THE SOLAR CENTER

EMPLOYEE-OWNER'S MANUAL

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PURPOSE OF MANUAL

1. How to be an effective employee-owner

The purpose of this manual is to present in clear and concise form the information you need to be an effective employee-owner of The Solar Center.

The Solar Center is an exceptional company. We have principles, a structure, a history and a mission that are different from most other companies. We are proud of these exceptional qualities -- and equally proud that we are a sound, profitable business.

We expect you to be familiar with the information contained in this manual. If you have any questions, feel free to ask other employee-owners, including Board members.

2. Updates

This manual will be updated from time to time as policies change. You should keep your copy and insert the updated pages as they are issued.

A master copy is available from the chair of the Board so you can be sure you have all the latest changes.

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COMPANY MISSION

- **Our commitment to our customers:**

To provide energy-saving systems that are guaranteed to perform.

- **Our commitment to each other:**

To maintain an employee-owned company that provides opportunities for personal growth and rewarding work.

- **Our commitment to the community:**

To hire and promote women and minorities and to share our profits responsibly.

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COOPERATIVE PRINCIPLES

As a cooperative, The Solar Center adheres to principles that are common to cooperatives throughout the world. These include:

1. Open membership

Cooperatives are open to all persons regardless of race, sex, ethnic origin, religious or political beliefs. This is reflected in our commitment to affirmative action.

2. Democratic control

Cooperative members are equal co-owners. This is reflected in our policy of one person, one vote, in the opportunity for any owner to serve on the Board of Directors, and in our commitment to information-sharing and employee participation.

3. Sharing of profits

Profits arising out of the operation of the enterprise belong to the employee-owners and to no one else. Each year we reinvest most of our profits, distribute some among ourselves, and contribute a portion to the community.

4. Education

Cooperatives help members learn and practice new skills, including the techniques of cooperation. Cooperatives also educate the general public about the benefits of cooperation.

5. Cooperation among cooperatives

Cooperatives work with local, regional, national and international organizations to help strengthen the role of cooperatives.

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HISTORY OF THE SOLAR CENTER

1. Start-up

Planning for The Solar Center began in late 1976, when there were just a handful of functioning solar systems in the Bay Area.

The company opened for business on May 1, 1977. There were six original founders, each of whom invested $5,000. We also borrowed $70,000 from sympathetic individuals, almost all of which has been re-paid as promised. (The balance is due in 1988.)

2. Objectives

The objectives of the company, as stated in its original prospectus, were:

- To promote as rapidly as possible the utilization of solar energy captured directly by consumers;
- To demonstrate that a humane business enterprise, democratically managed by its employees, can compete successfully with conventional business enterprises.

We have done very well in achieving those original objectives.

3. Markets

During the early years, we attempted to sell a variety of solar-related products and services, including do-it-yourself kits, greenhouses, books, classes, consulting services, and contracted installations.

Sales began slowly but rose steadily. We designed and built two passive additions to single family homes in San Francisco — and lost money on both. Most of our work was installing small solar water heating systems, and occasionally a space, pool or spa heating system.

In 1979, we found a market niche — central solar water heating systems for apartment buildings — that no one else had tried. We pioneered several ingenious ways to finance these systems, including creation of a Safe Energy Fund at Continental Savings in San Francisco. In 1980 we decided to concentrate all our efforts on commercial work.

In 1982, we entered the "micro-utility" field — selling energy to end users, with third-party financing of the energy-producing equipment. We also began diversifying into other energy-related services: sub-metering, co-generation, waste heat recovery and energy management.

4. Sales

Sales have grown from year to year, as can be seen in the chart below. Had we been included, we would have made the INC. Magazine 500 in 1983 — a listing of the 500 fastest-growing private companies in the U.S.

SOLAR CENTER SALES

Year	Sales
1977	$ 50,664
1978	227,480
1979	469,903
1980	366,255
1981 *	580,954
1981/82	1,360,196
1982/83	1,557,200

* Half year (January-June) because we changed our fiscal year that year.

5. Political involvement

We have also been very active politically, playing a leading role in the fights for solar tax credits and utility rebates.

6. Location and expansion

In 1980 we moved to our current building at 1115 Indiana Street, which is about four times larger than our original facility at 62 Townsend Street. We also received a $118,800 expansion loan from the National Consumer Cooperative Bank. This is a ten-year loan that we are still paying back.

7. Adoption of Employee Stock Ownership Plan

Also in 1980, we adopted an Employee Stock Ownership Trust (ESOT), which is explained more fully in Section VII. This eliminated individual stock ownership and put all the company's stock in a trust on behalf of the employee-owners. The original owners transfered their stock to the trust at this time.

8. Salaries and benefits

In the early years, salaries were low, people frequently went on unemployment, and we distributed only token amounts of profit. Gradually, we've been able to increase our salaries, benefits and profit-based bonuses.

9. Governance changes

As our business grew larger and more complex, we changed our management structure accordingly. We now have an eight-member Board of Directors and a president who serves as chief executive officer. Our governance system is explained more fully in Section XI.

10. On-going commitment

The Solar Center has grown and changed over the years, but we remain committed to the essence of our original goals. We are widely known and respected as a leader in both the energy conservation industry and the employee ownership movement.

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OWNERSHIP PRIVILEGES AND RESPONSIBILITIES

1. Concept of employee-ownership

The Solar Center is an employee-owned business. We want you to understand what this means.

Usually, ownership and employment in America are divided. In most jobs, somebody else owns the business, sets the rules and keeps the profits. Workers are employees only.

At The Solar Center, this division doesn't exist. We both work for and own the business. We receive paychecks, and we also share the responsibilities, risks and rewards of ownership.

2. What is an owner?

An owner is someone who makes an investment — that is, puts something into a venture — with the expectation of earning a future reward. Along the way, the owner assumes or delegates responsibility for managing the enterprise.

At The Solar Center, we invest money, time and energy. Our expected rewards include money (regular paychecks, profit-based bonuses and appreciation in the value of our stock), personal challenges, friendships, and the satisfactions that come from building and sustaining a humane work environment.

3. The Employee Stock Ownership Trust (ESOT)

The Employee Stock Ownership Trust (ESOT) is the vehicle through which employees share ownership of the business.

All stock in the corporation is held by the ESOT. Within the ESOT there is an account for each owner. When you become an owner, you make an initial investment. Stock is added to your account for each year you work here. When you leave the company, you may cash out your stock at its value at that time.

4. Who are the owners?

Look around nd you will see the owners of The Solar Center.

All full-time and regular part-time employees are either owners or "on the track" to becoming owners. You should not come to work at The Solar Center unless you are seriously interested in sharing the risks, responsibilities and rewards of ownership.

5. Privileges

As an owner you are entitled to:

- Run for the Board of Directors
- Serve on policy-making committees
- Vote on a one person, one vote basis
- Participate in bi-annual retreats that set company objectives
- Have access to all information (except other employees' files)
- Share in the profits of the business
- Receive annual distributions of stock through the ESOT
- A paid personal holiday every year
- Sell back your stock when you leave.

Job security is another important privilege of ownership. By this we do not mean that you cannot be laid off or fired. You can. (See Section XIII.) We mean that, as an employee-owned business, we make every effort to preserve the jobs of owners.

We do this by striving to maintain a high sales volume and adapt to changing market conditions. If our work-load is reduced, we try to share the available work before laying anyone off. If we must lay off people, non-owners are laid off before owners. If owners must be laid off, they have first consideration when we re-hire.

6. Workers' rights

In addition to the privileges of ownership described above, all workers have the following basic rights:

- Right to file grievances
- Right to non-discriminatory treatment.

7. Responsibilities

As an employee-owner, you are ultimately responsible — along with the other employee-owners — for our success or failure.

Your specific responsibilities include:

- Making a cash investment of at least $3,000
- Attending staff meetings and retreats
- Staying informed about business matters
- Contributing one hour a month of "owner's time"
- Cooperating with other owners for the good of the company
- Maintaining a commitment to employee ownership
- Giving the best possible service to our customers
- Performing your job conscientiously
- Going the "extra mile" without being asked.

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BECOMING AN OWNER

1. Probationary period

You and all new employees are probationary for the first twelve months of your employment, and any time thereafter until you become an owner.

The purpose of the probationary period is to give you an opportunity to decide whether you want to make a longer-term commitment, and to allow existing owners to evaluate your ability and commitment.

2. Orientation

We periodically conduct orientation meetings for new employees at which our history and policies are discussed. If you are a new employee, you must attend an orientation meeting.

The Ownership Committee also assigns you an "advocate" -- an existing owner from a different department who can help answer questions and provide personal orientation. To get things started, your advocate will take you out to dinner — on the house. S/he will be available for support and advice until you become an owner.

3. Memorandum of understanding

Every new employee must read and sign the Memorandum of Understanding that is included in the Appendix. This memorandum sets forth some of our important policies and principles, and authorizes us to set aside money for your future stock purchase.

4. Setting aside money for your downpayment

During your probationary period, $25 per paycheck will be deducted and set aside in an interest-bearing escrow account for future stock purchase. After 12 months, there will be $600 plus interest in your account. This will be used as a downpayment toward your $3,000 minimum ownership investment.

If for any reason you do not become an owner, the set-aside money will be returned to you along with all the interest earned.

Note: Part-time employees or employees earning less than $7.25 per hour may have a reduced amount deducted.

5. Six-month evaluation

Approximately six months after you start work, you will have a pre-ownership evaluation. This will be held with your immediate supervisor, the president, and a representative of the Ownership Committee.

The purpose of the six-month evaluation is to discuss your performance and your longer-term commitment — and to answer any questions you might have about the privileges and responsibilities of ownership.

6. Final ownership decision

Approximately 12 months after you start work, you will come up for final ownership review.

You will be asked to answer a questionnaire stating your interests, skills and future plans. Your answers will be posted on the bulletin board so that other owners can learn more about you. (See the Appendix for a copy of the Questionnaire for New Owners.)

Your supervisor will submit a written report to the president recommending whether or not to accept you as an owner. Her/his recommendation will be based on the following criteria:

- Your ability to take direction
- Your ability to be self-directed
- Your reliability. Do you do what you say you will do?
- Extra effort. Do you go the extra mile?
- Your productivity. Do you do accurate work with little waste in time and materials?
- Your ability to give and receive criticism
- Your ability to cooperate with co-workers
- Your skill level. Is it appropriate to your job?

- Your commitment. How long will you stay here after becoming an owner?
- Your positive interest in employee-ownership and participating in governance.

Other owners will be invited by a notice on the bulletin board to submit their written recommendations to the president.

A meeting will then be held with your supervisor, the president, a representative of the Ownership Committee, a representative of the Board and any other owners that wish to attend. This "review committee" will then recommend whether to accept you as a new owner, taking into account the recommendations of your supervisor and other owners, your answers to the questionnaire and the discussion at the meeting.

If the review committee unanimously recommends acceptance, you will be required to sign the stock purchase agreement included in the Appendix. Upon signing and making your downpayment (which can be the amount that's already set aside for this purpose), you become an owner in good standing.

If the review committee is not unanimous, its recommendation will be submitted to the Board. A decision by 2/3 of the Board members is then needed for acceptance of ownership.

In cases of hardship or exceptional circumstances, the review committee (if unanimous) or the Board (if 2/3 concur) may grant a six month extension of your probationary period. At the end of the extended probationary period, you must either become an owner or be terminated as an employee.

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THE EMPLOYEE STOCK OWNERSHIP TRUST (ESOT)

1. What exactly is the ESOT?

The ESOT is a trust that owns all the stock of The Solar Center, Inc.

The Trust is administered by a Trustee on behalf of its beneficiaries: the employee-owners of The Solar Center. The Trustee is appointed by the Board and is instructed on how to vote the ESOT's stock by the employee-owners on a one person, one vote basis.

The Solar Center's ESOT serves several functions.

- It assures continued employee ownership.

- It equalizes the voting power of the owners, regardless of how many shares are in their accounts.

- It is a tax shelter for the company, since contributions of stock and cash are considered tax-deductible expenses.

- It is like a retirement plan for employee-owners. You chip in during the early years of your employment, the company chips in too, and you collect when you retire. Our ESOT is in fact a qualified Individual Retirement Account (IRA), and if you choose you can get a tax deduction for your purchase of company stock. (See Section VIII, Stock Purchase and Cash-Out.)

2. How do you get stock?

Within the Trust there is an account for each owner. You accumulate stock in your account in three ways:

- By purchasing stock at the prevailing price (a minimum of $3,000 worth of stock must be purchased after you become an owner).

- By receiving a "sweat" stock distribution (made to owners annually).

• By "inheriting" stock from other owners. This occurs when owners leave and the Trust cashes out their stock. The cashed-out and unvested stock is distributed among remaining owners in proportion to their current holdings.

As an owner, you receive a stock certificate every year listing the number of shares in your account, the value of the shares, and your "vesting" percentage. A sample stock certificate is included in the Appendix.

3. When do you begin receiving "sweat" stock?

You begin receiving "sweat" stock (so called because it is allocated on the basis of months of service) in the fiscal year after you become an owner. The company's fiscal year is July 1 to June 30.

For example, if you begin working at The Solar Center in January 1984 and become an owner in January 1985, and are still working at The Solar Center after June 30, 1985, you will receive your proportional share of the "sweat" stock distribution made after June 30, 1985 to cover the fiscal year that ran from July 1, 1984 to June 30, 1985.

You'll also receive a retroactive allocation at this time to cover the months you worked in the previous fiscal year (that is, January to June 1984). In other words, you'll receive "sweat" stock for ALL the time you worked at The Solar Center, even the time before you became an owner.

4. How much "sweat" stock will you get?

The total amount of "sweat" stock distributed varies from year to year, depending on how the company is doing financially and what its tax liabilities are. The Board decides on the "sweat" stock allocation after the end of the fiscal year on June 30.

Typically, the Board allocates between 1 and 4 shares of "sweat" stock per month of service. Thus, if the Board distributes 3 shares per month of service, and you worked all 12 months during the fiscal year, you'll receive 36 shares that year. If each share is worth $16, that's a value of $576.

5. When do you become eligible to purchase stock?

As soon as you become an owner. In other words, you don't have to wait until the following fiscal year.

As an owner, you MUST purchase $3,000 worth of stock and you MAY purchase more -- up to a maximum of 20 percent of the outstanding shares. (See Section VIII, Stock Purchase and Cash-Out.)

You can purchase your $3,000 worth at once -- in which case you receive a 20% discount -- or you may spread your purchase over up to 24 months.

You can purchase additional stock (above the $3,000 minimum) any time after you become an owner.

6. What's the value of your stock?

Since there is no public market for our stock, The Solar Center hires an appraiser after the end of each fiscal year to determine the "fair market value" of our company. Typically, the appraiser stays very close to our book value -- that is, the difference between all our assets and all our liabilities.

The value of each share is then obtained by dividing the value of the company by the total number of shares outstanding. The more shares we have, the less each share is worth. (This is called "dilution.")

All transactions involving the purchase or sale of stock are made at the value set by the appraiser as of the previous June 30. The price does not fluctuate during the year.

7. What's the "vesting" schedule?

"Vesting" means the percentage of your stock that the company will buy back when you leave.

Any stock you've paid for is fully vested -- that is, the company (actually, the Trust) will buy back 100 percent of that stock, at whatever the market value is when you leave.

"Sweat" stock and "inherited" stock are vested according to the following schedule:

Years of service	Vesting percent
Less than one	10
One to two	20
Two to three	30
Three to four	40
Four to five	50
Five to six	60
Six to seven	70
Seven to eight	80
Eight to nine	90
Nine or more	100

"Short" years count for vesting purposes, as long as you've worked 400 hours during the fiscal year.

8. What happens when you leave The Solar Center?

If you are an owner, when you leave The Solar Center (whether voluntarily or involuntarily) you may do one of two things:

- Cash out the vested portion of your stock at its then appraised value; or

- Leave your stock in the Trust for up to the total number of years you worked for The Solar Center.

If you "cash out" when you leave, the Trust will pay you a downpayment of 20 percent of the value of your stock, and the remainder in monthly checks over three years. You'll earn 10 percent interest on the balance due you.

If you leave your stock in the Trust, you can cash out during any annual "window" (December 1-January 31) until the year when you MUST cash out (based on the total time you worked for The Solar Center).

By leaving your stock in the Trust, you are betting that the value of your stock will rise — and that you'll therefore receive more dollars for your shares. The number of shares in your account won't grow except by "inheritance", and your vesting percentage will be frozen as of the date you leave.

If you are granted a leave of absence, your stock will remain in the Trust. You won't add to your vesting percentage while on leave, and you won't get any "sweat" shares, but you may "inherit" some shares and you'll benefit if the value of the stock rises.

9. Where does the money come from to cash out your stock?

Every month the company makes a contribution to the ESOT which covers the payments to former owners. The money to make these payments comes from two sources: the purchase of new stock by incoming owners, and the profits of the company.

In effect, we have a revolving equity (that is, ownership) base. The investments of incoming owners are used to cash out the departing owners, and if the company has done well, the departing owners will get more than the incoming owners are investing. The difference will come from the company's profits.

10. Why it pays to stick around

Besides the fact that this is a great place to work, there are at least three stock-related incentives for sticking with The Solar Center:

- Your vesting percentage increases.
- You pick up "inherited" stock as other owners leave.
- The value of your stock will rise (we hope!).

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STOCK PURCHASE AND CASH-OUT

1. Minimum stock purchase

In order to share the risks of ownership, every new employee, on becoming an owner, must purchase at least $3,000 worth of stock.

The precise number of shares you get for $3,000 will depend on the price per share at the time you pay for your stock. (See Section VII for an explanation of how the value of the stock is determined.)

2. Additional stock purchases

You may purchase more than $3,000 worth of stock at any time after becoming an owner. The only limit is that no single owner may own more than 20 percent of the total outstanding shares.

We encourage you to purchase more than the minimum amount of stock. It can be a good investment for three reasons:

- The more stock you purchase, the greater your share of annual profit-based bonuses. (This is somewhat like a dividend on your stock.)

- If the company does well, your stock can rise in value. (In fact, because the company is still rather young, the stock can rise substantially if we achieve significant growth in earnings.)

- You can get a tax deduction on your purchase of Solar Center stock. That's because our ESOT is a qualified Individual Retirement Account (IRA). This means that you can invest up to $2,000 a year and deduct your investment from taxable income. If you're in the 30% tax bracket -- as most of us are -- that's like a 30% government subsidy for investing in your own company! The only catch is that, if you leave The Solar Center and want to cash out before you're 59-1/2 years old, you must either transfer the cash to another IRA or pay a 10% penalty tax.

3. Stock purchase options

If you don't have $3,000 available, it's possible to become an owner on the installment plan.

There are, in fact, eight different payment plans for purchasing your stock -- and you can choose the plan that's best for you.

A graphic summary of the purchase options is included in the Appendix. Here are some points to keep in mind:

- By the time you've worked here for 12 months, you will have built up at least $600 in your interest-bearing ownership account. This will automatically be applied to your downpayment, meaning that you'll have a balance due of $2,400.

- If you select the lump sum option, you'll get a 20% discount. This means that you'll get $3,000 worth of stock for just $2,400. (Such a deal!) Since you've already set aside $600, all you'll need at this point to take advantage of the 20% discount is $1,800.

- If you select the two-year option, you won't get a discount, but you can spread your $2,400 balance over 24 months. That works out to $100 a month, or $50 a paycheck.

- If you select any option in between, you'll get a partial discount and the ability to spread your payments over many months. The faster you pay, the greater your discount.

Whichever plan you choose, the number of shares you receive will depend on the price per share at the time you pay. This means that, if the price of the stock rises during your purchase period, you will get fewer shares for your dollars. For example, if the price of our stock is $20 per share when you begin paying $100 per month, you'll receive 5 shares a month. If June 30 (the end of our fiscal year) then arrives and our stock is re-valued at $25 per share, you'll get only 4 shares a month for the next 12 months. (On the other hand, if the value of our stock should fall, you'd get MORE shares per month in the later months.)

4. Which purchase option should you choose?

The answer will depend on your individual financial situation — and whether you think our stock value will rise, or we'll be paying a hefty profit-based bonus.

If it appears that, after the next June 30, our stock value will rise substantially and there might be a sizeable profit-based bonus, it makes sense to purchase as much stock as you possibly can. It may even make sense to borrow from relatives or a credit union to make your stock purchase.

To help you choose your best option, feel free to consult with the ESOT Trustee or one of the Board members.

5. Cash-out upon termination or retirement

When you leave The Solar Center, you have two choices with regard to your stock:

- You can cash out your vested stock at its current value; or

- You can leave it in the ESOT for a time period not to exceed the time you worked for The Solar Center.

If you choose to cash out immediately, you must notify the company in writing within 90 days after your termination or retirement. The value of your stock will then be the appraised value at the end of the fiscal year immediately preceding your departure.

You'll immediately receive 20 percent of that value in cash, with the remainder paid in monthly checks over three years. You'll earn 10 percent interest on the unpaid balance.

6. Leaving your stock in the ESOT

If you choose to do so, or if you do not notify the company of your desire to cash out within 90 days after termination or retirement, your stock will remain in the ESOT for up to the number of years you worked here. You may cash out during any annual "window" (December 1 to January 31) during this period at the appraised value as of the end of the previous fiscal year.

7. Retired owners and owners emeritus

If you've left your stock in the ESOT, you are a "retired owner" and have the right to attend and speak at company retreats.

If you've cashed out your stock but are still receiving payments, you remain an "owner emeritus" and also have the right to attend and speak at company retreats.

Because The Solar Center is an employee-owned company, retired owners and owners emeritus are not eligible to share in annual profits, receive additional "sweat" stock distributions, or vote on matters being decided by the owners. However, they remain part of our extended family.

At its sole discretion, the company may cash out or complete the cash out of retired owners or owners emeritus at any time.

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PAY AND HOURS

1. How we pay

We pay ourselves in two ways at The Solar Center: twice-a-month paychecks and year-end bonuses.

Regular pay days are the 15th and last day of each month.

Regular pay is hourly for most non-sales employees and commissions for sales people. The president and some department heads receive monthly salaries.

A general policy for non-sales employee-owners is that the range between the highest and lowest pay rates shall not exceed 2-to-1.

Bonuses are paid after the end of the fiscal year and are based on the profits of the company (see Section X) and, in some cases, on individual performance.

We also receive fringe benefits such as health insurance, sick leave and paid vacation, which are described in the next section.

Because we are an employee-owned company, we can improve our pay by improving our profits — and sharing the gains via larger bonuses.

2. Hours

Members of the installation department normally work 40 hours a week divided into four 10-hour days, Monday through Thursday.

If you are in the installation department, you will normally report to work at 7:30 AM and leave work at 6 PM. There is a 30 minute break for lunch.

Office workers normally work an average of 40 hours a week.

Sales people on commission are expected to work 40 hours a week. This may include evenings and weekends. How the time is divided is left to the sales people's best discretion.

Managers, including department heads and the president, are expected to work as many hours as are needed to fulfill their responsibilities.

3. Overtime and comp time

Only workers who are paid on an hourly basis receive overtime pay for more than 40 hours a week. Overtime pay is 150 percent of normal pay.

Salaried workers have some discretion — with their supervisor's approval — to take comp time since they do not get paid for overtime.

4. Staff meetings and "owner's time"

In a company that is owned by its employees, there are inevitably a number of meetings that involve overall company policy. The Solar Center's policy on staff meetings is as follows:

- Department meetings or management meetings that are concerned with regular business operations are held on company time and you are paid.

- Monthly staff meetings, committee meetings and the twice-yearly retreats are held on our own time and you are not paid. Staff meetings are normally held after work on the first Monday of each month. Retreats are usually held on weekends in February and August.

In addition to participating in staff meetings and retreats, owners are expected to "invest" one hour a month of unpaid "owner's time." This need not be done every month, but should average one hour per month over the year. "Owner's time" can be used for committee meetings, organizing social or athletic events, fixing up our lounge area, cooking, or doing anything that helps make The Solar Center a better place to work.

5. Installers' pay

Members of the installation department receive hourly pay based on skill level and responsibility. The levels and their hourly rates are as follows:

(to be up-dated)

6. Sales people's pay

The normal commission rate for straight solar sales is 8 percent of the net contract price. There may be bonuses from time to time for sales people who meet specific company goals (for example, cash sales).

For jobs financed through third parties, the commission schedule is:

6 percent of the first $100,000
4.5 percent for the second $100,000
3 percent of the balance over $200,000.

The policy on draws and advances is determined by the sales manager and the president.

7. Time cards and commission disbursement requests

Time cards for hourly employees should be submitted to the field supervisor at the end of each pay period.

Commission disbursement requests should be submitted to the sales manager.

8. Expenses

The use of your personal car while on company business will be reimbursed at 20 cents a mile.

Reimbursement request forms are available from the bookkeeper and must be signed by your supervisor. Requests must be submitted by the end of each month.

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BENEFITS

1. Health insurance

You are entitled to Kaiser health insurance after one month of employment. The cash value will be refunded to you if you already have your own coverage. Your dependents are not covered.

2. Sick leave

You may use sick leave for personal illness, medical treatment, or illness or death of a relative or close friend. If you take sick leave for more than three days in a row, you must submit written verification before you can be paid.

Full-time employees (except sales people) begin accruing sick leave after two months of employment. You accrue sick leave at the rate of 56 hours per year (4-2/3 hours per month).

If you are an hourly employee and at the end of a year you have not used all your accrued sick leave, you have two options:

- Carry over your unused portion to the next year; or
- Cash out half your unused portion (at your average pay during the year) and carry over the other half to the next year.

If you choose to cash out half your unused sick leave, you may do so only on the "cash out day" immediately following the anniversary of your hiring. Cash out days are December 31 and June 30.

For example, if you were hired on April 1, 1983, your first cash out day would be June 30, 1984. At that time you could cash out half your unused sick pay for the period April 1, 1983 to April 1, 1984.

If you are a salaried employee, you may carry forward any unused sick pay to the following year but you cannot cash out.

When you leave the company, you will be cashed out in full for your unused sick pay (except that any money you owe the company will be subtracted).

3. Paid holidays

Full-time employees who have worked here at least one month are entitled to the following paid holidays:

New Year's Day - Memorial Day - Christmas Day
4th of July - Labor Day - Thanksgiving.

Pay is based on an 8-hour day. There is no extra pay for holidays that fall on a day off.

In addition, owners are entitled to one personal paid holiday per year. You must arrange in advance with your supervisor to take the personal holiday.

4. Vacations

Except if you're a sales person, you are entitled to two weeks' paid vacation per year. If you are a new employee, you may take one week after six months of employment and the other week after your second six months. Or you may save up and take the two weeks together after a year.

As schedules and work-load permit, you may be able to take an additional unpaid week of vacation (totalling three weeks per year) with approval of your department head. (Winters are the best time, as work is slowest then.) After three years with the company, you receive a third week of paid vacation.

Vacations must be approved in advance by your department head. You must provide at least two months advance notice. If there are conflicts in vacation scheduling, priority goes to owners who have worked here the longest.

Unused vacation time may be carried forward to subsequent years, but may not be cashed out.

Owners who resign may cash out up to three weeks' worth of unused vacation time. Owners who are involuntarily terminated may cash out half their unused vacation time, up to a maximum of one and a half weeks' worth.

5. Unpaid leaves of absence

You may take an unpaid leave of absence with the approval of your department head and the president.

To receive a leave of absence, you should submit a written request to your department head, stating when you would like to begin, when you would like to return, and your reason for the leave. You should submit your request at least two months in advance.

If your leave is approved, The Solar Center will make every effort to hire you back when you return. However, except for maternity/paternity leaves, future employment cannot be guaranteed.

Generally, you have to work here two years before an unpaid leave of absence will be granted.

6. Maternity/paternity leave

Maternity and paternity leaves will be granted to all owners for up to three months. Pregnant employees may work as long as their health permits with approval of their physician. All leaves granted expire two months after delivery.

Maternity/paternity leave is without pay except for accrued sick leave.

7. Military reserve and jury duty

You may take a leave to participate in military reserve activities as required by state and federal law, and for jury duty.

8. Unemployment compensation and work sharing

If you are laid off or your hours are reduced because business is slow, you can receive unemployment compensation from the state of California. This includes some payment for reduced hours under the state's work sharing program. There is normally a one week waiting period before benefits begin.

When reductions are required due to lac[k] of work, non-owners will have their hours reduced before owners. Whenever possible, we try to cut hours across the board rather than lay employees off entirely.

Note: People who voluntarily leave the company or take an unpaid leave of absence are not entitled to receive unemployment compensation.

9. Disability insurance and worker's compensation

The company pays for state disability insurance that can pay you up to $154 a week if you are kept from working by a non-work related injury or illness, including pregnancy. There is normally a seven day waiting period before benefits begin.

The company also pays worker's compensation insurance that provides hospitalization, medical and lost time benefits for injuries or diseases incurred while on the job. To obtain worker's compensation benefits you must immediately report an injury to your supervisor. Then you must see a doctor and ask her/him to file an accident report with the state Department of Labor.

10. Job-related education

When you improve your job-related knowledge and skills, the entire enterprise benefits. Therefore, we have an education budget for employee-owners out of which we pay part of the cost of seminars, courses and other outside training that benefits the company as a whole.

If you wish to take a job-related seminar and receive reimbursement for doing so, you must request authorization from your department head. Your department head will decide based on the budget and the needs of the company.

If we pay for an outside seminar and you leave the company within 12 months after completing the seminar, you are expected to reimburse us.

11. Materials sales

As a benefit to members of The Solar Center "family," you can purchase building or office materials through the company under the following terms:

- Currently working owners (CWOs) buying materials for personal or business use with no work involved for purchasing agent or controller: No mark-up over our cost.

- Employees, former owners or non-working owners (EFONWOs) for personal use with no work for purchasing agent or controller: 1.1 multiplier.

- CWOs, any use, with work for purchasing agent or controller: 1.1 multiplier.

- EFONWOs, personal use, with work for purchasing agent or controller: 1.2 multiplier.

- EFONWOs, business use, 1.3 multiplier.

Payment is due seven days after you get our invoice. If you don't pay in seven days, the price rises to our cost times 1.6 multiplier, the price at which we sell to the public.

12. Outside employment

Outside employment is acceptable as long as it does not interfere with your performance or involve a conflict of interest with The Solar Center. You should discuss any outside employment with your department head to make sure it is consistent with this policy.

13. Profit sharing: "sweat" stock

After the end of each fiscal year, owners receive a "sweat" stock bonus. The value of the bonus will vary from year to year, depending on the profitability of the company and how many months you worked during the year. You may also receive some "inherited" stock. (See Section VII.)

You don't receive cash for your "sweat" stock or "inherited" stock until you leave the company and cash out. At that time the cash you receive depends on the value of the stock and your "vesting" percentage.

14. Profit sharing: cash

After the end of each fiscal year, the Board decides how much of the year's profit will be distributed in cash to owners. Under the terms of our Coop Bank loan, we cannot distribute more than 20 percent of our profits. The rest must be reinvested in the business.

Once the total amount to be distributed is determined by the Board, the sum is divided among working owners (including sales people and managers) according to the following formula:

- 1/3 based on the amount of stock you've paid for;
- 1/3 based on the number of months you worked during the past fiscal year;
- 1/3 based on the total number of months you've worked for The Solar Center.

For example, suppose the company earns a profit of $100,000 and $20,000 is distributed among the owners. If there are 15 working owners, the average bonus will be $1,333, but some owners will get more and some will get less. Whether you get more or less than the average will depend on how much stock you've paid for and how long you've been with the company.

Non-working owners — that is, owners who have left their stock in the ESOT but no longer work at The Solar Center — are not eligible to receive profit-based bonuses. If you are an owner who has worked one or more months during the fiscal year, you are eligible for the bonus, but it will be pro-rated based on months worked during the fiscal year that you worked.

15. Rise in stock value

If the company is profitable, the value of your stock will normally increase. This is not an immediate benefit but will mean more cash in your pocket when you leave the company.

16. Value of benefits

In a typical year, the value of your benefits can be substantial.

As an example, suppose you are an installer earning $9 an hour. Suppose you are also a fully-paid owner who has worked here for three years. Here is a plausible estimation of the value of your annual benefits:

Benefit	Value
Health insurance	$ 650
FICA (social security)	1,200
Sick leave	504
Paid holidays	504
Paid vacation	1,080
Unemployment insurance	660
Disability insurance	184
Worker's compensation insurance	918
Savings from materials purchases	100
Job-related seminar	100
"Sweat" and "inherited" stock	500
Cash from profit sharing	1,300
Rise in stock value	720
TOTAL VALUE OF BENEFITS	$8,420

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GOVERNANCE AND MANAGEMENT

1. Who decides what

A cooperative such as ours is a self-governing organization. Within the boundaries imposed by law and the market, we decide how our business is run.

As with any democratic governance system -- think of our city or state or federal governments, for example -- rules must be established to determine who decides what. If everybody tried to decide everything, the result would be chaos.

The Solar Center has developed a system of rules and procedures for running our company democratically, fairly and efficiently. These rules are embodied in our ESOT agreement, our by-laws, our job descriptions, and this manual.

2. Division of responsibilities

Responsibility for running our business is divided among the following:

- The employee-owners
- The Board of Directors
- Committees
- Management.

Occasionally, there is an overlap of responsibilities. For example, you can be a worker, an owner, and a member of the Board of Directors. Sometimes you may have to think or act differently depending on which "hat" you are wearing at any given moment. Such are the joys of self-government!

3. The employee-owners

It is to the enloyee-owners collectively that the Board, the committees, the managers and all employees as individuals are ultimately accountable.

Because of our Employee Stock Ownership Trust (ESOT), each employee-owner has one vote, regardless of how many shares of stock she or he may own.

Employee-owners elect four members of the Board of Directors and are eligible to run for the Board. Owners also participate in twice-yearly retreats at which company objectives are set, and serve on committees that assist in the governance of the company.

Major decisions — such as a sale or liquidation or a major change in structure of the company — must be approved by the employee-owners.

4. The Board of Directors

Generally, the owners delegate to the Board of Directors the responsibility and authority for governing the company on the owners' behalf.

The specific responsibilities of the Board are:

- Set sales, profit and other financial objectives.
- Hire, fire and set the compensation of the president.
- Set priorities for management by defining the needs and goals of the business with appropriate time frames.
- Decide the amount of "sweat" stock and profit-based cash bonuses to be distributed to owners at the end of the fiscal year.
- Approve debts and encumbrances of company assets.
- Review and recommend to the owners major new directions, products or markets.
- Review and recommend to the owners the sale, liquidation or transfer of the business.
- Handle all issues relating to stock and company ownership, including stock evaluation, stock purchase, stock cash out, apppointment and removal of the ESOT Trustee, annual stockholders' meetings and approval of new owners.
- Hear or appoint a designee to hear grievance appeals.

- Perform any other activities necessary and appropriate to achieve the objectives of the company.

The Board of Directors consists of eight persons chosen as follows:

- Four members elected by the employee-owners for staggered two year terms. At least one of the four must be an installer in the field. All must be current employee-owners.

- Three additional members selected by the four employee-owner members and ratified by all the owners. These three need not be employee-owners and generally are chosen for their expertise and experience. They serve one year terms and can be re-appointed.

- The president is the eighth member of the Board and serves as long as s/he is president. The president does not vote on matters having to do with hiring, firing, and setting the compensation of the president, or on grievances involving the president.

The Board appoints from among its members a chair, a secretary and a treasurer, and may appoint one or more vice-presidents.

The chair is responsible for setting Board agendas, preparing and mailing information to Board members, coordinating the committees, and chairing Board meetings.

The secretary is responsible for keeping and posting the minutes of Board and shareholder meetings, and seeing that all notices are duly given.

The treasurer is responsible for overseeing the books and financial affairs of the company.

The Board must meet at least six times a year, though typically it meets once a month.

Elections to the Board are held at the annual shareholder's meeting in July. However, if vacancies occur, elections may be held at owners' meetings called for this purpose.

Candidates for the Board may be nominated by any employee-owner or by themselves. Nominations close seven days before an election.

All candidates are asked to fill out a questionnaire (prepared by the incumbent Board) stating their positions on important issues facing the business. Their answers are circulated among the employee-owners prior to the election.

5. Committees

There are permanent committees and, from time to time, ad hoc committees. A Board member usually serves on each committee, and the committees as a whole are coordinated by the Board chair.

Examples of on-going committees and their functions are:

- The Ownership Committee recommends policies having to do with ownership, oversees the orientation and ownership reviews of new employees, and designates an "advocate" for each new employee.

- The Community Contributions Committee decides the company's annual contributions to non-profit organizations.

In the past, there have been ad hoc committees on profit sharing, stock purchase, finance, new products and dealing with "hard times". Normally, committees are formed to help the Board organize the twice-yearly retreats.

Technically, the committees make recommendations to the Board which is responsible for final decisions. In most cases, committee recommendations are adopted.

Committee service is uncompensated and voluntary. Owners and employees are strongly urged to volunteer. It's a great way to learn more about the business and to make a difference in the way we operate.

6. Management

The job of management is to run the business on a day-to-day basis in accordance with company policies and objectives as determined by the Board and the owners.

The president is the chief executive officer. S/he is hired, and can be fired, by the Board.

The specific responsibilities of the president are:

- Achieving the goals and objectives of the company.
- Establishing and monitoring budgets for each department based on monthly sales projections.
- Meeting weekly with department heads to review the past and plan for future.
- Establishing monthly sales goals.
- Writing and maintaining current job descriptions.
- Business planning, including cash flow, sales and production projections.
- Establishing and maintaining relations with financial institutions and investors.
- Maintaining records of all business transactions as property of the company.
- All legal matters.
- Meeting with the Board of Directors for review of financial statements, business activities and job performance.
- Maintaining communication, morale and trust throughout the business.
- Maintaining the financial integrity of the business.
- Representing the company to government and the general public.
- Hearing grievance appeals.

The president may delegate some of these responsibilities to others, but is responsible for seeing that they are properly carried out.

To carry out these responsibilities, the president is specifically authorized to:

- Spend up to $1,000 per month on projects or consultation, and $100 on miscellaneous expenditures.

- Spend or approve expenditures of up to 5% over the overall projected monthly budget.

- Hire, evaluate and fire department heads, provided that s/he must consult with the Board before firing a department head who is also an owner.

- Enforce department heads' compliance with budgets.

- Make changes in organizational structure.

- Do anything necessary to achieve the company's objectives, without specific approval of the Board of Directors, except:

  — ESOT decisions;
  — Ownership issues;
  — By-law changes;
  — Encumber the business with additional debt;
  — Increase or decrease the number of employees by more than 30 percent per year.

Other managers are the heads of the production, sales, design and administrative departments. They are appointed by, report to and may be fired by the president.

The department heads are responsible for the successful operation of their departments, including hiring and firing, establishing job descriptions, assigning work, meeting budgets and goals, maintaining morale and communication, evaluating department members, taking disciplinary actions when needed, and hearing grievances.

Department heads may delegate and share some of these responsibilities, but are responsible for seeing that they are properly carried out.

7. Decision-making

The company has adopted the following process for decision-making at all meetings of the Board, the owners or committees:

Decisions shall be made by consensus whenever possible. If consensus cannot be reached after all views have been expressed and considered for a reasonable period of time -- and there is consensus that all views have been expressed and considered -- then decisions may be made by a two-thirds vote of those participants present and eligible to vote.

Whenever voting occurs, it shall be on the basis of one person, one vote. Voting by proxy is not permitted unless specifically agreed to.

The reason for this process is to assure that everyone's views are heard and respected before decisions are made, while at the same time assuring that decisions get made in a timely manner. If we respect each other's views BEFORE decisions are made, it is easier to implement them AFTER they're made.

8. Annual shareholder's meeting

By law, every corporation must have an annual shareholder's meeting. Legally, we have only one shareholder -- the ESOT -- so we combine our annual shareholder's meeting (which is a brief formality) with an annual meeting of the voting beneficiaries of the ESOT -- that is, the employee-owners.

This meeting is held in July, after the end of the fiscal year. It is the same meeting at which elections to the Board are held. The Trustee of the ESOT attends this meeting, and at the subsequent formal shareholder's meeting, casts the votes of the ESOT as directed by the employee-owners'.

A quorum at the employee-owners' meeting is a majority of ESOT participants entitled to vote. Decisions are made as described in Paragraph 7.

The main purpose of the annual employee-owners' meeting is to fill vacancies on the Board and hear reports from the president and ESOT Trustee about the results of the previous fiscal year. Other matters of importance to owners may also be discussed.

9. Employee participation

We believe that employee participation is essential to assuring a satisfying and productive work environment.

Besides electing Board members, serving on the Board and committees, participating in staff meetings and retreats, and helping with social activities, employee participation means being creative and responsible in your job, taking initiative to solve problems yourself and to recommend solutions to problems when others are involved.

There are several key ingredients to making employee participation work. One is good communication. We try very hard to keep you informed about all aspects of the business. We do this through department and staff meetings, newsletters, memos, posted financial statements and minutes, retreats, an "open file" policy, and informal day-to-day contacts between employees, managers and Board members.

We seek your input on ideas and solutions for making The Solar Center work better.

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PERFORMANCE EVALUATIONS

1. Purpose

Performance evaluations are a valuable tool for helping us achieve our goals. All members of The Solar Center — from installer to president — are evaluated with the goal of improving personal and company performance.

Evaluations include a review of your past performance, goal-setting for the future, and informal discussion of mutual concerns.

You will be recognized in a positive way for the contributions you have made, and informed of areas where improvement may be needed.

2. When?

Your performance — and that of all employees — is evaluated periodically in accordance with department policies. There is at least one evaluation every six months, generally in January and July.

3. By whom?

Managers and department members participate in evaluations of each other.

Department members are evaluated by their department heads. Department heads are evaluated by the president and two employees who work closely with the department head, one chosen by the department head and one by the president.

The president is evaluated by the Board. In conducting its evaluation, the Board consults with department heads and other employees.

4. Written report

The person(s) conducting your evaluation will write a report that includes an assessment of your past performance and mutually agreed-upon goals for the next period.

You will be asked to sign your report, indicating agreement. If you do not agree with your report, you may attach your own comments. If you seriously disagree with your report, you may meet with the president to discuss it.

You may keep a copy of your evaluation report. Another copy is made available to the president and is kept in your personal file.

5. Progress reviews

At the request of either you or your supervisor, a progress review may be held between formal evaluations.

If you are not working up to standard, your supervisor may request a progress review and attempt to pinpoint the problems and possible solutions.

6. Exit evaluation

When you terminate employment at The Solar Center, your supervisor conducts an "exit evaluation" to assess the overall quality of your work and provide a record for future job recommendations.

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DISCIPLINE

1. Self-discipline is best, but...

Discipline is necessary for any organization to accomplish its objectives. At The Solar Center, we rely to the greatest possible extent on self-discipline.

We have trust in each other and assume that all employees and owners are serious and mature people who will normally do the best possible job and advance the interests of the enterprise. Nevertheless, we recognize that occasions may arise when we must take disciplinary action in the interest of all owners.

The following procedures are intended to cover such occasions.

2. Who's responsible?

Department heads are responsible and have the authority to initiate disciplinary action if and when it becomes necessary. The president has the responsibility and authority to do so for the department heads, and the Board for the president.

3. What you should not do

Actions that may result in discipline include:

Refusal to comply with work assignments or instructions; repeated absence or lateness without authorization; belligerent, abusive or threatening language or conduct; obstructing other employees from doing their work; rudeness or offensiveness in dealing with clients; reckless conduct or willful negligence which results in physical harm or the risk of physical harm to people or property; sexual harrassment; derrogatory speech or treatment related to race, religion or lifestyle; unauthorized use of company vehicles, tools or other property.

4. What we can do

When a situation merits disciplinary action, your supervisor will determine the appropriate action to be taken. This may be a warning, a suspension without pay, a fine to be deducted from pay, or termination.

A written record of any violation, and the action taken, will be kept in your personal file.

You have the right to submit a grievance if you believe your supervisor's action is inappropriate. See Section XIV.

5. Involuntary termination

Yes, Virginia, you can be fired.

You and any other employee or owner may be terminated at any time by the company, in accordance with our policies and procedures.

You may be terminated because of lack of work, serious infraction of company rules, criminal conviction, unsatisfactory performance or other reasons. Nothing in this manual or any other company document should be construed as establishing an employment contract or guarantee, real or implied.

You may be terminated immediately and without severance pay in the event of serious misconduct. Except for serious misconduct and lack of work, however, you will normally not be terminated without two warnings and the opportunity to correct the problem.

The first warning will consist of a meeting between you and your supervisor, during which the supervisor will point out the unsatisfactory conduct or performance and, in a positive way, set forth the steps that can be taken to correct the problem. The supervisor will also establish a date for a second meeting to review the problem again.

If the problem is not corrected by the time of the second meeting, your supervisor will point this out, set forth the steps that must be taken, and set a date for a third meeting. If the indicated steps have not been taken by the third meeting, you may be terminated.

If you are an owner, your department head must consult with the president before you are involuntarily terminated. The president may at her or his discretion consult the Board.

Before a department head who is also an owner can be involuntarily terminated by the president, the president must consult with the Board.

Anyone involuntarily terminated for cause has a right to a grievance hearing. See Section XIV.

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GRIEVANCE PROCEDURE

1. Try to work it out

A grievance is a complaint which questions a supervisor's or manager's implementation of a policy or procedure, not the policy or procedure itself.

Our policy is to resolve conflicts at the lowest possible level, but when this proves impossible, to provide you with an opportunity to air your grievance and seek remedies at higher levels.

Accordingly, it is your obligation to discuss any grievance first with your immediate supervisor. It is equally your supervisor's obligation to give full and fair hearing to any such grievance.

2. Put it in writing

Ther must be a written record of your grievance and your supervisor's response. In the event of an appeal, there must again be a written record of your grievance and the response.

3. Appealing

If in your opinion, your grievance has not been resolved by your supervisor, you may appeal to the president. In considering a grievance, the president shall make every effort to ascertain the facts impartially.

If, after appealing to the president, your grievance has still not been resolved, you have the right to a full and fair hearing before the Board or its designee, except that its designee may not be the president. The decision of the Board or its designee is final.

4. Advocate

If you want, you may have another employee speak for you or assist you in filing a grievance.

5. No reprisals

You will not be subject to reprisals of any kind for seeking redress of a grievance. However, this should not be interpreted to mean that other disciplinary action may not be taken if justified on grounds other than filing the grievance.

6. Time is of the essence

You and your supervisors are encouraged to resolve any grievance within 30 days of the incident. Hearings by supervisors or the president should be held within five days of your request. If you do not file an appeal within seven days after a hearing, it will be assumed that your grievance has been resolved.

APPENDIX

MEMORANDUM OF UNDERSTANDING FOR NEW EMPLOYEES

1. I have received, read and understand The Solar Center Employee-Owner's Manual.

2. I understand that The Solar Center is an employee-owned business, and that all employees are expected to become owners after a 12-month probation period.

3. I understand the risks, responsibilities and rewards of ownership at The Solar Center and am seriously interested in becoming an owner.

4. I understand I will have a preliminary ownership review in approximately six months and a final ownership review in approximately 12 months.

5. I understand that during the probationary period, $25 per paycheck ($50 a month) will be set aside in an interest-bearing trust account. The savings accumulated in the trust account will be used toward the downpayment on the minimum ownership investment of $3,000. A $600 minimum downpayment is required. If I do not become an owner, the savings in the trust account will be returned to me with interest.

6. During the probationary period, I will attend a company orientation meeting, as well as staff meetings, department meetings and company retreats. I understand that I may also serve on committees.

__________________________ ____________________

Employee Date

San Francisco CA

THE SOLAR CENTER
EMPLOYEE STOCK OWNERSHIP PLAN

To ______________________________

In accordance with provisions of our Plan, your Accounts have been credited as follows for the period ended ______________________.

	SHARES	PRICE	VALUE
1. COMPANY STOCK ACCOUNT			
Last year's balance			
This year's contribution			
Share of forfeiture			
Transfers to/from Other Investments Account			
New Value This Date			
2. OTHER INVESTMENTS ACCOUNT			
Last year's balance			
This year's contribution			
Share of forfeiture			
Investment earnings (losses)			
Transfers to/from Company Stock Account			
New Value This Date			
3. VOLUNTARY COMPANY STOCK ACCOUNT (100% VESTED)			
Last year's balance			
This year's contribution			
New Value This Date			
Total Value Employee Stock Ownership Plan			

Your Vested Interest This Date ______ %

STOCK PURCHASE OPTIONS

$3000	0%	Downpayment of $600. 24 months @ $100 per month
$2925	2½%	Downpayment of $880. 20 months @ $100 per month + $45.
$2850	5%	Downpayment of $1140 17 months @ $100 per mo. + $10.
$2775	7½%	Downpayment of $1390. 13 mos. @ $100. per mo. + $85
$2700	10%	Downpayment of $162 10 mos. @ $100./mo + $
$2625	12½%	Downpayment of $1 7 mos. @ $100./mo. +
$2550	15%	$2040. dow 5 mos. @ $10 $ 1
$2475	17½%	$2230. 2 mos. @ + $4
$2400	20%	P

STOCK PURCHASE AGREEMENT

1. The undersigned, hereafter referred to as the Purchaser, has been accepted as an owner of The Solar Center, and hereby agrees to purchase a minimum of $3,000 worth of common stock in The Solar Center.

2. The number of shares credited to the Purchaser will be based on the appraised value of the stock at the time payments are made. For example, if the appraised value is $16 a share at the time a monthly payment of $100 is made, the Purchaser will be credited with 6.25 shares upon receipt of said payment.

3. The Solar Center hereby agrees to sell said stock to the Purchaser in the manner stated herein.

4. The Purchaser agrees that all purchased stock shall be held by The Solar Center Employee Stock Ownership Trust, hereafter called the ESOT, and shall be subject to all the terms and conditions applicable to stock held by the ESOT.

5. This stock purchase agreement is for the amount of $. (The minimum amount is $3,000. The maximum is the highest amount that would not cause the Purchaser to own more than 20 percent of the total shares outstanding.)

6. The signing of this purchase agreement does not preclude the purchase of additional stock, provided that the maximum stated above is not exceeded.

7. In accordance with the discount schedule and installment plan offered by the company, the Purchaser agrees to make a downpayment of $ and receive a discount of percent against the total amount stated in paragraph 5. (The minimum downpayment is $600.)

8. The remaining balance of $ shall be paid in monthly installments of $100 and one final payment of $. However, payments may be deferred during any month when the Purchaser is involuntarily laid off for three or more days.

QUESTIONNAIRE FOR NEW OWNERS

1. Why do you want to become an owner of The Solar Center?

2. What do you have to contribute as an owner?

3. What do you hope to get out of being an owner?

4. How long are you thinking of working at The Solar Center?

5. What is your background or interest in renewable energy or energy conservation?

6. Based on your experience here so far, what in your opinion are the strengths and weaknesses of The Solar Center?

7. In what direction would you like to see the business grow?

8. Would you be interested in running for the Board or serving on a committee?