



DATE: September 1, 2005
TO: All Associates
FROM: Rob McDaniels
RE: Off-Site Training

The cost of everything is going up, and off-site training is no exception. Indeed, manufacturers are mandating more and more off-site training, which means more and more expense despite continued margin pressures we face. McDaniels is willing to invest in this training and in your career if we can have a reasonable return. We can't and won't continue to pay for off-site training, only to have an Associate leave our employment upon their return. That is wasted training, wasted time and wasted money.

Therefore effective immediately, our policy is modified to the following:

Training: Employees are encouraged to continue their formal training through attendance and participation in approved meetings and seminars-especially those manufacturer sponsored programs that are directly related to Dealership operations, activities, and objectives, and that will place employees in a position to improve their job performance. Much of this training is on-site at the Dealership; some is, however, off-site at locations around the country. Most on-site training can be accomplished throughout your normal workday schedule. Off-site training is by its nature, more expensive. McDaniels must treat off-site training differently to assure a reasonable return on investment. Associates must choose one of the following three mechanisms for off-site training.

- 1) You may pay the cost of training and associated expenses yourself. After one full year (12 months from the completion of the training), we will reimburse you for all approved documented training expenses you submit if you are still employed by the Company. CHOOSING THIS OPTION WILL NOT CREATE A CONTRACT OF EMPLOYMENT, STATED OR IMPLIED.
- 2) McDaniels will pay the cost of off-site training upfront, with the explicit agreement and understanding that you will not quit, resign, abandon your position, or take deliberate actions that one would reasonably conclude was designed to force the Company to dismiss you for a period of 12 months after the completion of the training. Should you not honor your 12 month commitment, you will be expected to immediately reimburse the Company for the cost of training to include class fees (tuition), lodging, meals, travel, training wages to paid to you while at training and other related expenses.

Associates opting for this option understand that this debt may be deducted from paychecks in the form of an account receivable, or may be pursued through the legal remedies available in our 'Binding Arbitration'. For those Associates that choose this option, your direct supervisor or the Human Resources Director will keep your total training expenses on file for your review during normal business hours after the completion of your training up to the 12 month period. CHOOSING THIS OPTION WILL NOT CREATE A CONTRACT OF EMPLOYMENT, STATED OR IMPLIED.

- 3) Refuse off-site training. You are free to decline off-site training, however you should note that the manufacturers with whom we are affiliated demand training for many key dealership roles. Any merit increase in pay or other promotions are predicated on training achievement, and a lack of training may be grounds for separation or dismissal.

All off-site out-of-pocket expenses for meals, lodging, and travel will only be reimbursed to the extent that they are pre-approved and documented (See 'McDaniels Expense Sheet'). Training Compensation for hourly and salaried personnel will be based on normally scheduled straight time hours to a maximum of eight per day; technicians receive a flat \$100 for each full day of off-site training. Commission Sales Associates generally receive no compensation, other than expenses under the above three options.

Further, expenses that McDaniels incurs for any off-site training you commit to and do not attend will be deducted from your payroll check.

All previous off-site training is grandfathered under this new policy (you don't owe us anything for past training). You may mix and match your options above for each training event you attend. McDaniels will continue to absorb the full cost of on-site training with no further obligation or commitment from Associates. If you have pending training that you wish to cancel, you have a grace period until September 10, 2005 to do so.

I recognize this calls upon a greater commitment from all personnel. Up until now, most of the financial commitment of training has been born by the Company, despite the fact if an Associate left, they took the training with them. **For those Associates who are dedicated to their profession and this Company, this change will not cost them anything.** For the fence-sitters, this change will force them to make decisions about their career. And for those ready to move on to their next employer, this change may give them the impetus to do so.

I hope all of Associates choose this Professional and this Company.