" arising out of the fact that the Team Member's spouse, child, or parent is on active duty in the Armed Forces and deployed to a foreign country, or has been notified of an impending call or order to active duty. There are eight situations when qualifying exigency leave may be taken:

1. in "short-notice deployment" situations, where a covered military member is notified of an impending call or order to active duty or foreign deployment 7 or fewer days from the date of deployment, in which case an eligible Team Member may take military exigency leave for a period of 7 days beginning on the date when the covered military member is notified of the impending deployment;

2. to attend military events, ceremonies, or programs sponsored by the military that are related to the active duty or the call to active duty of a covered military member, or to attend similarly related family support or assistance programs or informational briefings sponsored or promoted by the military;

3. for certain childcare and school activities necessitated by active duty or the call to active duty status of a covered military member, including to arrange for alternative childcare, to provide childcare on an urgent, emergency need (but not routine, regular, or everyday) basis, to enroll or transfer a child in a new school or day care facility, or to attend meetings with school or day care staff;

4. to make or update financial or legal arrangements to address a covered military member's absence while on active duty;

5. to attend certain counseling arising from active duty or the call to active duty status of a covered military member;

6. to spend time with a covered military member who is on a short-term, temporary rest and recuperation leave during a period of deployment;

7. to attend certain post-deployment activities, such as arrival ceremonies and reintegration briefings, and to address issues arising from the death of a covered military member while on active duty status; and

8. for certain additional activities arising out of a covered military member's active duty or call to active duty where the employer and Team Member both agree on the timing and duration of the leave.

Qualifying exigency military leave is not available to family members of soldiers in the regular armed forces, or in cases where the call to active duty comes from a state rather than the federal government.

VII. Procedure for Taking Family or Medical Leave

Before taking any leave, each Team Member must submit a request for leave by filling out a "Request for Leave" Form. That form **MUST** be obtained from the Team Member's supervisor or the Benefits department. **ALL REQUESTS FOR LEAVE MUST BE SUBMITTED AT LEAST THIRTY (30) DAYS BEFORE THE LEAVE IS TO BEGIN, UNLESS THE NEED FOR LEAVE IS NOT REASONABLY FORESEEABLE.** If the need for leave is not reasonably foreseeable until less than 30 days in advance, the Team Member should notify the Company as soon as is practicable. This should normally be the same day or the next business day after the Team Member becomes aware of the need for the leave. If a Team Member does not provide at least 30 days advance notice of the need to take a foreseeable FMLA leave, the Company may ask the Team Member to explain why it was not practicable to provide 30 days notice. If the reason for a Team Member's leave changes, the Team Member must request from his or her supervisor another "Request for Leave" Form and submit the new form to the Company within **THREE (3) DAYS** of its receipt.

If leave is requested due to a serious health condition of the Team Member or the Team Member's family member, that Team Member **MUST** obtain a "Certification of Serious Health Condition" Form. That form **MUST** be obtained from the Team Member's supervisor or the Benefits department. **A CERTIFICATION OF SERIOUS HEALTH CONDITION FORM MUST BE SUBMITTED IN ORDER TO QUALIFY FOR FAMILY AND MEDICAL LEAVE DUE TO A SERIOUS HEALTH CONDITION.** The Company may, in its discretion, seek clarification and authentication of completed certification forms. The Company may also require that Team Members take appropriate steps to cure deficiencies in any certification form within 7 days.

Team Members requesting an FMLA leave may be required to provide the Company with subsequent recertifications of their continued serious health condition and inability to work as permitted by the FMLA. This includes recertification of ongoing conditions at least every 6 months in conjunction with an absence, and more frequently in some instances. For medical conditions that last longer than a single leave year, the Company may request that Team

Members who wish to use FMLA leave for that ongoing condition provide a new medical certification each leave year. Team Members who wish to return to work from an FMLA leave occasioned by their own serious health condition must first provide the Company with a certification from a health care provider stating that they are fit to return to work. Under certain circumstances, the Company may require that this certification state that the Team Member can perform all of the essential functions listed in their job description. Where reasonable job safety concerns exist, the Company may also require that Team Members who wish to return to work from intermittent FMLA leave provide certification from a health care provider that they are fit to return to work. Under certain circumstances permitted by the FMLA, Team Members may also be required to cooperate with the Company's request for a second or third opinion from health care providers designated by the Company at its discretion and expense for purposes of confirming eligibility for FMLA leave.

While on family and medical leave, **EACH TEAM MEMBER MUST SUBMIT A "STATUS REPORT FORM" FOR EACH THIRTY (30) DAY PERIOD THAT HE/SHE IS ON FAMILY OR MEDICAL LEAVE.** This form **MUST** be obtained through the Benefits department and may be submitted to the Company either by hand-delivery or by mail.

Upon return from leave, a Team Member will be restored to his or her original or equivalent position with equivalent pay, benefits, and other employment terms where required by the FMLA. Exceptions to this provision may apply if business circumstances have changed (for example, if the Team Member's position is no longer available due to a job elimination). Exceptions may also apply for certain highly compensated "key" Team Members under certain conditions. Team Members who are on a leave extension beyond the period of job-protected leave provided by the FMLA are not guaranteed reinstatement. The use of this leave will not result in the loss of any employment benefit that accrued prior to the start of a Team Member's leave. However, benefits such as Paid Time Off and bonus calculation do not accrue while on leave.

In keeping with the spirit of this handbook and the Berkshire Hathaway Inc. Code of Business Conduct and Ethics, and pursuant to 29 C.F.R. § 825.312(g), Team Members who fraudulently obtain FMLA Leave are not protected and will lose the benefits of FMLA job restoration or maintenance of health benefits provisions and may be disciplined up to and including termination.

Consistent with the Company's Outside Employment policy (section 108), Team Members on FMLA leave, and other forms of company leave, may not work in any form of outside employment (also known as "moonlighting"). Should the Company discover that a Team Member has worked or is working in any form of outside employment while on FMLA leave, the Team Member will be subject to discipline up to and including termination.

In the event a Team Member is granted intermittent leave or a reduced work week schedule, the Company reserves the right to transfer the Team Member temporarily to a position with equivalent pay and benefits for which the Team Member is qualified and which better accommodates the intermittent or reduced work week schedule that meets the Team Member's needs without unduly disrupting Company operations.

If a Team Member has exhausted all FMLA leave and still needs time off to recuperate, the Team Member may request personal leave for medical reasons. Each request will be answered on a case by case basis depending on the Team Member's time with the Company, staffing requirements, expected return date, and any other relevant criteria. This is NOT an extension of FMLA.

307 Paid Maternity Disability Leave

Effective November 1st, 2019, Clayton Homes offers 10 weeks of paid maternity disability leave for mothers following delivery. Only those who are Full-Time and have completed 30 days of employment are eligible for the benefit. Mothers will receive 100% of their regular full-time pay, based upon their hourly or salary rate at time of delivery. Beginning January 1st, 2020, this benefit will be paid through our short-term disability vendor via weekly checks to your home address. This income does not factor into additional bonus calculations, such as the quarterly team share bonus. Team Members must use any PTO above 80 hours concurrently with Paid Maternity Leave. Team Members will be required to submit documentation to verify proof of eligibility.

308 Paid Parental Leave

Effective November 1st, 2019, Clayton Homes offers 4 weeks of paid parental leave to all new parents (including mothers, fathers, adoptive, foster parents, and those with newly assigned legal wards). Only those who are full-time and have completed 30 days of employment are eligible for the benefit. Parents will receive 4 weeks of 50% regular full-time pay, based upon their hourly or salary rate at the time of birth or placement. This pay will be direct deposited through payroll and any insurance premiums, insurance arrears, 401(k) and 401(k) loans will be deducted from this income. This income does not factor into additional bonus calculations, such as the quarterly team share bonus. Team Members must use any PTO above 80 hours concurrently with paid parental leave. The paid parental leave is subject to a maximum of 4 weeks per rolling 12 months. Paid parental leave must be used within the first 6 months following the birth, adoption, foster or other legal placement of a child. It may not be used on an intermittent basis. Mothers who deliver, will receive the 4 weeks of parental leave pay after the 10 weeks of maternity disability pay ends. Team Members will be required to submit documentation to verify proof of eligibility (doctor's certification, crib card, birth certificate, court records for adoption, etc).

309 Personal or Additional Leave

Leave requested for personal reasons not qualifying as FMLA or other legally protected leave is considered Personal Leave. Requests for personal leave are to be in writing and submitted to your supervisor and Human Resources at least thirty days before your leave is to begin, except in cases of emergency. Personal Leaves may be granted to full-time Team Members if determined, in the sole discretion of the Company, to be appropriate based on the individual merits of each case and its impact on the operation of the Company. Factors such as job performance, the Company's current staffing situation, and your reason for leave will be taken into consideration.

Personal Leave may be granted for up to thirty (30) calendar days at a time. Personal Leave is unpaid, but seniority continues. All eligible Paid Time Off must be taken before Personal Leave will be granted and no paid time off accrues during a personal leave of absence. The Company may, in its discretion, continue to pay its share of group insurance premiums for up to three months provided the individual makes arrangements with the Payroll department for payment of their premiums during their absence. Failure to make prompt payments will result in the loss of coverage.

If a position is available upon completion of the agreed-upon Personal Leave period, the Company will make every reasonable effort to place the person in their former job or a similar job. While it may impact total compensation and benefits, a position with less responsibility and less pay may be all that is available, and if so, that is what may be offered. However, under no circumstances will the Company be required to return any Team Member to his or her former position or any other position upon the completion of the agreed-upon Personal Leave period, unless the Company is required to do so by applicable law. Personal Leave alone does not qualify as job-protected leave. A Team Member who does not report to work on the agreed upon return date will be considered to have voluntarily resigned their position with the Company.

Under the ADA, situations where qualified individuals with disabilities who have been on medical leave, but who are unable to return within a specific time frame, will be considered on a case by case basis and regardless of length of tenure. In some cases, those Team Members may be entitled to additional unpaid leave as a reasonable accommodation.

310 Bereavement Leave

When a Team Member needs to take time off due to the death of a family member, the Team Member should notify his or her supervisor as soon as possible. Paid bereavement leave is provided to regular full-time Team Members who have completed 90 days of employment. Bereavement pay is calculated based on the base pay rate at the time of absence and does not include any other form of compensation, such as incentives, commissions, bonuses, etc.

Upon the death of a member of a Team Member's immediate family, up to five days paid leave will be granted for time off. The Company defines "immediate family" as the individual's spouse, child (including adoption), parent, or sibling. A Team Member may, with the supervisor's approval, use any available paid leave or take unpaid, Personal Leave, if granted, for additional time off as necessary.

Upon the death of a grandparent, grandchild, mother-in-law or father-in-law, up to three days with pay will be granted. No compensation is given upon the death of aunts, uncles, in-laws other than those previously identified, friends, etc., however other available paid or unpaid Personal Leave may be taken with your supervisor's approval.

311 Jury Duty Leave

The Company encourages everyone to fulfill their civic responsibilities by serving on jury duty when required. Therefore, all Team Members will be provided with appropriate paid or unpaid leave for jury duty as required by law. You must show the jury duty summons to your

supervisor as soon as possible so that the supervisor can make arrangements to accommodate your absence.

When appropriate, jury duty pay will be calculated on base pay rate times the number of hours you would otherwise have worked on the day(s) of absence, minus the amount of jury duty pay received. Under no circumstances will the pay exceed the equivalent of 40 hours for hourly Team Members or straight salary for salaried Team Members.

312 Military Leave

A military leave of absence will be granted to anyone, except those occupying temporary positions, to attend scheduled drills or training or if on active duty with the U.S. armed services or certain covered state militia groups. The leave will be unpaid, however you may use any available paid time off for the absence. Under most circumstances, health insurance benefits continue and employment will be reinstated upon a timely return to work after completion of service. Team Member benefits will be paid in full during active duty. Team Members on military leave for less than 31 days are required to return to work for the first regularly scheduled shift on the first full calendar day after the Team Member completes military service, provided that a period of eight hours has passed between the Team Member's return home and the time he or she must report to work. Different reporting requirements apply to those absent for 31 days or more.

The Company will not discriminate against any individual based on his or her membership in any such armed service or based upon leave taken pursuant to this policy.

313 Benefits Continuation (COBRA) Notice

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives Team Members and their qualified beneficiaries the opportunity to continue health insurance coverage under Clayton's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are termination of employment in most situations, death of a Team Member, a reduction in a Team Member's hours or a leave of absence, a Team Member's divorce or legal separation, and a dependent child no longer meeting eligibility requirements.

Under COBRA, the Team Member or beneficiary pays the full cost of coverage at Clayton's group rates plus an administration fee. The Company provides each eligible Team Member with a written notice describing the rights granted under COBRA when the Team Member becomes eligible for coverage under its health insurance plan and upon a qualifying event. The notice contains important information about the Team Member's rights and obligations. However, you must inform the Human Resources Department of any changes in your personal information (e.g., divorce, change in dependent status, etc.) in order to ensure rights to potential continued coverage.

314 Non-Company Provided Benefits

From time-to-time certain organizations and businesses offer Team Members special offers or discounts. These offers, if deemed appropriate, will be communicated through your supervisor,

the Company intranet, or bulletin boards. The Company has no ownership in such programs and therefore cannot be responsible for their terms or results.

SECTION 400 - TIMEKEEPING AND PAYROLL

401 Compensation in General

The Company intends to pay Team Members in a manner that it considers to be fair based upon a Team Member's responsibilities and performance. The Company also strives to provide pay rates that are competitive with other companies in similar businesses and market areas. Questions concerning compensation should be addressed to your supervisor or your Human Resources Department.

402 Payroll Taxes

Salary, bonus, and other incentives you receive from the Company will be reported to the federal and state authorities as wages on Form W-2, subject to required federal and state tax withholding. From your salary, the Company withholds the necessary taxes based on your designated withholding exemptions specified on Form W-4.

403 Paydays

Because of the size and diverse nature of the Company, paydays vary depending upon a Team Member's classification and location. Your supervisor will inform you of your normal payday. In the event that a regularly scheduled payday falls on a day off, such as a holiday or weekend, Team Members will receive their pay on the last day of work before the regularly scheduled payday. If a regular payday falls during a Team Member's Paid Time Off, the paycheck or earnings statement will be available upon return from PTO. If your pay is by direct deposit, it will be deposited as usual. Checks, or earnings statements if on direct deposit, are distributed each payday by your supervisor or by payroll.

404 Direct Deposit of Payroll

Your pay, depending on your assignment, may be directly deposited in the bank or credit union of your choice in either a savings or checking account. Under this system, you can direct your funds into two separate checking accounts and two separate savings accounts, including mutual funds, if desired. Once direct deposit begins, your pay will be directly deposited into your account each payday. If you elect to change banking institutions, the payroll department must be notified immediately.

405 Work Schedules

Regular, full-time, hourly Team Members normally work 40 hours per week. Those working less than 30 hours on a regular basis are considered part-time. Company Policy and Federal Law require all Team Members to accurately record ACTUAL HOURS WORKED and to be paid for all hours worked. Based on departmental needs, your actual work schedule may vary and you may be required to work different or additional hours. Time in excess of 40 hours will be overtime for non-exempt Team Members and paid at applicable overtime rates. Unless otherwise required by law, payment for time not worked, such as Paid Time Off, Bereavement leave, Holiday pay, or Jury Duty leave is not counted toward hours for overtime. All overtime

must be approved in advance by a supervisor. You are expected to report to work and be at your workstation at your scheduled time. If you need to be absent, call your supervisor prior to your normal starting time.

Breaks are provided during the workday; your supervisor will inform you as to when such breaks are scheduled.

406 Payroll and Salary Deductions

The law requires that the Company make certain deductions from every Team Member's compensation, including, but not limited to, applicable federal, state, and local income taxes. Social Security taxes also must be deducted from each Team Member's earnings. The Company matches the amount of Social Security taxes paid by each Team Member.

The Company offers programs and benefits beyond those required by law. Eligible Team Members may voluntarily authorize deductions from their paychecks to cover the costs of participation in these programs. Contact your supervisor with questions concerning deductions and how they are calculated.

The Company prohibits deductions from the salary of a salaried-exempt Team Member based on the quality or quantity of work performed or any other reason that is inconsistent with pay on a salary basis under federal wage and hour regulations. Subject to certain exceptions, a salaried-exempt Team Member must receive his or her full salary for any week in which he or she performs any work without regard to the number of days or hours worked. Exceptions to this general rule include the following:

1. The Company need not pay the salary of a salaried-exempt Team Member for any workweek in which the Team Member performs no work.
 2. The Company may make deductions from salary for an exempt Team Member's absence for one or more full days for personal reasons, other than sickness or disability.
 3. The Company may make deductions from salary for absences of one or more full days occasioned by sickness or disability so long as the Company maintains a bona fide leave plan that provides compensation for loss of pay occasioned by such sickness or disability. (Deductions for such full day absences may be made, for instance, before the Team Member has qualified under the plan or after the Team Member has exhausted his or her leave under the plan.)
 4. The Company will not make deductions from salary for absences of an exempt Team Member occasioned by jury duty, attendance as a witness, or temporary military leave. The Company can offset any amounts received by a Team Member as jury fees, witness fees, or military pay for a particular week against the salary due for that particular week.
 5. The Company may make deductions from the salary of exempt Team Members for penalties imposed in good faith for infractions of safety rules of major significance.
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6. The Company may make deductions from the salary of exempt Team Members for unpaid disciplinary suspensions of one or more full days imposed in good faith for infractions of workplace conduct rules.

7. The Company is not required to pay the full salary of a salaried-exempt Team Member in the initial or terminal week of his or her employment if the Team Member works a partial week during such week.

8. The Company is not required to pay the full salary of a salaried-exempt Team Member for weeks in which such Team Member takes unpaid leave under the Family Medical Leave Act.

If a salaried-exempt Team Member believes that the Company has made an improper deduction from his or her salary, he or she should report the alleged improper deduction to their supervisor or the payroll department. A Team Member may also report an improper salary deduction to the Human Resources Department. The Company will in no way retaliate against any Team Member for making a good faith complaint about any payroll discrepancies or problems.

SECTION 500 - SAFETY GUIDELINES

501 Safety

Clayton values your safety. To help create a safe work environment for everyone, including customers and visitors, the Company provides information to everyone about work-place safety and health issues through regular internal communication channels such as supervisor/work force meetings, bulletin board postings, memos, and other written communications.

Some of the best safety improvement ideas come from our Team Members. Those with ideas, concerns, or suggestions for improved safety in the work-place are encouraged to raise them with their supervisor, or with another supervisor or manager. Reports and concerns about work place safety issues may be made anonymously.

Everyone is expected to obey safety rules and to exercise caution in all work activities. You must immediately report any unsafe condition to the appropriate supervisor. Consistent with the policy that the Team Member's employment is at-will and the Team Member may be terminated for reasons stated in this handbook as well as reason not stated in this handbook, those who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action up to and including termination of employment.

Team Members are expected to abide by all Company rules regarding visitors at Company facilities and locations. Further, while on Company property, Team Members must adhere to all Company requirements regarding access to the Company's facilities and locations, i.e., wearing and properly displaying any Company access and identification badges.

The Company does not violate the law and does not tolerate those who do. If a Team Member believes that anyone in or associated with the Company has requested or directed him or her to do anything that violates the law, or has prohibited the Team Member from doing anything that the law requires him or her to do, the Team Member must report this immediately to his or her supervisor, the Human Resources Department, any member of senior management, or the Company's legal counsel.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, you must immediately notify your supervisor or the appropriate manager and complete an accident report (CMH 1168). We want your environment to be safe for you and the rest of the Clayton team. Please THINK SAFETY FIRST!

502 Workers' Compensation

Clayton maintains workers' compensation benefits at no cost to all Team Members pursuant to applicable state law. This program covers injury or illness sustained in the course and scope of employment that requires medical, surgical, or hospital treatment. Provision of benefits is subject to applicable legal requirements.

Team Members who sustain work-related injuries or illnesses no matter how minor, should inform their supervisor immediately. This will enable an eligible Team Member to qualify for coverage as quickly as possible and will enable the Company to take appropriate steps to investigate the incident and prevent future ones like it. If a Team Member needs medical treatment related to a covered injury, they will, depending on applicable state law, be asked to choose a medical provider from a panel of physicians, and the Company will assist in the coordination of medical treatment from that physician.

Neither the Company nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during a Team Member's voluntary participation in any recreational, social, or athletic activity sponsored by the Company.

503 Emergency Evacuation Routes

In the event of an emergency you may either be required to move to a safe location within the building ("home office") or evacuate the building. In each situation, you need to be prepared to act quickly.

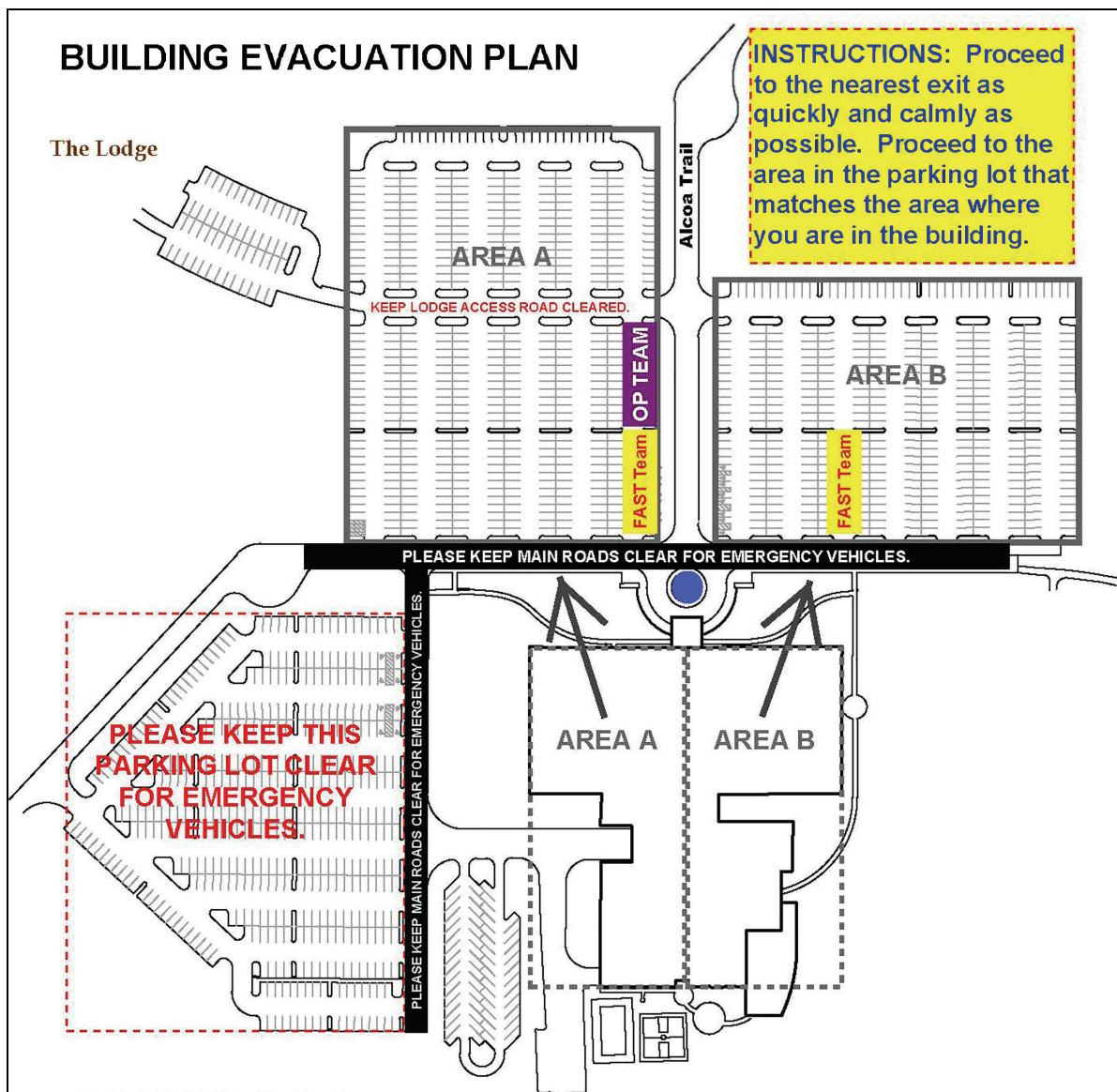
Safe Locations Within the Building. In the event of a tornado warning you will be asked to move to a safe location within the building. *A safe location is defined as any area without exterior windows.* Some of the team rooms (TRs) and areas in the home office that do not have exterior windows are:

| | |
|---|-------------------------------------|
| Alabama TR | Lower Level Center Hallway |
| Building Happyness TR | Mail Processing Center |
| Coat Closets | Meeting Rooms behind Reception Area |
| Customer Experience TR | New Mother Nursing Room |
| Energy Smart TR | North Carolina TR |
| Eddie Venable TR | Paul Nichols TR |
| Have it Made TR | PC Build Shop |
| Helping Others TR | Raving Fans TR |
| Howard Eifler TR | Rest Rooms |
| Innovations TR | Sales Person of the Year TR |
| Insights TR | South Carolina TR |
| Interior Hallway by IT Ops Printer Room | Tech Hall |
| IT Operations | Tennessee TR |
| IT Operations Printer Room | Tim Rhoades TR |
| IT Server Room | Ty Kelly TR |
| Jerry Moses TR | Unfinished Storage |
| Jess Haun TR | Vault |
| Jim Ausmus TR | Vending Area |
| Joe Clayton TR | Virginia TR |
| John Kalec TR | Training & Development Center I |
| Johnny Moore TR | Training & Development Center II |
| Kitchen | Wellness Office |
| Locker Rooms | Wimbledon TR |
| Louisiana TR | |

If you need to take immediate cover and do not have time to make it to a safe area, another option would be to take cover under your desk.

Evacuating the Building. If you hear an audible alarm sound, this indicates that you need to evacuate the building. Exit the building quickly and calmly. If you are at your desk proceed immediately to the nearest exit. If you are not at your desk, **DO NOT ATTEMPT TO RETURN TO YOUR DESK.** Make your way to the nearest exit!

GO DIRECTLY TO THE PARKING LOT LOCATED IN THE FRONT OF THE BUILDING. The building is divided into two sections, A and B. Standing inside the building, facing the front entrance, the left half is designated as area “A” and the right half is designated as area “B”. The diagram below shows which parking lot you should report to. If you have a visitor, bring them with you. The parking lots located on the left side of the building should be kept clear for emergency vehicles to use to access the building and address the emergency situation.



DO NOT USE ELEVATORS DURING AN EMERGENCY EVACUATION.

Know the Location of Emergency Alarms and Fire Extinguishers. Fire alarm pull stations are located at every exit in the Home Office. DO NOT ATTEMPT TO EXTINGUISH THE FIRE YOURSELF IF THIS PUTS YOU IN ANY DANGER.

Medical Attention Area. During an emergency evacuation, First Aid and Safety Teams (FAST) will be located in the front parking lot (*see diagram for locations*). Team Members needing medical assistance should be brought to one of these areas. If it is not possible to get the injured Team Member to one of these areas, notify the FAST immediately of the injured Team Member and their whereabouts.

AN ANNOUNCEMENT WILL BE MADE WHEN IT IS SAFE TO RE-ENTER THE BUILDING AND RETURN TO WORK.

504 Smoking and Tobacco Use

In keeping with the Company's intent to provide a safe and healthful work environment, smoking is prohibited throughout the workplace except at facilities where smoking is allowed in designated areas. All Team Members, vendors and visitors are expected to adhere to the Clayton Home Office Tobacco-Free Campus Policy, which prohibits the use of all tobacco & tobacco-like products while located on the Home Office Campus. The Home Office Campus includes the main building, parking lot, surrounding grounds and all company-owned or leased vehicles. A copy of the Tobacco-Free Campus Policy may be obtained from the Company's intranet site or from the Human Resources Department.

SECTION 600 - STANDARDS OF CONDUCT

601 Workplace Harassment

Workplace harassment will not be tolerated anywhere in our Company. Although sexual harassment is the most common form of workplace harassment, workplace harassment based on any legally protected characteristic such as race, color, national origin, age, religion, disability, genetic information, veteran status, or any other legally protected characteristic is specifically prohibited under this policy. Harassment can consist of unwelcome sexual advances, touching, or other inappropriate behavior. Examples include lewd and offensive remarks, gestures, actions, or any conduct that can be perceived as creating hostile, intimidating, or offensive working environments. Jokes, teasing, subtleties, innuendoes, suggestive printed material, and sexually stereotyped insults are also considered to be harassment or inappropriate behavior. Such behavior will not be tolerated by Team Members, vendors, or contractors.

If you believe you are the victim of harassment, or if you have witnessed any perceived incidents of workplace harassment, you are required to report the episode immediately, preferably in writing. You should report first to your immediate supervisor or manager. If you are not comfortable reporting to your immediate supervisor or manager, you should report immediately to your supervisor's or manager's direct manager, to the Human Resources Department, the Corporate Legal Department, or a senior company officer. Your Company wants everyone to work in an environment free from sexual or other workplace harassment. **DO NOT TOLERATE INAPPROPRIATE BEHAVIOR.** Remember, your Company can address violations of this policy only when the violations are reported and made known as set forth above. You have a duty to report harassment when it occurs. The failure to report harassment is a violation of the Company's policy.

The Human Resources Department and/or the Company's legal counsel will coordinate all investigations of allegations of workplace harassment. As with any Company investigation, all Team Members are required to fully cooperate in any such investigation. Because of the extremely sensitive nature of such allegations, investigations will be conducted in as confidential a manner as possible. Any Team Member found to have engaged in workplace harassment will be disciplined. The disciplinary actions will range from a reprimand up to and including termination, as determined by the Company to be appropriate based on the circumstances revealed during the investigation. Retaliation against a Team Member for a good faith report of workplace harassment is prohibited. Retaliation against a Team Member who makes a good faith report of workplace harassment will result in discipline against the retaliating Team Member. Retaliation and threats of retaliation must be reported in the manner specified in the above reporting procedure.

Any questions, suggestions or written notices regarding this policy should be directed to the Company's Legal Counsel, to the Human Resources Department or to a Senior Officer at: 5000 Clayton Road, Maryville, TN 37804, (865) 380-3000.

602 Off-the-Job Conduct

The Company reminds all Team Members that "Our reputation is our greatest asset". *Warren Buffett*

The reputation we all carry into the workplace as individuals affects our daily jobs and the Company as a whole. While the Company has no interest in attempting to regulate every aspect of one's personal conduct away from work, we believe and understand that our Team Members are representatives of the Company at all times. As such, we strive to create and preserve a workplace environment that exhibits high standards and uncompromised ethical behavior that will help preserve our long term success and promote a solid reputation. In order to achieve this we must insist upon quality in our products, our service and, most importantly, our people. Should the Company determine, in its sole discretion, that a Team Member has engaged in activity outside the workplace that compromises that Team Member's ability to perform his or her job duties, character, or leadership potential, or reflects negatively upon the Company, the Company may, in its sole discretion and to the extent permitted by applicable law, take disciplinary action against the Team Member, up to and including termination.

603 Substance Abuse Policy

Clayton is committed to providing a safe work environment and to fostering the well-being and health of its Team Members. That commitment is jeopardized when any Team Member illegally uses drugs on or off the job, comes to work under the influence, possesses, distributes or sells drugs in the workplace, or abuses alcohol on the job. Therefore, the Company has established the following policy to help maintain a safe and efficient working environment:

1. It is a violation of Company policy for any Team Member to use, possess, sell, trade, offer for sale, or offer to buy illegal drugs or otherwise engage in the illegal use of drugs on or off the job.
2. It is a violation of Company policy for any Team Member to report to work under the influence of or while possessing in his or her body, blood or urine, illegal drugs in any detectable amount.
3. It is a violation of Company policy for any Team Member to report to work under the influence of or impaired by alcohol.
4. It is a violation of Company policy for any Team Member to use prescription drugs illegally, i.e., to use prescription drugs that have not been legally obtained or in a manner or for a purpose other than as prescribed. However, nothing in this policy precludes the appropriate use of legally prescribed medications, except where the use of such medications conflicts with federal or state criminal statutes.
5. Violations of this policy are subject to disciplinary action up to and including termination.

Although it is not the obligation of the Company's supervisors to diagnose any medical condition or disorder, it is the responsibility of the Company's supervisors to counsel Team Members whenever they see changes in performance or behavior that suggest a Team Member may have a substance abuse problem. Everyone shares responsibility for maintaining a safe work environment, and co-workers should encourage anyone who has a drug problem to seek help.

The goal of this policy is to balance our respect for individuals with the need to maintain a safe, productive and drug-free environment. The intent of this policy is to send a clear message that

the illegal use of drugs and the abuse of alcohol are incompatible with employment at Clayton. We ask for your cooperation. This policy benefits the safety and welfare of all concerned.

General Procedures

Any Team Member reporting to work visibly impaired will be deemed unable to perform required duties and will not be allowed to work. If possible, the Team Member's supervisor will first seek another supervisor's opinion to confirm the Team Member's status. Next, the supervisor will consult privately with the Team Member to determine the cause of the observation, including whether substance abuse has occurred. If, in the opinion of the supervisor, the Team Member is considered impaired, the Team Member will be sent home or to a medical facility by taxi or other safe transportation alternative - depending on the determination of the observed impairment - and accompanied by the supervisor or another Team Member if necessary. A drug or alcohol test may be in order. An impaired Team Member will not be allowed to drive.

Confidentiality

The confidentiality of any information received by the Company through a substance abuse testing program shall be maintained, except as otherwise provided by law.

Job Applicant Drug Testing

All job applicants at the Company will undergo testing for substance abuse as a condition of employment. Any applicant with a confirmed positive test result will be denied employment.

Applicants will be required to submit voluntarily to a urinalysis test at a laboratory chosen by the Company, and by signing a consent agreement that will release the Company from liability.

If the physician, official or lab personnel have reasonable suspicion to believe that the job applicant has tampered with the specimen, the applicant will not be considered for employment.

The Company will not discriminate against applicants for employment because of a past history of drug or alcohol abuse. It is the current illegal use of drugs and/or abuse of alcohol, preventing Team Members from performing their jobs properly, that the Company will not tolerate.

Team Member Drug and Alcohol Testing

The Company has adopted testing practices to identify Team Members who illegally use drugs on or off the job or who abuse alcohol on the job. It shall be a condition of employment for all Team Members to submit to substance abuse testing under the following circumstances:

1. When there is reasonable suspicion to believe that a Team Member is illegally using drugs or abusing alcohol. 'Reasonable suspicion' is based on a belief that a Team Member is using or has used drugs or alcohol in violation of the employer's policy drawn from specific objective and articulable facts and reasonable inferences drawn from those facts in light of experience. Among other things, such facts and inferences may be based upon, but not limited to, the following:

(A) Observable phenomena while at work such as direct observation of substance abuse or of the physical symptoms or manifestations of being impaired due to substance abuse;

(B) Abnormal conduct or erratic behavior while at work or a significant deterioration in work performance;

(C) A report of substance abuse provided by a reliable and credible source;

(D) Evidence that a Team Member has tampered with any substance abuse test during his or her employment with the current employer;

(E) Information that a Team Member has caused or contributed to an accident while at work; or

(F) Evidence that a Team Member has used, possessed, sold, solicited, or transferred drugs while working or while on the employer's premises or while operating the employer's vehicle, machinery, or equipment.

2. When Team Members have caused or contributed to an on-the-job injury that resulted in a loss of work-time, which means any period of time during which a Team Member stops performing the normal duties of employment and leaves the place of employment to seek care from a licensed medical provider. The Company may send Team Members for a substance abuse test if they are involved in on-the-job accidents where personal injury or damage to Company property occurs.

3. Routine fitness-for-duty drug or alcohol testing. The Company must require a Team Member to submit to a drug or alcohol test if the test is conducted as part of a routinely scheduled Team Member fitness-for-duty medical examination where the examinations are required by: law, regulation, are part of the Company's established policy, or one that is scheduled routinely for all members of an employment classification group.

Alcohol Testing

The consumption or possession of alcoholic beverages on the Company's premises is prohibited. (Company sponsored activities which may include the serving of alcohol beverages are not included in this provision.) A Team Member whose normal faculties are impaired due to alcoholic beverages, or whose blood alcohol tests evidence the presence of alcohol while on duty/company business shall be guilty of misconduct, and shall be subject to discipline up to and including termination.

Refusal to Submit

Failure to submit to a required substance abuse test is also misconduct and also shall be subject to discipline up to and including termination.

Important Information for Job Applicants and Team Members

When a Team Member or job applicant submits to a drug and/or alcohol test, they will be given a form by the specimen collector that contains a list of common medications and substances which

may alter or affect the outcome of a drug or alcohol test. This form will also have a space for the donor to provide any information that he/she considers relevant to the test, including the identification of currently or recently used prescription or non-prescription medication or other relevant information. The information form should be kept by the job applicant or Team Member for their personal use. If the job applicant or Team Member has a positive confirmed test result, a medical review officer will attempt to contact the individual in order to privately discuss the findings with that person. The job applicant or Team Member should keep the form as a “reminder” to discuss this information at that time. The medical review officer will take this information into account when interpreting any positive confirmed test results. The information provided shall be treated as confidential and will not be given to the Company.

Substance abuse testing for job applicants and Team Members will include, but is not limited to, a urinalysis screen for the following drugs:

Alcohol: (not required for job applicant testing)

Any “Alcoholic Beverage,” all liquid medications containing ethyl alcohol (ethanol). Please read the label for content. For example: Vicks Nyquil™ is 25% (50 proof) ethyl alcohol, Comtrex™ is 20% (40 proof), Contac Severe Cold Formula Night Strength™ is 25% (50 proof) and Listerine™ is 26.9% (54 proof).

Amphetamines: “meth”, “crank”, “speed,” “uppers,” etc.

Cannabinoids: THC, marijuana, hashish, “pot,” “grass,” “hash,” etc.

Cocaine: “coke,” “crack,” “blow,” etc.

Phencyclidine: PCP, “angel dust.”

Opiates: Narcotics, Heroin, Codeine, Morphine, “smack,” “dope,” etc.

604 Weapons and Violence in the Workplace

All Team Members must report to the workplace without possessing weapons and must perform his or her job without engaging in or threatening any violence towards any other individual.

The Company has the right to conduct searches on Company premises for weapons including, but not limited to, persons, lockers, furniture, containers, equipment, lunch boxes, briefcases, personal bags, other personal effects, and personal vehicles parked on Company premises.

Except where expressly permitted by state or federal statute, the Company specifically prohibits the following and will routinely discipline a Team Member up to and including discharge for any of the following:

1. Use, possession, or sale of any weapon on the Company premises or during working time.
 2. Conviction under any criminal statute for the illegal possession or sale of a weapon or for committing a violent act against the person or property of another. Any Team Member
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convicted of such a crime during his or her employment must immediately notify his or her supervisor.

3. Refusing to submit to an inspection for the presence of a weapon, on Company premises or during working time, that is requested by the Company.
4. Refusing to participate in an investigation pertaining to allegations or suspicion that violence has or is likely to occur or the possession of a weapon by the Team Member or co-worker(s)
5. Participation in or instigation of a fight or other altercation on Company premises or during working time.

Under no circumstances should a Team Member attempt to use or threaten the use of physical force, of any kind, to protect Company property. Theft or attempted theft of Company property should be reported to the proper authorities. At no point should a Team Member attempt to take matters into his or her hands. The above rules regarding the possession and use of weapons and the instigation of violence apply even where the Team Member reasonably believes the use or threat of force is necessary to protect Company property.

If a Team Member feels he or she is in danger while performing job duties, the Team Member should notify his or her supervisor or manager of the situation. The Company, in its sole discretion, will thereafter determine what action to take in response to the Team Member's concern.

Individuals injured while participating in or instigating a fight may have workers compensation benefits denied to them.

A weapon is defined as any type of firearm, knife, explosive, explosive device, or implement principally designed, made, or adapted for infliction of bodily injury or property damage which has no appropriate purpose on Company premises.

605 Progressive Counseling

When mistakes occur, whether involving inappropriate behavior or violation of Company policy and procedures, management has the opportunity to coach and counsel Team Members on a one-on-one basis. The Company's approach is to remind our Team Members of our expectations and give each of them a reasonable opportunity to adjust their behavior and/or performance while providing consistency in counseling and discipline. Possible disciplinary alternatives include verbal and written warnings as well as final counseling and discharge. However, the Company does not guarantee continued employment to any Team Member and specifically reserves the right to terminate any Team Member when it is in the best interest of the Company either with or without cause and without the use of any progressive counseling or discipline. The program serves as a developmental tool and is intended to benefit both the Company and its Team Members.

Certain behaviors or violations are considered so extreme that such conduct may be cause for immediate dismissal on the first offense. Some examples, **though NOT all-inclusive**, are:

- Workplace harassment.
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- Inappropriate behaviors and/or comments.
- Fighting on Company property or inciting a fight.
- Falsifying of initial employment documents, time cards or punching the time card of another Team Member.
- Willful destruction or theft of property of a co-worker or of the Company.
- Unauthorized possession on one's person of explosives, firearms or weapons of any kind.
- Falsification/forgery of any financing document or other Company records.
- Possession, consumption, or sale of intoxicants and or illegal drugs on Company property or during working time or reporting to work under the influence of alcohol or illegal drugs.
- Insubordination, including, but not limited to, failure to follow the reasonable instruction of a supervisor, and failure to submit to tests required by the Company.
- Making a false or unfounded claim of occupational injury, illness, or disability.

The policies, procedures, and work rules set forth in this handbook are not intended to be exhaustive. As such, other improper conduct may be grounds for progressive counseling, which may include disciplinary action up to and including termination. Although generally required by the Company, the Progressive Counseling program may or may not be used in the event of poor performance or misconduct and the Company may make exceptions or deviations from the normal procedure whenever the Company deems such deviations to be appropriate. The progressive counseling policy does not change the “employment-at-will” relationship. An individual may be terminated at will by the company for any reason, or an individual may choose to terminate employment at his or her option, with or without cause or notice by either party.

606 Attendance and Punctuality

To maintain a safe and productive work environment, the Company expects everyone to be reliable and punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on others and on the Company. In the rare instance when a Team Member cannot avoid being late to work or is unable to work as scheduled, they must notify their supervisor as soon as possible in advance of the anticipated tardiness or absence, or as soon as practicable under the circumstances.

Meeting accepted attendance and tardiness standards is a requirement of the job. Inability to do so may lead to disciplinary action, up to and including termination of employment.

607 Personal Appearance

Dress, grooming, and personal cleanliness standards contribute to the morale of all Team Members and affect the image the Company presents to customers and visitors. During business hours, everyone is expected to present a clean and neat appearance and to dress according to the requirements of their position.

As a general guideline, clothing such as tank tops, halter tops, short shorts, and mini-skirts are not in keeping with the Company's desire to establish and maintain a professional atmosphere and are prohibited. Also prohibited are T-shirts or other articles of clothing with obscene or offensive language or art work on them. If you are uncertain whether or not an article of clothing is appropriate, the rule of thumb should be not to wear it or ask your supervisor first. For further guidance about proper clothing please review the Clayton Personal Appearance and Business Casual Guidelines. Violation of this policy may result in disciplinary action up to and including termination.

608 Solicitations

In order to avoid interruption of your work and to protect you from unnecessary annoyance, soliciting memberships or contributions, distributing printed material, or conducting personal business on Company property is limited by the following rules:

1. Team Members are not to solicit and/or distribute literature to fellow co-workers during the time they are required to be performing job duties.
2. Soliciting an individual or distributing literature to an individual by a non-Team Member is prohibited at all times on Company property.
3. The only exception to these rules will be for limited approved beneficent causes allowed under the law.

Any violation of these rules should be reported at once to your supervisor, legal counsel, or the Human Resources Department.

609 Political Activities

You are encouraged to participate in political activities as you choose. However, you are not to commit, or appear to commit, the Company to any type of direct or indirect political contribution. You need to also be extremely careful not to imply Company endorsement of a political candidate. Violation of this policy may result in disciplinary action up to and including termination.

610 Responding to Media or Legal Requests

From time to time certain circumstances will arise when Team Members may be contacted by members of the news media for interviews or comments concerning Company business. Team Members are not to make any statements to the news media without prior approval by an officer of the Company.

Team Members who have been served with a subpoena or requested to give out information or documents in connection with any matter pertaining to the Company or any of its Team Members are required to notify their supervisor or legal counsel immediately. Violation of this policy may result in disciplinary action up to and including termination.

611 Electronic Communications / Workplace Monitoring Policy

Clayton has established the following policy that governs the use of all electronic communications systems (including, but not limited to, email, telephones, Wi-Fi, etc.) at the workplace, as well as the Company's right to monitor each Team Member's work and workplace in general. The Company reserves the right to amend these policies. A Team Member's use of any Company provided systems constitutes the Team Member's agreement to abide by the policies set forth below, or as modified in the future.

No Expectation of Privacy. Team Members should not have an expectation of privacy with respect to their work. The Company reserves the right to monitor the work, work area, and work product of its Team Members. This includes the right to monitor all means of communication - internal or external - including, but not limited to, telephonic, voice-mail, paper mail, and email communications, as well as use of computers, fax machines, and other equipment. It also includes the right to conduct reasonable searches of Team Members, their work areas, and their belongings (e.g., desks, briefcases, computers, smart phones, PDAs, automobiles, coats, bags, purses, etc.) upon the company's reasonable suspicion of theft, possession of illegal drugs or alcohol, or the commission of any other offense that is against Company policy or the law, or for purpose of investigating the same. Additionally, all work-related information stored on, produced with, or viewed by any Team Member's personally-owned computer or mobile device (such as a personal laptop or desktop computer, tablet computer, smart phone, etc.) belongs to the Company. Therefore, the Company reserves the right to obtain any such work-related information, to the extent permitted by applicable law, whether stored on a Company-issued computer/device or on a Team Member's personally-owned computer or mobile device.

Company's Access of Work-Related Information. Team Members who save or store work-related information on their personally-owned computers or mobile devices acknowledge that the Company has a right to access and monitor such work-related information. Team Members agree to cooperate with the Company and, upon request, allow the Company to access to their personally-owned computers and mobile devices in order to retrieve work-related information.

Video Monitoring. To enhance team member's safety, as well as for business reasons, theft protection and protection of proprietary information, the Company reserves the right to conduct surveillance of general activities in common work areas. However, Team Members MAY NOT record (either video or audio) workplace happenings without the express consent of all persons to be recorded and a member of management.

Business Use. All Company-owned and provided electronic communication systems are to be used primarily for business purposes, meaning that use of such equipment and systems must be job-related. Limited, occasional or incidental use of these systems for personal purposes is acceptable, if done in a professional manner that does not interfere with business use and is done only during Company-provided breaks or rest periods. Further, electronic signatures on email must state only general information about the Team Member, i.e., name and contact information, and shall not contain any non-business-related text, icons, backgrounds, fonts, or other information of a non-business nature.

Business Form. E-mail and voice-mail messages reflect the Company's business image. They should be composed in a professional manner that is similar to messages sent on Company letterhead. Team Members should keep in mind that electronic files are subject to litigation discovery and may subsequently be used in litigation involving the Company or the Team Member. Therefore, it is expected that Team Member statements in electronic messages and files will reflect favorably on the Company and on the Team Member.

Mass E-mail. In order to limit the amount of irrelevant e-mail messages received, e-mail messages sent to "all Team Members," or similar mass mailing groups, may only be sent by supervisors.

File Management. In order to keep the electronic communication systems and computer systems running efficiently, Team Members (other than those Team Members directed otherwise by management or legal counsel) should delete unnecessary electronic messages stored in the system, as well as computer files that are no longer needed. Team Members should also run a virus check on attachments sent through E-mail before opening such files.

Company Property. In addition to the system hardware and software, all electronic files, electronic messages, or any other work-related information are the property of the Company, whether composed, received or sent by the Team Member. E-mail messages and other electronic files containing work-related information constitute business records belonging to the Company, whether stored, produced, or viewed with Company provided or personal technology devices.

Privacy and Passwords. Because all messages are the property of the Company, Team Members should not expect that such messages are private. In addition, Team Members should be aware that deleted files may be retrieved and read. The Company reserves the right to retrieve, monitor, or review any messages in the Company system (including E-mail, voice mail, etc.), and may disclose such messages for any purpose without notice to the Team Member and without seeking permission of the Team Member. Passwords must be disclosed to management upon request.

Solicitation Prohibited. Team Members may not use E-mail or voice mail systems to solicit for charitable or commercial ventures, or in any way that violates the Company's "no solicitation" policy. Team Members may not use the systems to proselytize for religious, political or other causes.

Proprietary Information Restrictions. Receiving or downloading, or sending or uploading of proprietary information is prohibited without prior authorization. Such information includes copyrighted materials, trade secrets, proprietary financial information, or similar materials.

Anti-Harassment Policies Applicable. The Company policies prohibiting sexual or other harassment are applicable to all Company provided electronic communication systems. Messages or other material that contains foul, inappropriate, or offensive language or material, or those containing racial or ethnic slurs, sexual innuendo, or other information that violates the Company's policy against harassment are prohibited.

Confidentiality. Team Members are expected to respect the confidentiality of messages sent to others. Team Members may not access or review E-mail or voice-mail messages that are not distributed to them.

Internet Postings. Team Members must receive permission from an officer of the Company before posting messages on behalf of the Company to electronic bulletin boards, list-servers or similar public posting forums on the Internet.

Team Members who observe violations of these electronic communication policies shall notify their immediate supervisor or shall report the violation to the Human Resources Department.

Team Members who violate this policy are subject to discipline, up to and including termination of employment.

612 Digital Activity Policy

I. Policy Purpose and Goals

A. The Clayton Companies (“Clayton” or “the Company”) recognize that online activity has become an important element in how people communicate, interact and express themselves, both on the job and off. For this reason, we have created this official Clayton *Digital Activity Policy* (“the Policy”), which outlines our expectations regarding Team Members’ responsible digital activity.

B. As Clayton Team Members, it’s up to all of us to represent our company appropriately and responsibly, whether that’s on the job, out in our communities, or when we go online to communicate, interact with others and publish material. By observing Policy guidelines, Team Members can avoid taking part in online activity that could negatively affect their employment. Furthermore, observance of the standards in the Policy allows Team Members to play an important and valued role in protecting Clayton’s reputation, actively supporting the company’s continued success, and promoting Team Member engagement.

C. Because this Policy addresses a rapidly evolving area of interest and concern for Clayton, and as new technologies and digital platforms emerge, Team Members should expect Clayton to offer periodic updates, edits and additions to the Policy.

D. The Clayton *Digital Activity Policy* should be considered proprietary company information. Team Members are specifically prohibited from sharing or distributing any part of the Policy outside of the company without prior authorization from the Corporate Legal Department.

II. Audience

A. The Policy is intended to apply to all full-time, part-time and contract Team Members, including *but not limited to* those Team Members who work in Clayton’s corporate and management offices, manufacturing facilities and Home Centers.

B. Clayton’s existing policies already set forth standards of conduct that apply to Team Members while on the job, and in some cases, outside the workplace. The *Digital Activity Policy*

serves as a complement to existing standards. Team Members should also be aware that in some cases, local, state or federal laws and statutes related to digital activity may supersede current company guidelines.

C. Individual Clayton Team Members may have job responsibilities, job descriptions or individual employment agreements in place that specifically call for or prohibit digital activity that falls outside the Policy's guidelines. Any Team Member who has questions about how the Policy's guidelines apply specifically to his or her terms of employment or job functions should contact his or her own supervisor directly. For those Team Members authorized to participate in digital activity while on the job, we ask that they focus activity on those online communities and conversations directly relevant to professional development, business intelligence and to promoting the company.

III. Applications

A. Any failure of the Policy to include express mention of a particular technical, digital, mobile or online platform, activity, network, brand or product does not suggest or imply specific exclusion from the Policy's guidance and expectations.

B. Here are some representative examples of specific situations where the Policy would apply to Team Members. These situations include but are not limited to:

(1) Digital activity by a Team Member using a Clayton-owned cell phone, smartphone, multimedia device, mobile device, handheld device, desktop or laptop computer.

- **Example:** Team Member using company desktop computer during work hours to comment on a public-facing (i.e., not limited to Company Team Members but available for viewing by the general public) blog or online newspaper story.

- **Example:** Team Member using Clayton-owned laptop at home, during weekend hours to update his or her status on Yammer, Facebook, Instagram, Twitter, or other online social media website or application.

- **Example:** Team Member using Clayton-owned iPhone or other smartphone at a professional conference to take photos of fellow attendees and upload them to Yammer, Instagram, Flickr, or Twitter.

(2) Digital activity on any piece of technology, from any location, at any time by a Team Member using a Clayton-owned or provided network, server, Internet access plan, data plan, cell phone or wireless plan or other mobile access.

- **Example:** Team Member using Clayton-owned wireless access card on a personal laptop computer to upload photos to Yammer, Facebook, Instagram, Twitter, or other online social media website or application.

- **Example:** Team Member using Clayton's servers and network on a Clayton-owned desktop computer at work to leave a product review at Amazon.com.

- **Example:** Team Member using Clayton-operated Wi-Fi network to log into a message board discussion via a personal iPhone.

(3) Digital activity that takes place at work or during work hours by a Team Member using Company provided technology or personally owned technology, including but not limited to a personal cell phone, multimedia, mobile or handheld device or computer.

(4) Digital activity that takes place away from work and outside of work hours by a Team Member using a personal, public or other non-Clayton-owned cell phone, mobile or handheld device or computer, as well as a personal or non-Clayton-operated network, server, Internet access plan or mobile access plan in a manner that would violate any Clayton policy regarding behavior or conduct, when such digital activity involves publication related to the Company or its products, services, or Team Members, or when such digital activity reveals, or has the potential to reveal, a Team Member's employment by the Company.

C. Here are some examples of the types of digital, interactive, mobile and online activity covered by this Policy. They include but are not limited to:

- Posting and publishing content, comments, photos or videos on social networks including Facebook, Twitter, Instagram, Pinterest, Google+ and any other microblogs or social platforms.
- Participation in subscription-based email groups and listservs.
- Email.
- Text messages.
- Publishing writing, photos or video online.
- Comments on blogs, news stories and other comment-enabled website.
- Posting product and service reviews on websites.
- Live-streaming platforms.
- Instant messengers and chat rooms.
- Posting and publishing on local and national message boards.
- Posting or publishing still photos, video or audio content anywhere online.
- Participation in Wikipedia and shared online workspaces, such as Google docs, Google calendar, BaseCamp and SharePoint.
- Posting and publishing on digital bookmarking sites.
- Participation in virtual communities and online games.

IV. Social Media/General Web Usage Guidelines

The purpose of pursuing a social media strategy relative to public-facing online activity (i.e., not limited to Company Team Members but available for viewing by the general public) is to monitor overall consumer perceptions, provide a quick-read of consumer opinions and regularly engage our consumers with the purpose of boosting brand perceptions and identifying opportunities to solicit feedback—both positive and negative.

Each public-facing social network maintains their own user agreement policy; in general, they follow the same set of core principles:

- Respect for other users is a top priority.
-

- Individuals control their own privacy settings.
- Spam is not tolerated.
- Minors are protected.
- Lewd content and vulgar or defamatory language are not tolerated.

Clayton has assembled a Social Media Team made up of Team Members from marketing and human resources. It is the Social Media Team's responsibility to monitor Clayton's public-facing social network consumer comments for accuracy, respect and brand impact. Each member of the social media team will be personally responsible for his/her communications and activities in social media channels and content that is published online. Before replying to a specific comment or question, the team will be sure to engage internal resources to provide the most accurate and factual information available.

A. No Policy can specifically address any and all specific ways in which Team Members might communicate, publish, behave or interact in digital, online and social media environments. Any Team Member who is unclear on exactly how these guidelines apply or do not apply to that Team Member's specific digital activity is encouraged to contact his or her supervisor directly. Clayton management can clarify any point in order to help Team Members avoid problems for themselves or the company. When in doubt, just ask! Email social@claytonhomes.com.

B. Except where permitted by applicable state or federal law, Team Members' digital, online and social networking activity that is public-facing (i.e., not limited to Company Team Members but available for viewing by the general public) must not reveal confidential or proprietary information about Clayton. This includes information about trademarks, product development, sales figures, personnel issues, financial matters, marketing or advertising strategy, manufacturing processes, customer information or any other information that has not been publicly and officially released by the company. These examples do not cover everything the company considers confidential and proprietary. Team Members who are unsure whether specific information is considered confidential or proprietary should consult their supervisors. For guidance regarding Yammer or other internal Company social media activity, please see the Company's Yammer Guidelines below.

Key Point: *Team Members should err on the side of caution by asking first before sharing, transmitting or publishing company information, online to the public or elsewhere.*

C. For publicly-facing digital activity, Team Members must not use any official, trademarked or commonly-used Clayton brand or product names as any part of the primary identifier, brand or official title for their personal blogs, Twitter profiles, Facebook profiles, fan pages, online groups or communities, AIM profiles, email addresses, etc.

D. Team Members may include the information that they work for Clayton in the work information area of publicly-facing digital and online profiles and platforms. If a Team Member's publicly-facing social network profile, digital identity, blog, persona or account does include mention of employment status with Clayton, Team Member must include a clear, simple disclaimer within his or her profile, such as, "The views I express here are my own, and are not those of my employer."

We understand that publicly-facing online conversations are not private and must follow all legal standards. For a general reference, we will follow these basic guidelines when

posting anywhere online that is not limited to Company Team Members but available for viewing by the general public:

- Avoid identifying, discussing or posting pictures of others unless we have their documented permission.
- Never post company or customer financial information in any form where it may be viewed online by the general public.
- Never reveal or discuss proprietary or confidential information in any form where it may be viewed online by the general public.

Online activity will always follow Clayton's Acceptable Use Policy, Berkshire Hathaway Code of Business Conduct and Ethics, the various policies contained within the Team Member Handbook, including, but not limited to, the Workplace Harassment and Equal Opportunity policies, and the Team Member Confidentiality Agreement. We never disseminate for general public viewing or to Team Members who do not have a need to know customers' financial and private information in any form or fashion, whether actual or descriptive; and never denigrate or insult others in our communications, including customers, co-workers, clients or competitors.

It is also crucial to never make false claims about Clayton's services or offerings, intentionally or otherwise, whether on public-facing online media or Company internal social media sites.

E. Team Members must not use, transmit or publish any Clayton-owned, commonly used or trademarked logos, brand marks, photography or other proprietary visual material anywhere online that is not limited to Company Team Members but available for viewing by the general public or on other publicly-facing digital platforms for any purpose, without express written consent by the Corporate Legal Department.

F. Individual Team Members are prohibited from using publicly-facing digital and social media of any kind in any way to market, advertise or promote specific Clayton products, sales prices, special deals and promotions, mortgage products and rates, or Clayton-related promotions and giveaways without express written consent by the Corporate Legal Department. All marketing and advertising for our company, including the marketing and advertising that we undertake online and on mobile platforms, is coordinated in a strategic way by our Digital Marketing Department. Any Team Member who has an idea for promoting, advertising or marketing the company's business interests and sales online, or in any other digital format, should email social@claytonhomes.com. Under no circumstance, however, should an individual Team Member use his or her own Facebook page, blog, Twitter feed or any other publicly-facing digital platform to issue or publish advertising or marketing messages that have not been expressly approved by the Marketing Department.

However, authorized Team Members may use designated social media outlets to promote local, regional, and national Clayton marketing initiatives. At this time, Facebook Place pages have been established for every Retail Home Center and are an approved social medium available to Team Members. These Facebook pages should only be used for company purposes, personal use or promotion is strictly prohibited. If you would like to get set up on any other

social media platforms to promote a Retail Home Center, i.e. Twitter, Instagram, Pinterest, etc., please contact social@claytonhomes.com before creating an account and publishing content on behalf of a Home Center. Any questions or concerns regarding social media usage should be directed to social@claytonhomes.com. Posting and publishing content, comments, photos and videos on social networks, including Facebook, Twitter, Instagram, Pinterest, Google+ and any other microblogs or social platforms should comply with the policies outlines in this document. Participation and creation of Facebook “groups” or “yard sale” pages to promote Clayton owned inventory requires appropriate RVP and ZVP approval as described in the social media policies and procedures manual. Posting and publishing Clayton inventory on Craigslist must follow the procedures outlined in the Craigslist guidance available on LINK.

G. Clayton Team Members engaged in digital activity of any kind, at any time, should understand clearly that they alone are fully responsible for anything they say, write, publish, post or view online. Team Members should further be aware that they can be disciplined by the Company, or even face legal action, for online publication or viewing of commentary, content, or multimedia materials that violate the law or Company policies, violate the terms of their employment, undermine Company operations or create a hostile work environment.

H. Except where permitted by applicable state or federal law, Team Members engaged in publicly-facing digital activity who encounter online conversation or comments specifically positive or critical of Clayton, Vanderbilt Mortgage or our products should not respond or comment directly. Team Members should also avoid directly answering or responding to publicly-facing online questions or requests by consumers, customers, or the media specifically related to the Company or its products.

I. If a Team Member is contacted online by a representative of any media outlet (TV, radio, newspapers, magazines, websites, online publications, bloggers) about any matter related to the Company or any person working for the Company, the Team Member should never respond to the media directly. Forward all media inquiries to the Corporate Legal Department.

J. Team Members’ digital activity and online conversation should not insult, defame or attack coworkers, managers or contractors, as this would not align with our Company’s culture of teamwork and cooperation, or in any other way violate the Company’s policies, including but not limited to its policy against workplace harassment of any kind.

K. Team Members’ digital activity and online conversations should not insult, defame or mock our customers. As Clayton Team Members, we maintain an attitude of respect and appreciation for our customers in all of our public activities and conversation.

V. Guidelines for Use of Yammer

A. Purpose of Yammer:

Yammer is a tool that enables Team Members to electronically collaborate and communicate in groups about work-related information. Unlike email, comments are not necessarily addressed to a specific person but are typically in response to specific topics or conversation threads.

Unlike person-to-person email or instant messages, public Yammer conversations can be instantly viewed by all Company Team Members with access to Yammer. Private groups within Yammer can be created to facilitate communications specific to a group, project, or topic.

The following Code of Conduct for Yammer Users is designed to encourage open and constructive information-sharing.

B. Code of Conduct for Yammer Users:

- **Protect the Company’s Confidential and Private Information** – Yammer is provided for work-related discussions. Even so, not all matters should be discussed in Yammer’s public areas where everyone can see. Some project discussions and topics should only involve Team Members working on that project or topic. Use private groups for this purpose or take the discussion offline. Moreover, do not post personal customer or employee information in Yammer. Continue to relay this information the same way you do now. You may post customer pictures along with their home sale story which may include their first and last name. The picture may not be used outside of Yammer for any reason without a proper Media Release Form signed by each person in the picture, including Clayton Team Members (no minors may appear in any image). There is a Customer Image Release (CMH 1035C), a General Team Member Image Release (CMH 1035G), a Miscellaneous Image Release (CMH 1035M) and a Team Member Image Release (CMH 1035T). These forms are available on CHIP (Forms), on LINK (Forms/Marketing Materials) or may be obtained by emailing digital@claytonhomes.com.

- **Find your audience** – Post in the right place. Browse and join the appropriate private and/or public groups. The “All Company” feed is for company-wide communication that is relevant to all employees. Only those who have been approved should post here (communications team members, senior leadership, etc.).

- **Be Mindful of Your Work Priorities** – Yammer is meant to facilitate collaboration. It should not interfere with your work duties and responsibilities. If used appropriately, Yammer can be a helpful tool to collaborate and communicate with other Team Members.

- **Keep It Relevant** – Yammer is for discussions relevant to work-related issues. Yammer is not a place to post commentary about your private life or political or religious views.

- **No Sales or Solicitation** - Yammer is not an appropriate place for commercial posts – posts about an item for sale, promoting a side business, etc. Do not post or advertise these or any non-Clayton sponsored events within Yammer, unless done so in a manner expressly authorized by the Company.

- **Think Before You Post** – Use as much care in your online postings as you would when discussing a matter in person or in writing. Once it is posted, you cannot take it back, and you never know who may see it. Be mindful that your postings on a social business platform reflect upon you, your team and the Company. You should be considerate of what effect your statements will have on others. Similar to other means of communication among Team Members, abusive, unprofessional or threatening comments are unacceptable. In addition, do not post materials that infringe upon any copyright, trademark, licensing agreement or other proprietary right of third-parties.

- **Portray Yourself Accurately** – Information in your profile on Yammer must be accurate. Adding a photo to your profile is optional, but recommended. If you choose to do so, it must comply with the Company’s Profile Image Policy.

- **Be Smart and Use Common Sense** – You must adhere to all applicable company policies related to the standards of conduct, internet usage and electronic communications, including but not limited to all applicable policies in the Team Member Handbook, Team Member Confidentiality Agreement, Berkshire Hathaway Code of Business Conduct and Ethics, Digital Activity Policy, and Workplace Harassment Policy. Using common sense will help you comply with the law and with Clayton policies. Common sense will also allow you to make the best use of social media tools. If something you wish to write causes you to pause, it may be best not to post it.

- **Be Polite & Respectful and Report Inappropriate Conduct** – Yammer is a company communications medium. When posting, please use the same etiquette you would for corporate email, telephone, and face-to-face conversations with other team members. If you can’t guarantee that it won’t offend a coworker, you probably shouldn’t post it. Please report any violation of these guidelines. You can report any concerns to your supervisor, Human Resources, or the Corporate Legal Department.

VI. Conclusion

As our company continues to integrate digital initiatives into every area of our operations, we are eager to include all of our Team Members. If you see an area of opportunity or concern for the Company with regard to our online efforts, we want to hear from you. If you have digital experience, talent or skills that you aren’t currently using in your position, but would like to bring to the Company, we want to hear about that, too. Share your thoughts at ideas@claytonhomes.com.

613 Care and Maintenance of Equipment

Clayton has invested a tremendous amount of Company resources to provide you with the most efficient and latest technology for you to perform your job. Your cooperation in the care and use of this equipment is necessary to maintain it in operating condition.

Care should be exercised at all times. Team Member conduct causing damage to Company property or equipment may result in a Team Member being held financially liable for the damage. Further, misuse or destruction of Company resources may result in disciplinary action up to and including termination.

Upon the separation of your employment, for any reason, you must return in good working condition any and all equipment issued to you.

NO SOFTWARE WILL BE INSTALLED WITHOUT THE WRITTEN APPROVAL OF THE INFORMATION SERVICES DEPARTMENT.

614 Cell Phone Usage

Clayton recognizes that many Team Members have cell phones that they bring to work. The use of such cell phones, however, must not interfere with a Team Member's duties or performance. A Team Member whose cell phone use does become disruptive or interferes with the Team Member's or co-worker's ability to do the job will not be allowed to bring a cell phone into the workplace. This policy also applies to the use of cell phone text messaging by Team Members. Some Team Members may have cell phones that also contain cameras. Team Members who use camera phones to violate any Company policy, including but not limited to the policy against harassment or confidentiality, or otherwise violate the provisions of this policy, will be subject to disciplinary action, up to and including termination.

SECTION 700 - TWO-WAY COMMUNICATION

701 Suggestions from Team Members

One of the Company's continuing goals is to seek new ways to improve operations. As you become more familiar with your job, you may have ideas that will improve our products and services, simplify work, save money, and make the Company a better place to work. Please communicate these ideas and suggestions to your supervisor either verbally or in writing.

702 Open-Door Policy

The Company is committed to an open-door policy to answer any work-related questions, problems, or complaints you may have. Please use the following procedure:

- Discuss your concerns with your supervisor first.
- If you and your supervisor cannot resolve the issue to your satisfaction, discuss your concerns with additional levels of supervision, including the senior management responsible for your area.
- If you are not satisfied with the response given by your supervisors or if you do not feel comfortable in bringing your concerns to the attention of your supervisors, you may contact the Human Resources Department, an officer of the Company, or any member of management, including the president or chairman.

Successful operations and satisfied Team Members go hand in hand. However, situations may arise when concerns, misunderstandings or different interpretations of the same situation may result in honest differences of opinion.

No one will be allowed to discriminate or retaliate against you if they learn you went to management with a legitimate problem or complaint. The Company's open door policy is intended to listen and take the appropriate action to improve your work environment.

Any written statement to the corporate office should be addressed to:

Attn: Human Resources Department
Clayton
5000 Clayton Road
Maryville, TN 37804

Although anonymous complaints will be addressed to the extent logistically possible given the lack of information inherent in such a complaint, the Company encourages Team Members making complaints under this policy to be specific as possible in the complaint and to identify him or herself, along with work location, so that a more proper response can be initiated. Complaints will be treated as confidentially as possible.

703 NAVEX Global Compliance Hotline

One of the Company's core values is respecting and protecting the rights and dignity of one another. We have never taken this responsibility lightly. Ethical behavior is the cornerstone upon which we build our reputation daily. Lawful and ethical conduct is the only way we are to deal with Team Members, customers, vendors and others in any aspect of our business relationships.

The NAVEX Global Compliance Hotline is a confidential system administered by an independent organization for communicating fraud, unethical behavior, harassment, discrimination, theft, etc. If you wish to report these types of activities to someone outside the Company or you prefer to remain anonymous, **you can call The NAVEX Global Compliance Hotline toll-free at 1-800-261-8651**. This toll-free service is available 24 hours a day, 7 days a week, and allows you, if you so desire, to communicate concerns anonymously, without fear of retaliation.

APPENDIX A: EMPLOYEE RIGHTS AND RESPONSIBILITIES UNDER THE FAMILY AND MEDICAL LEAVE ACT¹

EMPLOYEE RIGHTS AND RESPONSIBILITIES UNDER THE FAMILY AND MEDICAL LEAVE ACT

BASIC LEAVE ENTITLEMENT

FMLA requires covered employers to provide up to 12 weeks of unpaid, job protected leave to eligible employees for the following reasons:

- For incapacity due to pregnancy, prenatal medical care or child birth;
- To care for the employee’s child after birth, or placement for adoption or foster care;
- To care for the employee’s spouse, son or daughter, or parent, who has a serious health condition; or
- For a serious health condition that makes the employee unable to perform the employee’s job.

MILITARY FAMILY LEAVE ENTITLEMENTS

Eligible employees with a spouse, son, daughter, or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the servicemember medically unfit to perform his or her duties for which the servicemember is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

BENEFITS AND PROTECTIONS

During FMLA leave, the employer must maintain the employee’s health coverage under any “group health

plan” on the same terms as if the employee had continued to work. Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee’s leave.

ELIGIBILITY REQUIREMENTS

Employees are eligible if they have worked for a covered employer for at least one year, for 1,250 hours over the previous 12 months, and if at least 50 employees are employed by the employer within 75 miles.

DEFINITION OF SERIOUS HEALTH CONDITION

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee’s job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

USE OF LEAVE

An employee does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer’s operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.

¹ This information is taken directly from the U.S. Dept. of Labor’s WHD Publication 1420 Revised January 2009 and is for informative purposes only. **Clayton Homes’ compliance policy regarding FMLA leave appears in the Team Member Handbook at section 307.**

SUBSTITUTION OF PAID LEAVE FOR UNPAID LEAVE

Employees may choose or employers may require use of accrued paid leave while taking FMLA leave. In order to use paid leave for FMLA leave, employees must comply with the employer's normal paid leave policies.

EMPLOYEE RESPONSIBILITIES

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days notice is not possible, the employee must provide notice as soon as practicable and generally must comply with an employer's normal call-in procedures.

Employees must provide sufficient information for the employer to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave. Employees also must inform the employer if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also may be required to provide a certification and periodic recertification supporting the need for leave.

EMPLOYER RESPONSIBILITIES

Covered employers must inform employees requesting leave whether they are eligible under FMLA. If they are, the notice must specify any additional information required as well as the employees' rights and responsibilities. If they are not eligible, the employer must provide a reason for the ineligibility.

Covered employers must inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the employer determines that the leave is not FMLA-protected, the employer must notify the employee.

UNLAWFUL ACTS BY EMPLOYERS

FMLA makes it unlawful for any employer to:

- Interfere with, restrain, or deny the exercise of any right provided under FMLA;
- Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

ENFORCEMENT

An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

FMLA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights.

FMLA section 109 (29 U.S.C. § 2619) requires FMLA covered employers to post the text of this notice. Regulations 29 C.F.R. § 825.300(a) may require additional disclosures.



For additional information:
1-866-4US-WAGE (1-866-487-9243) TTY: 1-877-889-5627
WWW.WAGEHOUR.DOL.GOV



APPENDIX B: Tennessee Maternity Leave Act (TMLA) Policy²

A Team Member who has been employed by Clayton in Tennessee for at least twelve (12) consecutive months as a full-time Team Member, as determined by the Company, may be absent from employment for a period not to exceed four (4) months in connection with pregnancy and childbirth. If you become eligible for leave under this policy and the Family and Medical Leave policy, the leave counts against your entitlement under both laws. The specific content of the Tennessee Maternity Leave Act found at T.C.A. § 4-21-408 is reproduced below.

TENNESSEE MATERNITY LEAVE ACT (“TMLA”)

§ 4-21-408. Maternity leave

(a) Employees who have been employed by the same employer for at least twelve (12) consecutive months as full-time employees, as determined by the employer at the job site or location, may be absent from such employment for a period not to exceed four (4) months for adoption, pregnancy, childbirth and nursing the infant, where applicable (such period to be hereinafter referred to as “leave”). With regard to adoption, the four (4) month period shall begin at the time an employee receives custody of the child.

(b)(1) Employees who give at least three (3) months’ advance notice to their employer of their anticipated date of departure for such leave, their length of leave, and their intention to return to full-time employment after leave, shall be restored to their previous or similar positions with the same status, pay, length of service credit and seniority, wherever applicable, as of the date of their leave.

(2) Employees who are prevented from giving three (3) months’ advance notice because of a medical emergency which necessitates that leave begin earlier than originally anticipated shall not forfeit their rights and benefits under this section solely because of their failure to give three (3) months’ advance notice.

(3) Employees who are prevented from giving three (3) months’ advance notice because the notice of adoption was received less than three (3) months in advance shall not forfeit their rights and benefits under this section solely because of their failure to give three (3) month’s advance notice.

(c)(1) Leave may be with or without pay at the discretion of the employer. Such leave shall not affect the employees’ right to receive vacation time, sick leave, bonuses, advancement, seniority, length of service credit, benefits, plans or other programs for which the employees were eligible at the date of their leave, and any other benefits or rights of their employment incident to the employees’ employment position; provided, that the employer need not provide for the cost of any benefits, plans or programs during the period of such leave unless such employer so provides for all employees on leaves of absence.

² Applicable to Tennessee Team Members Only

(2) If an employee's job position is so unique that the employer cannot, after reasonable efforts, fill that position temporarily, then the employer shall not be liable under this section for failure to reinstate the employee at the end of such leave period.

(3) The purpose of this section is to provide leave time to employees for adoption, pregnancy, childbirth and nursing the infant, where applicable; therefore, if an employer finds that the employee has utilized the period of leave to actively pursue other employment opportunities or if the employer finds that the employee has worked part time or full time for another employer during the period of leave, then the employer shall not be liable under this section for failure to reinstate the employee at the end of such leave.

(4) Whenever the employer shall determine that the employee will not be reinstated at the end of such leave because the employee's position cannot be filled temporarily or because the employee has used such leave to pursue employment opportunities or to work for another employer, the employer shall so notify the employee.

(d) Nothing contained within the provisions of this section shall be construed to:

(1) Affect any bargaining agreement or company policy which provides for greater or additional benefits than those required under this section;

(2) Apply to any employer who employs fewer than one hundred (100) full-time employees on a permanent basis at the job site or location; or

(3) Diminish or restrict the rights of teachers to leave pursuant to title 49, chapter 5, part 7 or to return or reinstatement after leave.

(e) The provisions of this section shall be included in the next employee handbook published by the employer after passage of this section.

APPENDIX C - BERKSHIRE HATHAWAY INC. CODE OF BUSINESS CONDUCT AND ETHICS

A. SCOPE.

This Code of Business Conduct and Ethics applies to all Berkshire Hathaway directors, officers and employees, as well as to directors, officers and employees of each subsidiary of Berkshire Hathaway. Such directors, officers and employees are referred to herein collectively as the “Covered Parties.” Berkshire Hathaway and its subsidiaries are referred to herein collectively as the “Company.”

B. PURPOSE.

The Company is proud of the values with which it conducts business. It has and will continue to uphold the highest levels of business ethics and personal integrity in all types of transactions and interactions. To this end, this Code of Business Conduct and Ethics serves to (1) emphasize the Company’s commitment to ethics and compliance with the law; (2) set forth basic standards of ethical and legal behavior; (3) provide reporting mechanisms for known or suspected ethical or legal violations; and (4) help prevent and detect wrongdoing.

Given the variety and complexity of ethical questions that may arise in the Company’s course of business, this Code of Business Conduct and Ethics serves only as a rough guide. Confronted with ethically ambiguous situations, the Covered Parties should remember the Company’s commitment to the highest ethical standards and seek advice from supervisors, managers or other appropriate personnel to ensure that all actions they take on behalf of the Company honor this commitment. When in doubt, remember Warren Buffett’s rule of thumb:

“...I want employees to ask themselves whether they are willing to have any contemplated act appear the next day on the front page of their local paper – to be read by their spouses, children and friends – with the reporting done by an informed and critical reporter.”

C. ETHICAL STANDARDS.

1. Conflicts of Interest.

A conflict of interest exists when a person’s private interest interferes in any way with the interests of the Company. A conflict can arise when a Covered Party takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest may also arise when a Covered Party, or members of his or her family, receive improper personal benefits as a result of his or her position at the Company.

Loans to, or guarantees of obligations of, Covered Parties and their family members may create conflicts of interest. It is almost always a conflict of interest for a Covered Party to work simultaneously for a competitor, customer or supplier.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your supervisor or manager or, if circumstances warrant, the chief financial officer or chief legal officer of the Company. Any Covered Party who becomes aware of a

conflict or potential conflict should bring it to the attention of a supervisor, a manager or other appropriate personnel or consult the procedures described in Section E of this Code.

All directors and executive officers of the Company [, and the chief executive officers and chief financial officers of Berkshire Hathaway's subsidiaries,] shall disclose any material transaction or relationship that reasonably could be expected to give rise to such a conflict to the Chairman of the Company's Audit Committee. No action may be taken with respect to such transaction or party unless and until such action has been approved by the Audit Committee.

2. *Corporate Opportunities.*

Covered Parties are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors of the Company. No Covered Party may use corporate property, information or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Covered Parties owe a duty to the Company to advance its legitimate interests whenever possible.

3. *Fair Dealing.*

Covered Parties shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating ethically competitors, suppliers, customers, and colleagues. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. No Covered Party should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered or accepted by a Covered Party or any family member of a Covered Party unless it (1) is consistent with customary business practices, (2) is not excessive in value, (3) cannot be construed as a bribe or payoff and (4) does not violate any laws or regulations. The offer or acceptance of cash gifts by any Covered Party is prohibited. Covered Parties should discuss with their supervisors, managers or other appropriate personnel any gifts or proposed gifts which they think may be inappropriate.

4. *Insider Trading.*

Covered Parties who have access to confidential information are not permitted to use or share that information for securities trading purposes ("insider trading") or for any other purpose except the conduct of the Company's business. All non-public information about the Company should be considered confidential information. It is always illegal to trade in Berkshire Hathaway securities while in possession of material, non-public information, and it is also illegal to communicate or "tip" such information to others. While all Covered Parties are prohibited from insider trading, Berkshire has adopted specific "Insider Trading Policies and Procedures" applicable to the Company's directors, executive officers and key employees

(“Directors and Covered Employees”). This document is posted on Berkshire’s website and is sent periodically to Directors and Covered Employees in connection with certification of compliance.

5. *Confidentiality.*

Covered Parties must maintain the confidentiality of confidential information entrusted to them, except when disclosure is authorized by an appropriate legal officer of the Company or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends.

6. *Protection and Proper Use of Company Assets.*

All Covered Parties should endeavor to protect the Company’s assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company’s profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. The Company’s equipment should not be used for non-Company business, though incidental personal use is permitted.

The obligation of Covered Parties to protect the Company’s assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or criminal penalties.

7. *Compliance with Laws, Rules and Regulations.*

Obeying the law, both in letter and in spirit, is the foundation on which the Company’s ethical standards are built. In conducting the business of the Company, the Covered Parties shall comply with applicable governmental laws, rules and regulations at all levels of government in the United States and in any non-U.S. jurisdiction in which the Company does business.

Although not all Covered Parties are expected to know the details of these laws, it is important to know enough about the applicable local, state and national laws to determine when to seek advice from supervisors, managers or other appropriate personnel.

The document “Prohibited Business Practices Policy” sets forth the Company’s policy on compliance with laws, specifically addressing such topics as prohibited offers or payments, gifts and entertainment, transactions with certain countries and persons, accounting controls, and accurate record-keeping. This Policy is furnished to senior managers and available to all employees.

8. *Timely and Truthful Public Disclosure.*

In reports and documents filed with or submitted to the Securities and Exchange Commission and other regulators by the Company, and in other public communications made by the Company, the Covered Parties involved in the preparation of such reports and documents (including those who are involved in the preparation of financial or other reports and the information included in such reports and documents) shall make disclosures that are full, fair, accurate, timely and understandable. Where applicable, these Covered Parties shall provide thorough and accurate financial and accounting data for inclusion in such disclosures. They shall not knowingly conceal or falsify information, misrepresent material facts or omit material facts necessary to avoid misleading the Company's independent public auditors or investors.

9. *Significant Accounting Deficiencies.*

The CEO and each senior financial officer shall promptly bring to the attention of the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal control over financial reporting which could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal control over financial reporting.

D. WAIVERS.

Any waiver of this Code for executive officers or directors may be made only by the Company's Board of Directors or its Audit Committee and will be promptly disclosed as required by law or stock exchange regulation.

E. VIOLATIONS OF ETHICAL STANDARDS.

1. *Reporting Known or Suspected Violations.*

The Company's directors, CEO, senior financial officers and chief legal officer shall promptly report any known or suspected violations of this Code to the Chairman of the Company's Audit Committee. All other Covered Parties should talk to supervisors, managers or other appropriate personnel about known or suspected illegal or unethical behavior. These Covered Parties may also report questionable behavior in the same manner as they may report complaints regarding accounting, internal accounting controls or auditing matters by contacting (anonymously, if desired) a third-party organization called *NAVEX Global Compliance* (toll-free number **800-261-8651** or web site at <http://brk-hotline.com>). Separate anonymous reporting procedures are available for Company employees working outside the United States. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Company's Audit Committee will strictly enforce this prohibition.

2. *Accountability for Violations.*

If the Company's Audit Committee or its designee determines that this Code has been violated, either directly, by failure to report a violation, or by withholding information related to a violation, the offending Covered Party may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include

written notices to the individual involved that a violation has been determined, censure by the Audit Committee, demotion or re-assignment of the individual involved and suspension with or without pay or benefits. Violations of this Code may also constitute violations of law and may result in criminal penalties and civil liabilities for the offending Covered Party and the Company. All Covered Parties are expected to cooperate in internal investigations of misconduct.

F. COMPLIANCE PROCEDURES.

We must all work together to ensure prompt and consistent action against violations of this Code. In some situations, however, it is difficult to know if a violation has occurred. Because we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as informed as possible.
 - Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? Use your judgment and common sense. If something seems unethical or improper, it probably is.
 - Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
 - Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the questions, and he or she will appreciate being consulted as part of the decision-making process.
 - Seek help from Company resources. In rare cases where it would be inappropriate or uncomfortable to discuss an issue with your supervisor, or where you believe your supervisor has given you an inappropriate answer, discuss it locally with your office manager or your human resources manager.
 - You may report ethical violations in confidence without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the maximum extent consistent with the Company's legal obligations. The Company in all circumstances prohibits retaliation of any kind against those who report ethical violations in good faith.
 - Ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.
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