SHORT TERM DISABILITY POLICY

PURPOSE:

Holley's Short Term Disability (STD) Policy is a vehicle to provide a means of compensation to team members who become disabled due to a non-work related serious health condition for a short period of consecutive weeks and whose disability has met all eligibility requirements as an approved non-intermittent Family Medical Leave Act (FMLA) leave. A separate policy (the "FMLA Policy") defines the FMLA eligibility requirements.

SCOPE:

This policy applies to fulltime hourly and salary team members who become disabled due to a non-work related serious health condition.

RESPONSIBILITY:

Management Team, Human Resources and Payroll Departments.

POLICY:

STD benefits will be paid only for team members who have met all eligibility requirements for an approved non-intermittent FMLA leave. STD benefits may continue beyond the period of job protected FMLA leave only if the team member satisfies all the requirements for an Extended Leave for Serious Health Condition set forth in the FMLA Policy as well as the conditions of this policy.

Accrued PTO may be used at the start of a leave of absence and before Short Term Disability (STD) benefits commence. PTO will not accrue while a team member is on a Leave of Absence.

If STD benefits are approved, hourly team members will receive $325.00 per week ($65 per day) for up to 6 months via the normal bi-weekly payroll cycles.

If STD benefits are approved, exempt and non-exempt salary team members will receive 67% of base wage for up to 6 months via the normal bi-weekly payroll cycles.

Team members receiving STD benefits will not be eligible for holiday pay unless they have actually worked the day before and the first day following a holiday. However, in determining STD pay in a holiday week, if the team member did not work the day before and the first day following a holiday, they will receive STD pay for the scheduled holiday.

STD benefits commence according to the following guidelines:

STD Event	Benefits Commencement Date
Hospital Confinement	First Day of Confinement *
Surgery with General Anesthesia	First Day of Surgery *
Non-work Related Injury (i.e., car accident)	First Day of Injury*

All Other Short Term Disabling Illnesses (i.e., pneumonia)	There is a 5 working day wait for all other disabilities. This waiting period begins with the first day the team member is away from work due to the disability.

STD benefits are paid in accordance with this policy and supported by a physician's statement through the date the team member returns to work or exhausts the time allowed (up to 6 months) per this policy. While receiving STD benefits, the team member must also provide any additional proof of continuing disability as required by this policy.

Per the FMLA regulation, team members on an approved non-intermittent FMLA leave for a short term disability will be allowed to remain on the health plan as an "active participant", provided they pay their portion of the health insurance expense via payroll deduction.

Except as otherwise provided by the terms of the Company's health plan, while collecting STD benefits, the amount of time a team member may remain as an "active participant" on the health plan is the length of the approved FMLA leave period or no longer than a consecutive and/or combined 6-month period in a rolling 12 months. After exceeding a consecutive and/or combined 6-month period in a rolling 12 months, the team member will be able to remain on the health plan by electing COBRA coverage.

Team members who do not pay their portion of the health insurance expense will be dropped from the plan and be offered COBRA coverage.

STD benefits are exhausted after 6 months of continuous pay. If a team member has not returned to active status after 6 months of leave, the Company will engage in the interactive process with the team member to determine if a reasonable accommodation can be made. If during this process the leave extends beyond 6 months, the team member will move to an unpaid leave until a decision is made. If the team member has been on leave for 6 months, cannot return to an active status and a reasonable accommodation cannot be made, the team member' s employment will be terminated.

Proof of Continuing Disability

To verify that a team member continues to be disabled without interruption after being initially approved to receive STD benefits, the Company may periodically request that the team member provide proof of continuing disability (i.e., proof satisfactory to the Company that the team member's serious health condition is continuing and continues to render the team member unable to perform an essential function of the team member's position). Such proof may include, without limitation, physical exams, additional medical documentation and medical recertification, examination by an independent medical examiner, in-home interviews, or functional capacity exams. Failure to provide requested proof of continuing disability by the deadline established by the Company may result in termination of STD payments.

Recurrent Disabilities of the Same or Related Cause

Successive periods of disability due to the same or related cause or causes, separated 3 months or less of fulltime work are to be treated as a continuous disability with regard to STD payments. In such cases, only one waiting period (if applicable) is deducted, and benefits for the combined periods of disability must be limited to the maximum (up to 6 months) provided under the policy. While collecting STD benefits, the amount of time a team member may remain as an "active participant" on the health plan is the length of the approved FMLA leave period or no longer than a consecutive and/or combined 6-month period in a rolling 12 months, except as otherwise provided by the terms of the health plan. After exceeding a consecutive and/or combined 6-month period in a rolling 12 months (or such other period as provided by the terms of the health plan), the team member will be able to remain on the health plan by electing COBRA coverage.

If periods of disability due to the same or related cause or causes are separated by more than 3 months of fulltime work, each period shall be considered as a separate disability. In such cases, a waiting period (if applicable) is required for each period, but the team member is eligible for the maximum benefits provided under the policy for each such period of disability. While collecting STD benefits, the amount of time a team member may remain as an "active participant" on the health plan is the length of the approved FMLA leave period or no longer than a consecutive and/or combined 6-month period in a rolling 12 months, except as

otherwise provided by the terms of the health plan. After exceeding a consecutive and/or combined 6-month period in a rolling 12 months (or such other period as provided by the terms of the health plan, the team member will be able to remain on the health plan by electing COBRA coverage.

Definitions
For purposes of this policy, the following definitions apply:

- "Disability" or "disabled" means that a team member has a serious health condition that renders the team member unable to perform an essential function of the team member's position and that satisfies all the requirements for a non-intermittent FMLA leave under the FMLA policy.

- "Serious health condition" has the definition given in the FMLA Policy.

- "FMLA Policy" means the Company's separate Family and Medical Leave Policy.