



Associate Handbook

Mattress Firm, Inc.

REVISED
October 2013

CEO'S LETTER

Welcome! We hope that you will have a long and productive relationship with the Company. This Associate Handbook has been prepared as a guide and reference for all Mattress Firm and Mattress Pro associates, including members of management and all supervisors. We believe it is in the best interest of the Company and our associates to have written personnel policies to help the Company meet its objectives, to prevent misunderstandings and problems, and to ensure that all associates know what is expected of them. The information contained in this Handbook will acquaint you with Company policies and will answer many of your questions. The Handbook is not intended to, nor does it create any kind of contract or employment or other contractual relationship with you. It is provided as a guide to inform you of relevant facts concerning your employment.

So, please, take the time to thoroughly familiarize yourself with the contents of this Handbook and if you ever have any questions about the Company or its policies, our door is always open.

STEVE STAGNER, President & CEO



Revision History

Summarize changes to this document below in the Revision Summary column. Be sure to record the revision number, date of release, and revision approver. Revisions, updates, and changes to Mattress Firm, Inc. documentation are routinely accomplished as part of a continuous review and improvement process. This document is controlled electronically and all printed copies are deemed uncontrolled.

REV.	DATE	REVISION SUMMARY	APPROVAL AUTHORITY
	12/05 12/05	Original associate handbook created	
1.0	6/07	Initial standardized build of procedure manual	
2.0	8/08	Updating of associate handbook and add Mobile Device Security and Usage Policy – incorporate “Supplements” in handbook for Corporate, Warehouse, and Stores	
3.0	9/08	FMLA Policy, Substance Abuse Policy modified	
4.0	10/08	Add Referral Program and Matching Gift Program information to Handbook	
5.0	01/09	Matching Gifts Program Removed	
6.0	08/09	Vacation Policy Modified	
7.0	08/09	Add Updated Bi-Weekly Payroll Information	
8.0	08/09	Add Gross Misconduct Policy	
9.0	04/11	Add Associate Email Policy	
10.0	06/11	Updated Pay and Compensation Practices	
11.0	10/11	Updated Fraternization Policy	
12.0	10/11	Added Internal Job Posting Policy	
13.0	09/13	Added Firm First Reporting Information	
14.0	09/13	Added Authorization to Work Policy	
15.0	09/13	Added iPad Policy	

16.0	09/13	Updated Substance Abuse Policy	
17.0	09/13	Updated Associates Benefits Section	
18.0	09/13	Updated Disability Policy	
19.0	09/13	Added Social Media and Communications Policy	
20.0	09/13	Added Invoice Signature Authority Policy	
21.0	09/13	Added Financial Accountability Policy	
22.0	09/13	Added Company Vehicle Usage Policy	
23.0	09/13	Updated Technical and Communications Resources Policy	
24.0	09/13	Updated Conflict of Interest Policy	
25.0	09/13	Updated Pay Practices Policy	
26.0	09/13	Updated Safety, Accidents and Other Emergencies Policy	
27.0	09/13	Added Code of Conduct Policy	
28.0	09/13	Updated Family Medical Leave Act Policy	
29.0	09/13	Updated Resignation Policy	
30.0	09/13	Added Cardholder Data Security Standards	

The information in this document is provided as a guide and shall not be considered all inclusive of rules and policies of Mattress Firm, Inc, and is subject to change without notice. The most current version of all policies, procedures, etc. will be maintained electronically on Mattress Firm's intranet. In the event of any discrepancy in this handbook versus any summary plan document, electronic version, or law, the SPD, latest electronic version, or law will govern. If you have any questions regarding the policies included in this Manual, please contact Human Resources.

ASSOCIATE HANDBOOK

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ARTICLE I: INTRODUCTION

This Associate Handbook has been prepared by the Company to inform each associate of Mattress Firm's philosophy, employment practices and policies, as well as the benefits provided to each one as a valued associate. "Company" as used in this Handbook refers to the organization that owns and operates your place of employment. Please read the materials carefully.

The policies in this Handbook are considered guidelines. The provisions of this manual do not constitute an employment agreement, contract or guarantee of continued employment. Employment with Mattress Firm is at-will. Either Mattress Firm or the associate has the right to terminate an associate's employment at any time, with or without cause, and with or without notice, unless contracted otherwise. There is no implied promise of continued employment or that employment will only be terminated for a particular reason. No associate of Mattress Firm can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy without the express written approval of the CEO.

Because our business is constantly changing and evolving, Mattress Firm reserves the right to modify any part or parts of the policies in this Handbook at any time, as well as to make the final decision as to the interpretation of each policy and procedure. If there are changes, the Company will attempt to communicate those changes through the normal channels of communication with our associates. Only the CEO or Human Resources Department of Mattress Firm may alter, modify, amend or delete any of the provisions of the Handbook. The most up to date versions of all policies will be available via the Company's intranet. If you are unable to access the Company's intranet, you may request a current version of this Handbook or any policy from the Human Resources Department in writing. We will periodically circulate material policy changes to associates.

Additionally, sales associates and warehouse personnel should be familiar with the policies and procedures set forth in our Standard Operating Procedures Manual for stores and warehouses (collectively, the "SOP Manual"). The policies and procedures in the SOP Manual are in addition to, and not in lieu of, the policies in this Associate Handbook.

NOTE: THE POLICIES, PROCEDURES AND RULES CONTAINED IN THIS ASSOCIATE HANDBOOK SUPERSEDE ALL PREVIOUS POLICIES, RULES, HANDBOOKS OR MANUALS OF ANY KIND OTHER THAN THE SOP MANUAL WHICH SUPPLEMENTS THE POLICIES AND PROCEDURES HEREIN. THE POLICIES REFERENCED BY NAME HEREIN ARE INCORPORATED BY REFERENCE INTO THIS ASSOCIATE HANDBOOK AND ARE NOT SO SUPERSEDED.

ARTICLE II: COMMUNICATIONS POLICY

In order for our Company to be successful, it is imperative that we have open communication with our customers, supervisors and co-workers. All associates within the Company from the CEO down have an open-door policy. You should never hesitate to take your concerns or ideas to anyone within the Company. The Company has made available to all employees a confidential phone number for the sole purpose of reporting information regarding ethics and policy violation - 1-855-347-6178.

Also, please keep yourself apprised of Company information and changes through bulletin board postings, intranet and email communications and other memorandums, trainings and postings.

SECTION 2.01 CUSTOMER RELATIONS

The success of Mattress Firm depends on the quality of the relationship we have with our customers. Our customers' impression of the Company and their interest and willingness to purchase from us is greatly influenced by the people who serve them. Regardless of an associate's position, each associate is Mattress Firm's ambassador and a representation of Mattress Firm's philosophies. The more goodwill promoted, the more customers will respect and appreciate our products and services and the Company.

In order to ensure proper communication with customers, please keep the following in mind:

- Always act competently and deal with customers in a courteous and respectful manner.
- Communicate pleasantly and respectfully with other associates at all times, ensuring that all associates work together as a team.
- Follow up on orders and questions promptly; provide businesslike replies to inquiries and requests; and perform all duties in an orderly manner.
- Take pride in your work and enjoy doing your very best.
- Always present yourself in an ethical and professional manner, whether on or off the job, to ensure the reputation of the Mattress Firm remains positive.

SECTION 2.02 SUGGESTIONS WELCOME

We know that some of the best ideas for improving the Company can come from our associates who are doing our work every day. Mattress Firm encourages all associates to bring forward their suggestions about how the Company can be a better place to work, how we can improve our products and how we can enhance our service to our customers.

If there is opportunity for improvement, talk it over with management. The manager can help with contacting the people within the Company responsible for possibly implementing the idea. Also, feel free to contact the Learning and Development Department or the Human Resources Department, who will make sure the suggestion is passed along to the proper department or person.

SECTION 2.03 COMMUNICATION WITH CO-WORKERS

If an associate is having an issue with a co-worker, we encourage the associate to directly discuss the issue with that co-worker. Many times, that is the best and most efficient way to solve problems. If that approach is not feasible – if the associate is uncomfortable talking with the co-worker or if no resolution is reached after such a discussion – the associate should arrange to meet with management. If dissatisfied with the results after discussing the matter with management, the associate should contact the next person in the chain of command or Human Resources.

Any information discussed during such meetings is considered confidential, to the extent possible. Retaliation against any associate for appropriate usage of communications channels is unacceptable and will not be tolerated. Please remember that it is counterproductive to a harmonious workplace and may be considered retaliatory for associates to create or repeat rumors or gossip.

If the associate experiences issues concerning harassment, he or she should report the incidents in accordance with the Company's Anti-Harassment Policy.

ARTICLE III: EMPLOYMENT POLICIES

SECTION 3.01 EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER

It is Mattress Firm's policy to provide equal opportunity in employment to all associates and applicants. No person will be discriminated against because of race, religion, color, sex or gender, sexual orientation, age, national origin, disability, veteran status or any other characteristic protected by applicable federal, state or local law.

Management is committed to ensuring that Mattress Firm's equal employment opportunity policies are implemented and that all members of the public have full and equal access to our products and services without regard to race, religion, color, sex or gender, sexual orientation, age, national origin, disability, veteran status or any other characteristic protected by applicable federal, state or local law. In turn, we expect all associates to share in the responsibility for assuring that their personal actions are in compliance with these policies and are in keeping with the Company's standards.

SECTION 3.02 AUTHORIZATION TO WORK POLICY

Mattress Firm is committed to adhering to the Federal laws set forth by the Department of Homeland Security and U.S. Citizenship and Immigration Services by requiring all employees (citizen and non-citizen) hired after November, 6 1986 to complete a Form I-9 Form within the first three (3) business days of employment. The purpose of completing this form is to ensure that each employee is legally authorized to work in the United States.

According to Federal law, all new employees are required to complete a Form I-9 and provide documentation to ensure that they are authorized to legally work in the United States. Employees must complete the form and provide documentation to the Corporate Representative within the first three (3) business days of beginning employment. Failure to complete the Form I-9 and show valid documentation within the first three (3) days of employment will result in termination of employment on that third business day. If terminated, the employee will be eligible for re-hire and may re-apply.

- New employees must complete Section 1 of the Form I-9 and show valid documentation to the Corporate Representative within the first three (3) business days of beginning employment.
- The Corporate Representative must review the documents presented by the new employee to ensure that they are valid forms of identification and are acceptable documents to prove identification and citizenship. The Corporate Representative cannot specify which documents the employee is to present.
- Once the Corporate Representative determines the document(s) presented are valid they then must complete Section 2 of the Form I-9. This consists of listing the document(s) information in the proper listing spaces, entering the employee start date, signing, dating, and providing the business address of either the store or the corporate office. If the employee has completed a hard copy of the Form I-9 then once completed the Corporate Representative must send the completed form to HR for filing.

- If the documents provided are not valid or the employee cannot present a valid document then a receipt in lieu of the document must be provided within the first three (3) business days from the day employment begins. Valid replacement documents of that receipt must be presented within 90 days.
- Failure to complete the Form I-9 within three (3) business days from the date employment begins will result in immediate termination of that employee. The employee would be eligible for re-hire and may re-apply.

SECTION 3.03 ANTI-HARASSMENT POLICY

It is the Company's policy to maintain a working environment which encourages mutual respect, promotes congenial relationships between associates and is free from all forms of harassment, including sexual harassment. To that end, the Company strictly prohibits harassment of associates and prospective associates on the basis of an individual's race, religion, color, sex or gender, sexual orientation, age, national origin, disability, veteran status or any other characteristic protected by applicable federal, state or local law. The Company maintains a zero tolerance policy for harassment in any manner or form. Associates who violate this policy will be subject to disciplinary action, up to and including termination.

DEFINITION

"Harassment" includes, but is not limited to, any unwelcome conduct, including slurs, jokes and other verbal or nonverbal cues, displays or discussions of explicit or graphic content or physical contact. Sexual harassment consists of unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is an explicit or implicit term or condition of employment;
- Submission to or rejection of such conduct by an individual is used as the basis for employment decision affecting the individual; or
- Such conduct has the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Examples of harassing conduct include, but are not limited to:

- Physical assaults;
- Unwanted sexual advances, propositions or other sexual comments;

- Disparaging comments, epithets, slurs or jokes;
- Sexual or discriminatory displays, photographs or publications in any location in the workplace (i.e. pictures, cartoons, photographs, etc.); or
- Phone calls with vendors or customers which are verbally abusive.

Harassment can be perpetrated by an associate, supervisor, manager, customer, vendor or supplier.

REPORTING HARASSMENT

All associates are responsible for the administration of this policy. If an associate witnesses or is subjected to any form of harassment, the associate should report it immediately to management, someone in the associate's chain of command or Human Resources. All reports of harassment will be treated seriously, reviewed and investigated in a timely manner, when appropriate. The Company will handle complaints as confidentially as possible, consistent with the need for a thorough investigation.

Once the investigation is completed, a determination will be made regarding the validity and seriousness of the harassment allegations. If it is determined that harassment has occurred, prompt and remedial action, consistent with what is appropriate for the seriousness of the violation at Mattress Firm will be taken. This action may include disciplinary action, up to and including termination.

If the matter is not resolved to the associate's satisfaction, the associate should contact Human Resources or the Company's CEO.

RETALIATORY CONDUCT PROHIBITED

The Company will not tolerate any retaliation against an associate for reporting possible harassment or participating in investigations of complaints. If the associate believes that he/she or a fellow associate has been subjected to unlawful retaliation, promptly report the concerns to management or Human Resources.

ASSOCIATES' DUTIES

As noted above, all associates should report any incidents of harassment witnessed. In addition, the Company expects all associates to monitor their own behavior. It is each individual's responsibility to ensure that he/she is not engaging in any behavior that co-workers might find offensive.

SECTION 3.04 AMERICANS WITH DISABILITIES ACT POLICY

The Company has a policy of nondiscrimination against persons who are disabled within the meaning of the Americans with Disabilities Act (ADA). Accordingly, the Company will make reasonable accommodations for associates or applicants with disclosed disabilities who are otherwise qualified to safely perform the essential functions of their position, provided that any accommodations do not pose an undue hardship on the Company. Associates or applicants who need an accommodation in order to perform the essential functions of their job must request such accommodation. Generally, associates should submit requests to the Human Resources Department using the Accommodation Request Form found on the Company Intranet site. Managers who receive verbal requests from their reporting associates should complete and submit the Accommodation Request form on their behalf. The Company will provide appropriate accommodations for approved individuals, but a request for accommodation does not guarantee the approval of the request, or the exact accommodation requested.

The Company reserves the right to require an associate to submit to a medical examination by a physician of the Company's choice and at the Company's expense when there is a reason to believe that an associate's condition might be hazardous to the safety and health of co-workers and/or him/herself.

Information about an associate's medical condition is private and must be treated in a confidential manner. In most cases, only managers directly involved in providing a reasonable accommodation will need to know an associate's disability diagnosis or medical restrictions. Furthermore, the Company will not seek any information regarding the associate's condition from an insurance carrier or anyone else, unless authorized to do so by the associate. Others, who may acquire such information, even if obtained personally from the individual, should respect the confidentiality of the medical information.

There will be absolutely no retaliation against an associate for making a request for an accommodation. If an associate believes that he or a fellow associate has been subjected to unlawful retaliation related to a disability or any request for accommodations, the associate should promptly report any concerns to management or Human Resources.

SECTION 3.05 VIOLENCE/WEAPONS POLICY

Because the Company wishes to maintain a safe environment for all of its associates, Mattress Firm has a zero tolerance policy for workplace violence. Any acts or threats of physical violence, including intimidation, harassment and/or coercion, which involve or affect Mattress Firm or its associates, which occur on Mattress Firm's premises (regardless of the relationship between the Company and the parties involved), or that occur at a Mattress Firm sponsored event will be taken seriously and thoroughly investigated. This policy applies to all associates, temporary associates, prospective associates, suppliers, contractors, subcontractors, agents, vendors, customers and representatives.

In addition, Mattress Firm prohibits the possession of weapons on its premises, with the sole exception of authorized security personnel. This prohibition includes possession of a weapon brought onto Company premises as well as the carrying of a weapon while you are performing any services, whether on Company property or elsewhere, or attending any function related to employment. Possession of a valid concealed weapons permit is not an exception under the policy.

EXAMPLES OF WORKPLACE VIOLENCE

Examples of workplace violence include, but are not limited to:

- Hitting or shoving an individual;
- Threatening, whether verbal or non-verbal, an individual or his/her family, friends or associates;
- Intentionally destroying or threatening to destroy Company property, property of a co-worker, service provider or customer, or property of a third-party at a Company sponsored event;
- Making harassing or threatening phone calls;
- Harassing surveillance or stalking of a person connected with the Company;
- Behaving in an aggressive manner, including use of belligerent speech, excessive arguing, swearing or a continued pattern of refusal to follow Company policies; or
- Intimidating others, in any manner.

DEFINITION OF "PREMISES"

“Premises” includes the building in which the business resides, any public or private driveway, street, sidewalk, parking lot, parking garage or other parking area adjacent to or used in connection with the business of the Company, or any vehicle owned or utilized by the Company.

REPORTING

All associates are responsible for the administration of this policy. If an associate becomes aware of any incidents or threats or any of the behaviors noted above, report the incident immediately to management or Human Resources. If the incident poses an immediate threat to someone, call the police before taking any other action. All reports of workplace violence will be treated seriously, reviewed, and investigated, where appropriate.

Violations of this policy may lead to disciplinary action, up to and including termination.

SECTION 3.06 SUBSTANCE ABUSE POLICY

It is the Company’s desire to provide a working environment for its associates that is free from the problems associated with the use and abuse of illegal drugs, intoxicants, inhalants and controlled substances and the abuse of alcohol and prescription drugs. The Company expects all associates to perform their work in a professional manner, free from impairment due to alcohol or drugs. This policy explains the rights and responsibilities of the Company and each of its associates with regard to substance and alcohol abuse. This policy also gives a basic description of drug testing measures and the procedures we will implement upon the discovery of substance abuse by associates. This policy extends to each of our associates and continuation of employment signifies understanding of, and intent to comply with, the terms of the policy.

DEFINITIONS

“Substance” is defined as any drug, intoxicating inhalant, illegal drug or prescription drug not used in accordance with a licensed doctor’s prescription and/or not written and dispensed specifically to the associate.

“Workplace” is defined as the building in which the business resides, any public or private driveway, street, sidewalk, parking lot, parking garage or other parking area adjacent to or used in connection with the business of the Company, or any vehicle owned or utilized by the Company.

PROHIBITED CONDUCT

We are committed to having a drug free workplace. The non-prescriptive use, sale, possession, distribution, manufacture or transfer of substances at the workplace or during working hours is strictly prohibited. Furthermore, the mere presence of a substance in an associate's system at the workplace or during working hours constitutes substance abuse and is strictly prohibited. Prescription drugs taken while working will be allowed only if the prescription drug does not affect the reaction time or reasoning skills of the associate, and is used in accordance with a licensed doctor's prescription. Mattress Firm reserves the right to require doctor documentation of the associate's fitness for duty while under the influence of any prescription drug. The prescription drug must be prescribed for the associate and be in its appropriate container.

In addition, reporting to work or attempting to work while under the influence of alcohol is prohibited. For purposes of this policy, "under the influence" shall be conclusively presumed to exist if during any working time, a blood test for alcohol results in a blood alcohol content level above the applicable legal limit.

Associates violating this policy shall be subject to discipline, up to and including, immediate termination.

OUTSIDE EVENTS

Mattress Firm foresees situations when certain associates may be acting as a representative of the Company at an off-site event. At events of this type, associates are not prohibited from responsibly purchasing and/or consuming alcoholic beverages at their own cost; however, because the safety of others may be an issue, as well as the integrity and image of the Company, drinking to excess is prohibited. Any purchase of alcoholic beverages on a company credit card or reimbursement of the cost of any alcoholic beverages for associates or their guests is subject to the Company's Travel and Expense Reimbursement Policy.

On occasion, the Company may sponsor events for its associates where alcoholic beverages are not offered as part of the function, though available by the establishment. In this case, associates may purchase alcohol on their own, but excessive drinking and/or uncontrolled behavior will not be tolerated.

In the event there is a company-sponsored function where alcohol is provided, associates are expected to drink responsibly and remain professional at all times.

MATTRESS FIRM RECOMMENDS THAT ASSOCIATES UTILIZE TAXICAB SERVICES AFTER DRINKING ALCOHOLIC BEVERAGES ON BUSINESS TRIPS, AT BUSINESS-RELATED FUNCTIONS OR AT COMPANY-SPONSORED FUNCTIONS. SUCH TAXICAB SERVICES MAY BE REIMBURSED IN ACCORDANCE WITH THE TRAVEL AND EXPENSE REIMBURSEMENT POLICY.

Associates violating this policy shall be subject to discipline, up to and including, immediate termination.

TESTING

The Company will undertake substance and/or alcohol testing of our associates and prospective associates under the following circumstances:

- Pre-Employment – As a prerequisite for employment, each job applicant must pass a drug test. Rehired associates, who have been gone from the Company for more than 60 days, will also be subject to this requirement.
- For Cause – The Company reserves the right to require an associate to submit to a drug and/or alcohol test if the associate's conduct, personal appearance, possession of drug paraphernalia, and/or other condition or information raises suspicion that the associate may be violating Company policy and/or is under the influence of a substance or alcohol. Factors that could establish cause include, but are not limited to: 1) sudden changes in work performance; 2) repeated failure to follow instructions or operating procedures; 3) violation of Company safety policies; 4) involvement in an accident or near accident; 5) discovery or presence of illegal or suspicious substances or materials in an associate's possession or near the associate's workplace; 6) odor of alcohol and/or residual odor particular to some chemical or controlled substance; 7) unexplained and/or frequent absenteeism; 8) personality changes or disorientation; and/or 9) arrest or conviction for violation of any criminal drug statute, whether misdemeanor or felony.
- Post-Accident – In the event of an accident resulting in the damage of property or injury to any person, a drug and alcohol test must be taken within 24 hours of the accident. Failure to complete the test within 24 hours, unless documented by a physician as medically impossible, will be treated as a refusal and may result in immediate termination.

- State or Federally Mandated Testing – Some positions within the Company may require a drug and/or alcohol test under state and/or federal law.
- Unannounced Testing – To the extent allowed by law, the Company reserves the right to require an associate or group of associates to be tested for the presence of illegal drugs or alcohol at any time during normal working hours, without prior notice.

Consent to drug and/or alcohol tests as the Company may request is a condition of continued employment. Refusal to submit to such a test may result in immediate termination, even for a first offense.

An associate awaiting test results may be placed on suspended status and sent home without pay during the time required for a specimen to be evaluated. Upon receipt of negative test results, the associate will be paid for any missed scheduled working time. Sales associates may receive pay at their appropriate vacation rate for time missed while awaiting drug test results, if the test is reported as negative. Associates with a confirmed positive test can, at their option and expense, have a second confirmation test (the Company automatically conducts one confirming test after an initial positive) on the same specimen. An associate is not allowed to submit another specimen for testing. Associates whose tests results are inconclusive or are reported as “diluted-negative” will be treated as if the result had been positive.

Mattress Firm reserves the right to bring a matter involving the use, possession, sale, distribution or manufacture of illegal drugs, intoxicants or controlled substances to the attention of appropriate law enforcement authorities. Any conviction for criminal conduct involving alcohol, illegal drugs, intoxicants or controlled substances, whether on or off duty, must be immediately reported to Human Resources and may lead to disciplinary action, up to and including termination.

SUBSTANCE ABUSE TREATMENT PROGRAMS

Mattress Firm does not maintain an alcohol or drug treatment program for associates. There are, however, treatment programs and referrals available to individuals through outside sources, including the Company’s health care program. Participation in a treatment program, except as provided by law, will not protect an associate from the consequences of violations of this policy.

SECTION 3.07 ASSOCIATE PRIVACY POLICY

The Company reserves the right, at all times, to monitor, inspect and search all areas within its premises to determine whether any company policy has been violated. As such, associates should not have any expectation of privacy with regard to the facilities, furnishings or equipment (including computers, telephones and other electronic equipment) provided to associates by the Company.

There may be times when associates are given keys to lock the desks, workspace, files, etc., however, the Company retains the right to open a locked desk, workspace or any other physical resource to inspect, investigate or search its contents. Thus, keys do not create any right of privacy in the Company's property or any of the materials and information stored therein. Associates may not change the locks on any Company property without explicit permission.

The Company also may require associates, while on the job or on the Company's premises, to agree to reasonable inspection of personal property, vehicle and/or their person. The associate may be requested to self-inspect personal property or person by displaying the contents of any packages and/or turning out pockets, etc., in the presence of a Company representative. Failure to submit to such a search is grounds for disciplinary action, up to and including termination.

SECTION 3.08 TECHNICAL AND COMMUNICATIONS RESOURCES POLICY

The Company's technical and communications resources – including mail, courier services, video equipment, tape recorders, desktop and portable computer systems and networks along with their accompanying data and software, directories and files, cellular telephones, personal data assistants (PDAs), fax machines, printers, scanners, RF devices, Internet access, voicemail, email and intranet – enable associates to quickly and efficiently access and exchange information throughout the Company and around the nation. When used properly, we believe these resources greatly enhance your productivity and knowledge.

This policy applies to all technical and communications resources that are owned or leased by the Company, that are used on or accessed from Company premises or that are used for Company business. This policy also applies to all activities using any Company-paid accounts, subscriptions, or other technical services, such as Internet and Web access, voicemail and email, whether or not the activities are conducted from Company premises. The Company will not cover the cost of home internet access for associates. Air cards will be provided for associates required to access the internet for Mattress Firm systems from home.

WARNING

As you use the Company's electronic resources, it is important to remember the nature of the information created and stored there. Because they seem informal, email messages and voicemail messages are sometimes offhand, like a conversation, and not as carefully thought out as a letter or memorandum. However, even after the deletion of messages or closing of a computer session, the information may still be recoverable and may even remain on the system. Associates should keep this in mind when creating email messages, voicemail messages and other documents on the computer and when using the Internet. Moreover, be aware that technology exists to intercept wireless communications, including cellular telephone conversations and wireless network communications, or to pinpoint the geographical location of the users of such technology.

ASSOCIATE'S RESPONSIBILITIES

Associates are responsible for all activities associated with their logon ID, including the content of all text, audio or image files that the associate places or sends over the Company's resources. The associate is accountable for the proper use of the Company's technical and communications resources. All company associates are also responsible for notifying management if they observe, detect or suspect a system or policy vulnerability, violation or failure.

ACCEPTABLE USES

The Company's electronic resources are provided for the benefit of the Company and its customers, vendors and suppliers. These resources are provided for use in the pursuit of Company business and are to be reviewed, monitored and used only in that pursuit, except as otherwise provided in this policy.

Associates are permitted to use the Company's electronic resources for occasional, limited and appropriate non-work purposes as long as such use does not interfere with work. However, at no time does the associate have a right of privacy as to any information or file maintained in or on the Company's property or transmitted or stored through the Company's computer, voicemail, email or telephone systems. Additional charges for use of telephones or computers are not permitted and will be the associate's responsibility to pay.

UNACCEPTABLE USES

Use of Company resources for the following activities is prohibited:

- Engaging in activities on behalf of organizations with no professional or business affiliation with Mattress Firm or for personal gain or for the advancement of individual views;
- Sending, saving, viewing or storing sexually explicit, offensive, harassing, disparaging, obscene or threatening material;
- Sending, saving, viewing or storing communications that may defame or disparage the Company, its associates, customers, vendors or competitors;
- Installing or downloading any hardware or software, without prior authorization from IT Department;
- Attempting to test, circumvent or defeat security or auditing systems, without prior authorization;
- Permitting any unauthorized individual to access Mattress Firm's computer system, including use of portable devices such as laptop computers;
- Distributing or storing chain letters, solicitations or offers to buy or sell goods or other non-business material of a trivial or frivolous nature;
- Sending or receiving copyrighted materials, trade secrets, proprietary financial information or similar materials without prior authorization;
- Engaging in fraudulent or malicious activities and/or behavior that is contrary to Company policies and interests;
- Sending communications that either mask your identity or indicate they were sent by someone else;
- Using someone else's password or Company-issued computer to access information or send communications;
- Accessing information in libraries, files, data, programs and directories that are not related to your work duties and for which you are not authorized;
- Unauthorized review, duplication, dissemination, removal, installation, damage or alteration of files, passwords, computer systems or programs, or other property of the Company; or
- Transmitting or receipt of any information in violation of federal, state or local laws or regulations.

The Company does not consider conduct in violation of this policy to be within the course and scope of employment or the direct consequence of the discharge of an associate's duties.

Accordingly, to the extent permitted by law, the Company reserves the right not to provide a defense or pay damages assessed against associates for conduct in violation of this policy.

ACCESS TO INFORMATION

The Company asks its associates to keep in mind that when using the Company's computers that the associate is using a Company asset to create Company documents. In addition, the Company's computer, voicemail, email or telephone systems and the data stored on them are and remain at all times the property of the Company. As a result, computer data, voicemail messages, email messages, and other data are readily available to numerous persons. If, during the course of employment, the associate performs or transmits work on the Company's computer system and other electronic resources, the work may be subject to investigation, search and review, in accordance with this policy.

All information, including email messages and files, that are created, sent, stored or retrieved over the Company's electronic resources, including on private email service providers, is the property of the Company and should not be considered private or confidential. Associates have no right to privacy as to any information or file transmitted or stored through the Company's computer, voicemail, email or telephone systems. Any electronically stored information that the associate creates, sends to or receives from others may be retrieved and reviewed when doing so serves the legitimate business interests and obligations of the Company. Associates should also be aware that, even when a file or message is erased or a visit to an Internet or Website is closed; it is still possible to recreate the message or locate the Website. The Company reserves the right to monitor use of its electronic resources at any time and to inspect and screen all of the Company's electronic resources and all information contained therein without prior notice to associates. These inspections and searches may be conducted during or outside business hours and in the presence or absence of the associate. All information transmitted over Company computers, including text and images, may be disclosed to law enforcement or to other third parties without prior consent of the sender or receiver.

Although the associate may have passwords to access computer, voicemail and email systems, these electronic resources belong to the Company, are to be accessible at all times by the Company, and are subject to inspections by the Company with or without notice. The Company may override any applicable passwords or codes to inspect, investigate, or search an associate's files and messages. Associates should not provide a password to other associates or to anyone

outside the Company and should never access any electronic resources using another associate's password.

In order to facilitate the Company's access to information on its electronic resources, do not encrypt or encode any voicemail or email communication or any other files or data stored or exchanged on the Company's systems without the express prior written permission from the Chief Information Officer or an IT Department security officer so that the encrypted or encoded information can be accessed in your absence.

SOFTWARE POLICY

If wanting to install software on Company computers, contact the IT Department and request to have the software approved and installed. Involving the IT Department ensures that the Company can manage the software on Company systems, prevent the introduction of computer viruses, and meet its obligations under any applicable software licenses and copyright laws. Computer software is protected from unauthorized copying and use by federal and state law; unauthorized copying or use of computer software exposes the Company and the individual associate to substantial fines and exposes the individual associate to imprisonment. Therefore, associates may not load personal software onto the Company's computer system and may not copy software from the Company for personal use.

The Company will cooperate with the copyright holder and legal officials in all copyright matters.

VIOLATIONS OF THE POLICY

If an associate receives a prohibited communication, he or she should do one of the following:

- If from within the Company, immediately notify management, the IT Department or the Human Resources Department;
- If from outside the Company, immediately delete from all files and records. Do not forward or store. Notify the sender that Company communication systems are restricted to business use only.

Furthermore, immediately report any violations of this policy to management, the IT Department or the Human Resources Department. Violations of the guidelines in this policy may result in disciplinary action, up to and including termination. In addition, the Company may advise

appropriate legal officials of any potential violations or law and cooperate in investigations conducted by legal officials.

SECTION 3.09 MOBILE DEVICE SECURITY AND USAGE GUIDELINES

All mobile devices must be appropriately secured to ensure data integrity is not compromised, to reduce the risk of spreading viruses, and to mitigate other forms of abuse of Mattress Firm's computing infrastructure.

Mobile devices paid for by Mattress Firm are the property of the Company and must be returned to the IT Department upon separation from the Company.

PRIVACY WARNING

Information that is sent, received, and stored on mobile devices communicating with Mattress Firm servers is the property of the Company. Associates do not have a privacy right when using any mobile devices provided by the Mattress Firm to communicate with Mattress Firm servers.

ASSOCIATE'S RESPONSIBILITIES

Associates are required to password protect any mobile device issued by the Company. In an effort to protect Company property, associates should do the following:

- Never leave mobile device unattended;
- Never leave a mobile device in a vehicle in plain sight;
- If driving a car, place the device in the trunk;
- If driving a truck, place the device behind the seat out of sight;
- While in an airport, always put the laptop through the scanner last so that it can be watched at all times;
- When staying at a hotel and not in the room, consider locking the computer in the hotel's safe;
- Be alert to the surroundings, especially when attending conventions and conferences;
- Promptly report a lost or stolen device by immediately calling the IT Help Desk (1-866-634-4377).

Associates are required to disclose the password to management in connection with any investigation involving the associate or termination of the associate's employment.

SAFETY

Always use the hands free devices when driving a motor vehicle. Never try to text, send or read messages while driving.

SECTION 3.10 ASSOCIATE EMAIL POLICY

The Company maintains an electronic system to assist in conducting of business within the Company. Only certain departments will have the ability to send external e-mail. While the Company understands that there may be a need to communicate via e-mail with family and friends from time to time, the use of the electronic mail system is reserved mainly for business purposes and personal messages should be kept to a minimum. All messages composed, sent, or received on e-mail are and remain the property of the Company. Mattress Firm reserves and intends to exercise the right to review, audit, intercept, access, and disclose all messages in the e-mail system for any purpose at any time. All e-mail communications may be subject for use in a court of law.

- All store associates are expected to check the store e-mail at least three times a day and their own Company e-mail at least once a day. The expectation is that the store e-mail is checked upon arrival to the store and twice more throughout out the day. Associates will be held responsible for the information in both the store e-mail and their individual Company e-mail.
- Area Managers are expected to check his/her own Company e-mail at least three times a day to ensure timely response.
- All associates are expected to conduct themselves in a professional manner and remember that e-mail communication should be appropriate for a professional work environment.
- E-mail may not be used to solicit for commercial ventures, religious, or political cause, outside organizations, or other non-job-related solicitations.
- E-mail is not to be used to create any offensive or disruptive messages. Among those which are considered to be offensive, are any messages which contain sexual implications, racial slurs, gender specific comments, or any other comment that offensively addresses someone's age, sexual orientation, religious, or political beliefs, national origin, or disability.

- Copyrighted materials, trade secrets, proprietary financial information, or similar materials without proper authorization should not be sent (uploaded) or received (downloaded) through the electronic mail system.
- Associates that decide to voluntarily resign or are involuntarily terminated from Mattress Firm must refrain from sending out district, market, region, or corporate-wide e-mails to announce their departure, thank individuals for their contribution, say goodbye, etc. The message creates a distraction and is not appropriate.
- Managers should send an e-mail to terminations@mattressfirm.com immediately upon an associate's departure from the Company, so that access to e-mail is terminated and to avoid late terminations in the HR system. If the manager is on vacation during the departure, he/she should assign an individual to communicate the departure immediately.
- An associate that violates this policy or uses e-mail for improper purposes shall be subject to discipline, up to and including discharge.

Disclaimer: This policy supersedes any prior written policy of this type. Mattress Firm reserves the right to change the policy at any time as may be required under the circumstances.

SECTION 3.11 SOCIAL MEDIA AND COMMUNICATIONS POLICY

The Company encourages all of its associates to explore and engage in social media at a level at which they feel comfortable. Social media is tool that can be used to enhance what we do on a daily basis, the Company does ask that all Company employees, consultants and contractors participate in social media while adhering to the Company's Code of Conduct and all other applicable policies.

SOCIAL MEDIA

The term "social media" is used in this policy to refer to any tool or service that facilitates conversations over the Internet. Social media applies not only to traditional big names, such as Facebook®, Twitter, LinkedIn and other social networking websites, but also applies to other platforms you may use that include user conversations, which you may not think of as social media. Platforms such as, YouTube™, Flickr™, blogs, discussion forums, newsgroups, email distribution lists and wikis are all part of the social media world.

ASSOCIATE’S RESPONSIBILITIES

- **Think First.** The Company strives to uphold its core values in each aspect of its business operations and interactions with employees and the community, and expects the same commitment from all Company representatives—including associates both on and off the clock.
- **Use the Appropriate Avenue.** The Company has put policies and procedures in place in order to provide forums and avenues for constructive criticism or voicing concerns. Associates are encouraged to utilize these avenues for expressing concerns and raising issues about the Company. Voicing concerns about Mattress Firm publicly on social media without first communicating such concerns to your management and co-workers is counterproductive and inadvisable.
- **Protect Information.** Associates are to protect confidential Company information or any of our customers’ personally identifiable information on social media. Reference the Confidential Information policy for type’s of information to be protected.
- **Respect Yourself and Others.** If you wish to agree or disagree with the actions, policies or management of the Company on social media platforms, the Company requests that you do so only in a respectful, constructive manner. Avoid comments that are obscene, defamatory, profane, libelous, threatening, harassing, abusive, hateful or embarrassing to another person or any other person or entity. This includes, but is not limited to, comments regarding Mattress Firm, Mattress Firm employees and Mattress Firm’s competitors. Be careful not to communicate any material that violates privacy or publicity rights of others, such as copyrighted material and trademarks.
- **Be Truthful and Transparent.** It is the expectation of the Company that all associates represent themselves and the Company accurately and honestly on social media venues. Unless specifically instructed, associates are not authorized to speak on behalf of Mattress Firm. If an associate is contacted by the media, the media should be directed to the company’s public relations firm or the Communications Department.
- **Limit Your Involvement.** You may participate in social media from time to time during business hours. However, you are expected to keep these communications (both in frequency and duration) to a minimum. If social media interferes with any of your work duties or

responsibilities, Mattress Firm reserves the right to disallow such participation during business hours.

- Know Your Level of Authority. Only authorized associates can prepare and modify content for Mattress Firm's blog(s) and/or social media communications. If you are uncertain about any information, material or conversation, discuss the content with your manager, the Communications Manager, and/or Human Resources

Any violation(s) of the social media Company guidelines should be reported to a supervisor, manager, and/or Human Resources. Mattress Firm intends to investigate and respond to reports of violations of this Social Media and Communications Policy and other related policies. Violations of any such policy will result in disciplinary action, up to and including termination.

SECTION 3.12 IPAD POLICY

The Company may issue an iPad as a business tool to designated employees of Mattress Firm. Company-issued iPads, programs, applications and data are the sole property of Mattress Firm. Terms of equipment usage should follow the electronic usage policy.

Associates are responsible for all activities associated with their logon ID, personal and corporate Apple ID, and the content of all text, audio or image files that the associate places or sends over the Company's resources. The associate is accountable for the proper use of the Company's technical and communications resources. All company associates are also responsible for notifying management if they observe, detect or suspect a system or policy vulnerability, violation or failure.

Cellular data services are not turned on by default on the iPad. If you choose to turn on the cellular data services, you will be responsible for assuming all costs which cannot be charged to corporate cards, accounts, and may not be reimbursed by or on behalf of the Company.

Upon separation with Mattress Firm, the Company-issued iPad must be returned in full working condition. Damage to iPad hardware and/or software and/or loss of iPad is the sole responsibility of the employee. Employee is responsible for reimbursing the Company for associated costs incurred.

SECTION 3.13 COMPANY VEHICLE USAGE

The Company has established a vehicle usage policy to promote safe and responsible driving for all associates who drive for company reasons. These usage guidelines apply to all associates who operate owned or leased/rented vehicles, or mileage allowance vehicles for company-designated business.

VEHICLE USAGE GUIDELINES

- Associate must maintain a valid driver's license and auto liability coverage.
- Any changes that may affect either an associate's legal or physical ability to drive or his or her continued insurability must be reported to management immediately.
- Drivers are responsible for obeying all traffic laws and postings of parking regulations. It is the associate's responsibility to pay for any driving and/or parking infractions, or fines as a result of his or her driving and/or parking infractions. If the vehicle is towed, it is the responsibility of the associate to pay for any fees to retrieve the vehicle from impound, in addition to the cost of repairs if any damage is caused to the vehicle.
- Associates must report any accidents, theft, or malicious damage regardless of the extent of damage or lack of injuries within 48 hours to company owned or leased/rented vehicles.
- Under no circumstances are associates permitted to operate a Company-owned or leased/rented vehicle when any physical or mental impairment causes the associate to be unable to drive safely. This applies to mileage allowance vehicles during an associate's business hours.
- Associates must not operate any Company-owned or leased/rented vehicle, or mileage allowance vehicles during Company-designated business, while using or consuming alcohol, illegal drugs, or prescription medication that may affect the ability to drive.
- Associates may not use Company-owned or leased/rented vehicles in connection with any business venture other than pertaining to the associate's job duties and responsibilities at the company.
- If an associate grants permission for someone to drive the associate's company owned or leased/rented vehicle, other than the associate's spouse or children (18 years and older with a valid driver's license), the associate will be considered financially responsible for all damages and vehicle repairs.

Any violation(s) of the company guideline should be reported to a supervisor, manager and/or Human Resources. Violations of any such policy will result in disciplinary action, up to and including termination.

SECTION 3.14 CONFIDENTIAL INFORMATION

Within the scope of employment, Mattress Firm may provide and make available certain confidential information about its business. This information is of substantial value and highly confidential, is not known to the general public, is the subject of reasonable efforts to maintain its secrecy, constitutes professional and trade secrets of the Company, and is provided and disclosed to associates solely for use in connection with your employment by the Company. "Confidential information" includes, but is not limited to: work product, including letters and memoranda; financial records; business, marketing and strategic plans; personnel, medical and payroll records regarding current or former associates; the identity of, contact information for, and any other account information on customers, vendors and suppliers; inventions, programs, trade secrets, formulas, techniques and processes; sales and marketing techniques and materials not available to the general public; and any other documents or information regarding the organization's operations, procedures or practices.

All associates are expected and required to protect Mattress Firm's trade secrets and confidential information. Such information should only be disclosed to individuals within the organization with both a need to receive and authorization to receive the information and should not be copied or duplicated or used for personal gain or without proper authorization. When transmitting confidential information via email, associates should take even greater care as email makes it easier to redistribute or misdirect the protected information. Also, take care not to access new voicemails or email messages in the presence of others who do not have a right to access such information and to ensure associates do not leave confidential documents or information in open view when leaving the work area. If ever in doubt as to whether information should be disclosed, associates should err in favor of not disclosing the information and discuss the situation with management.

This obligation to maintain confidentiality with regard to Mattress Firm's information continues even after termination. If, at any time, associates are asked to return the Company's confidential information, do so immediately. Mattress Firm reserves the right to use any legal means necessary to prevent the impermissible use of confidential information or to recover damages resulting from use of such information.

CUSTOMERS AND SUPPLIERS

Our customers and suppliers also entrust us with important information of a personal nature or relating to their businesses. The nature of this relationship requires maintenance of confidentiality. As such, associates should use as much caution in safeguarding our customers'

and suppliers' information as in safeguarding their own information. In that way, we earn the trust and respect of our customers and suppliers.

RELEASING INFORMATION TO 3RD PARTIES / REFERENCE CHECKS

Do not disclose any Mattress Firm confidential information to a third party. If someone outside the Company, or perhaps even within your department, asks for information and there are concerns about the appropriateness of revealing such information, associates do not have to do so. Instead, politely refer the request to management.

All requests for references must be directed to the Human Resources Department. No other manager, supervisor or associate is authorized to release references for current or former associates. The Company's policy as to references for former associates is to disclose only the dates of employment and the title of the last position held. If an associate authorizes disclosure in writing, the Company will also provide information on the amount of the salary or wage the associate last earned.

SECTION 3.15 CONFLICTS OF INTEREST

Mattress Firm's reputation and good name can be compromised if our associates engage in outside activities or interests which conflict, potentially conflict, or appear to conflict with the Company's best interests. As such, associates have an obligation to conduct business within guidelines that avoid such conflicts and/or to disclose such conflicts to the CEO or Human Resources and receive written approval before continuing the actions. While it is not possible to describe or anticipate all situations that might involve a conflict of interest, below are some examples. This list is not meant to be exhaustive. If any questions arise about what constitutes a "conflict of interest," contact the CEO or Human Resources of Mattress Firm for more information.

Associates should not be connected, directly or indirectly, with any business (as owner, partner, officer, director, participant, licensee, consultant or equity holder (owning 2% or more of outstanding equity interests); or as the recipient of wages, salary, bonuses, fees, commission or other compensation of value of any kind) which:

- Sells and/or provides materials, supplies, equipment, facilities or services to the Company, a competitor, a supplier, or any of the Company's affiliates.
- Is in direct or indirect competition with the Company or any of its affiliates.

- Is a customer, vendor, or supplier of the Company or any of its affiliates.

Ownership of shares of stock of publicly traded companies acquired as part of a normal, passive investment program is permitted, so long as the 2% threshold is not exceeded.

Associates shall not seek or accept any gifts, payments, fees, services, privileges, vacations or pleasure trips without a business purpose, loans (other than conventional loans from lending institutions), or other favors from any person(s) or business organization(s) that does or seeks to do business with, or is a competitor of the Company. Do not accept anything of value in exchange for referral of third parties to any such person or business organization. Associates are not prohibited from accepting a gift of nominal value made in the course of a normal business relationship.

Associates shall not acquire (directly or indirectly) through ownership or lease, any property, real estate or facilities in which the Company has an active or potential interest.

Do not speculate or commercially deal in the products (first quality, used, obsolete or scrap) sold by the Company or in any used property (machinery, equipment, facilities, furniture, fixtures, etc.) of the Company.

Associates shall not take for personal benefit any business opportunities that are discovered through the use of Company property, information or position, unless (1) such opportunity is first disclosed to and declined by the Company; and (2) pursuing such opportunity does not violate any other provision of Company policy.

OUTSIDE EMPLOYMENT

Associates may not take an outside job, either for pay or as a donation of time, with customers or competitors of Mattress Firm, or do any work on their own if it competes in any way with the products or services we provide our customers.

VIOLATIONS OF POLICY

Any violation of this policy may lead to disciplinary action, up to and including termination. The Company also reserves the right to pursue legal action to recoup any profits lost due to violation of this policy.

SECTION 3.16 DISCIPLINARY POLICY

We believe that most associates are dedicated and hard working. Occasionally, however, an associate's work performance or behavior falls below Company expectations. In these cases, the Company may take corrective action, including counseling and discipline, as necessary and appropriate.

Normally, progressive discipline involves some combination of verbal counseling, written warnings, and/or suspension before an associate is terminated. However, exceptions or deviations from the normal procedure may occur whenever the Company deems that circumstances warrant that one or more steps in the process be skipped. Accordingly, there may be circumstances that warrant immediate termination.

If given a written warning, an associate will be asked to sign the warning. This signature is not an admission of wrongdoing, but merely acknowledges receipt of the warning notice. If an associate disagrees with the warning or desires to make comments, the associate is entitled to write comments on the warning notice. Refusal to sign a warning does not negate the warning, and requirements of the warning will still be in force.

It must be remembered that the employment relationship is based on mutual consent of the associate and the Company. Accordingly, either the associate or the Company may terminate the employment relationship at any time, for any reason or no reason and with or without notice. Furthermore, the Company may demote, transfer, suspend or otherwise discipline an associate in its sole and absolute discretion. Nothing contained in these disciplinary procedures is meant to imply any contrary policy to an associate's at-will employment or the Company's discretion to take action it feels is appropriate for any given situation.

SECTION 3.17 SOLICITATION AND DISTRIBUTION

Solicitation, distribution, and posting of materials on or at Company property for any cause are not permitted. Associates are not permitted to distribute non-Mattress Firm literature in work areas (all areas on the premises other than an associate break room) at any time. Associates are also prohibited from distributing such materials on Company premises during working time (working time does not include lunch periods, work breaks, or any other periods in which associates are not on duty.).

Furthermore, the Company's electronic mail system is limited to official Company business. Electronic mail may not be used to solicit for memberships, subscriptions, raffles or collections.

Non-associates are not permitted to solicit anyone or distribute any materials on Company premises at any time unless such solicitation is approved by management and is for Company business purposes. If an associate witnesses impermissible solicitation, it is the associate's responsibility to ask the non-associate to leave or to contact management so that he/she may ask the person to leave the premises.

SECTION 3.18 FRATERNIZING AND NEPOTISM

No Mattress Firm associate hired, promoted, demoted or transferred after June 1, 2002 may supervise or be supervised by a family member; nor may family members work in positions that might create conflicts of interest. If an associate recommends a family member for employment, the family relationship must be disclosed to Human Resources.

If an associate becomes romantically involved with someone over whom he/she has supervisory authority (directly or indirectly), the supervisor must immediately notify his/her manager and the associates must reach a workable solution to eliminate the supervisory situation. If they cannot do so, the Company will decide which associate is transferred, reassigned or terminated, subject to applicable law.

Under no circumstances may an associate in a District Manager role or acting as a District Manager be romantically involved with anyone in the market in which they supervise, nor may an associate in an Area Manager role be romantically involved with any associate in the area in which they supervise.

For purposes of this policy only, "family member" includes: spouse, child (including stepchildren), parent (including stepparent), parent-in-law, sibling (including step-sibling), brother-in-law, sister-in-law, grandparent, grandparent-in-law, grandchild, daughter-in-law, son-in-law, aunt, uncle or cousin.

SECTION 3.19 ASSOCIATE REFERRAL POLICY

We know that new associates who come into the Company through associate referrals are typically associates who stay with the Company longer while excelling in their performance. As such, we want to encourage and reward our current associates who help us with our recruiting efforts by bringing new associates into the Company.

This policy sets out the guidelines for, and details, of our Associate Referral Program. If you have any questions regarding the policy, please contact either the Recruiting or Human Resources Departments.

ELIGIBLE REFERRALS:

In order for an associate to be eligible for an Associate Referral Bonus, the following criteria must be met:

- The position for which the candidate is referred is a full-time position.
- The referral must represent the candidate's first contact with the Company.
- A Candidate Referral Form (found on the Bed Post) must be submitted to your manager at the time of the referral, before any interviews.
- The candidate must be someone well-known to you. Remember, this is your personal recommendation of the candidate and you should be able to speak to his/her experience and work standards.

Candidates will be evaluated for any open position in a manner consistent with all the Company's hiring practices.

BONUS PAYMENT:

Associates will be paid a \$500 Referral Bonus for successful referrals. The Bonus is payable in two parts -- \$250 after the new associate completes 45 days of service and the other \$250 after the new associate completes 120 days of service. You must be employed with the Company at the time the new associate reaches the above milestones in order to receive the payment.

An additional \$250 will be paid if you refer a bilingual candidate in the sales field.

Area, District, Warehouse and Regional Managers, Director level and above, Department Heads, supervisors with responsibility for hiring for the candidate's position, and members of the Human Resources and Training and Recruiting Departments are not eligible for Referral Bonuses.

The Company reserves the right to change or discontinue this program at any time without notice.

SECTION 3.20 INTERNAL JOB POSTING POLICY

Mattress Firm is an equal opportunity employer. The goal of the internal job posting policy is to ensure that all associates are made aware of and have the opportunity to apply for open positions concurrently

with external candidates. While Mattress Firm's philosophy is to promote from within whenever possible, there are business conditions that could cause a position to be filled without the job being posted.

Under Mattress Firm's job posting policy, all regular part-time and full-time associates with at least six months of continuous Company service, at least 6 months in current position, and no disciplinary action for at least 6 months are eligible to apply for posted positions.

Open positions will be posted for fourteen (14) calendar days. Any eligible and qualified associates may apply for an open position. However, resumes will only be considered for the position if he/she meets the required qualifications. Operations and corporate associates must have received at least "meets most" of the expectations on their last performance appraisal along with the other conditions to be eligible. When applying for positions, the candidate must notify his/her manager of the resume submission. The candidate's manager will also notify his/her manager. Human Resources will verify that the manager has been notified. Human Resources will notify candidates that do not meet the minimum criteria. Those that meet the requirements will be interviewed. When the selection has been made, Human Resources will notify the selected candidate and non-selected candidates and coordinate the date of the associate's transfer into the new position with the current supervisor and new supervisor, if applicable.

ARTICLE IV: PAY AND COMPENSATION PRACTICES

SECTION 4.01 EMPLOYMENT STATUS

The following terms will be used to describe the classification of associates and their employment status. Different definitions may exist with regard to specific benefit plans. Please consult the individual plan documents for such definitions.

REGULAR FULL-TIME ASSOCIATES

Those associates who are regularly scheduled to work Mattress Firm's full-time schedule as it relates to the individual's position, a minimum of 40 hours per week. Regular full-time associates may be salaried, salaried non-exempt, hourly or commission-only associates. After the waiting periods dictated by the plans, regular full-time associates are eligible to participate in all of the Company's benefits plans as provided by the specific terms, conditions and limitations of each plan.

REGULAR PART-TIME ASSOCIATES

Associates who are regularly scheduled to work less than the regular full-time schedule for the individual's position are considered part-time associates. Depending on the hours worked, a part-time associate may be eligible to participate in certain Mattress Firm's benefits plans as provided by the specific terms, conditions, and limitations of each plan.

TEMPORARY ASSOCIATES

Those associates hired on an interim basis to replace an associate, supplement the workforce, or to assist in the completion of a certain project for an expected period of six (6) months or less are considered temporary associates. Employment beyond any initially stated period does not in any way imply a change in employment status. Temporary associates are hired on an interim basis, and may not participate in any of the Company's benefits plans, except as may be required by applicable law.

INTRODUCTORY PERIOD

The first ninety (90) days of continuous employment with the company will be considered an Introductory Period. This time is to be used by the associate and the Company to determine the associate's suitability for his/her position. Associates are not eligible to participate in the Company's benefits plans during the Introductory Period, except as may be required by applicable law. There is no guarantee of employment through the entire Introductory Period, nor does completion of the Introductory Period guarantee continued employment thereafter. The associate's at-will employment status continues following the Introductory Period, allowing either the associate or the Company to terminate the employment relationship for any reason or no reason at any time.

SECTION 4.02 OVERTIME CLASSIFICATIONS

NON-EXEMPT

An associate in a position covered by the overtime and/or minimum wage requirements of the Fair Labor Standards Act (FLSA) or applicable state laws is considered a non-exempt associate. These associates are paid overtime for time worked over 40 hours in a workweek or over 8 hours in a day where state law mandates, at the rate of 1 ½ times their regular hourly rate. Compensatory time off is not available as a substitute for overtime pay. Overtime is based only upon the hours actually worked. Incidental time, holiday time, vacation time, time off for jury

duty or other time away from work is not considered to be time worked for overtime calculation purposes. The Company reserves the right to require overtime of any associate if business needs require it. However, all overtime must be approved by your supervisor before the time is worked. Associates working overtime without prior approval may be subject to disciplinary action, up to and including termination.

EXEMPT

An associate in a position that is exempt from the overtime and/or minimum wage pay provisions of the FLSA or applicable state laws is considered an exempt associate. This category includes regular full-time sales associates who are exempt under the retail sales exemption to the FLSA. Due to the nature and scope of exempt positions, work beyond the normal workweek is expected in situations where business demands require it.

Note: The Company will audit to ensure that sales associates who do not fall under the retail sales exemption will be compensated properly.

SECTION 4.03 WORKWEEK

The workweek for all associates begins on Sunday 12:01 A.M. and ends on Saturday at midnight.

CORPORATE ASSOCIATES

The Corporate Office is open Monday through Friday from 8:30 am to 5:00 pm, excluding designated holidays. For regular, full-time associates, work hours are based on an eight (8) hour day, however, the Company allows flexible starting and ending times for its Corporate associates. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total number of hours that may be scheduled each day and week. The Company reserves the right to require work in excess of eight (8) hours per day and/or five days per week. There is no guarantee of any minimum or maximum hours of work. Non-exempt associates will receive overtime for hours worked over forty (40) per week, or as required by applicable state law.

MANAGERS IN TRAINING

Generally, the company's store hours are:

Monday through Friday – 10:00 am to 8:00 or 9:00 pm, depending on the market

Saturday – 10:00 am to 8:00 pm

Sunday – 12:00 noon to 6:00 pm

These times may vary depending on store location and holiday periods. Senior Management will designate the hours for each market throughout the year and may designate any modified store hours for sales events and holidays.

If a Manager in Training is scheduled to assist in opening a store, he/she is expected to be at the store 10 minutes prior to opening.

All Managers in Training are expected to work a minimum of forty (40) hours per week. Any hours worked over 40 per week or 8 per day where state law mandates, will be paid at 1 ½ times the hourly rate.

Days off may vary from week to week. Saturdays, including any Saturday morning meeting, are mandatory work days unless pre-approved vacation or a floating holiday is scheduled. In some cases, such as low staffing levels or holiday weekends, a sales associate may be required to work six (6) days a week.

If a Manager in Training is unable to report to work on a scheduled day or at a scheduled time, he/she must contact the District Manager as soon as possible.

MANAGERS ON DUTY, ASSISTANT STORE MANAGERS, STORE MANAGERS AND AREA MANAGERS

Generally, the company's store hours are:

Monday through Friday – 10:00 am to 8:00 or 9:00 pm, depending on the market

Saturday – 10:00 am to 8:00 pm

Sunday – 12:00 noon to 6:00 pm

These times may vary depending on store location and holiday periods. Senior Management will designate the hours for each market throughout the year and may designate any modified store hours for sales events and holidays.

If scheduled to work from the time of the store opening, the sales associate is expected to be at the store at least 10 minutes prior to opening.

All sales associates are expected to work a minimum of five (5) days a week. Days off may vary from week to week. Saturdays, including any Saturday morning meeting, are mandatory work days unless pre-approved vacation or a floating holiday is scheduled. In some cases, such as low staffing levels or holiday weekends, a sales associate may be required to work six (6) days a week. There is no set extra pay for this work, but sales associates earn any commissions for sales during that additional day(s) and, if required by applicable state laws, will receive overtime pay for the additional hours.

If a sales associate is unable to report to work on a scheduled day or at a scheduled time, contact the District Manager as soon as possible. Sales associates are expected to open the store, whenever possible, to allow the District Manager time to find a replacement.

WAREHOUSE ASSOCIATES

The hours the warehouse is open vary depending on the market's store and delivery hours. As such, the warehouse associate's schedule for the week may vary based on the needs of the warehouse. Generally, the work schedules for full-time associates are based on eight (8) hours a day, except Sundays, which are scheduled at six (6) to eight (8) hours for the day, depending on the market. Management will inform associates each week of work schedules for the following week. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total number of hours that may be scheduled each day and week. Mattress Firm reserves the right to require work in excess of eight (8) hours per day and/or five (5) days per week. However, nothing is meant to guarantee any minimum or maximum hours of work. If the associate is a non-exempt associate, overtime will be paid for any hours worked over forty (40) during a workweek, except in states where law mandates that overtime is paid in excess of eight (8) hours per day.

SECTION 4.04 PAY PRACTICES

Salaried and salaried non-exempt associates are paid semi-monthly. Associates are paid on the 15th for time worked from the 1st through the 15th; time worked from the 16th through the end of the month is paid on the last working day of the month. Salaried non-exempt associates will receive compensation for overtime hours worked in arrears according to the published payroll calendar.

Hourly associates are paid bi-weekly; on every other Friday. Regular and overtime hours will be paid for hourly associates in arrears by one week. Associates eligible for commissions pay will receive commission, net of returns, in arrears on the 15th of each month.

In the event that a regularly scheduled payday falls on a holiday or weekend, associates will be paid on the last working day before the payday.

Appropriate deductions are made from the paycheck for contributory health and welfare coverage, 401(k) plan, Social Security, and federal state and local taxes where applicable, and other voluntary and required deductions.

A copy of your pay-stub and earnings is available online, which can be accessed through Company computers on Company time or via the internet at any time. A copy of the associate's annual earnings statement (W-2) is supplied electronically as required by federal and/or state law. If no longer employed as of January 31, a W-2 will be mailed to the address listed in the HR database. If employed as of January 31, a W-2 will not be mailed and associates are responsible for accessing the electronically provided W-2 on the Company's network.

NOTE: The Company reserves the right to make any changes to these pay practices with appropriate notice to associates.

NOTE: Associates must be actively employed to receive payment for any bonuses and/or prizes. In addition, commission payments are only paid out for one period after the period the associate was terminated and are paid for business written before, but shipped after the associate's departure from the Company.

NOTE: Commissions earned on products are subject to the one hundred (100) day guarantee, therefore, commissions are not considered earned until after the one hundred (100) day period.

SECTION 4.05 TIME RECORDS

Salaried non-exempt, hourly associates and sales associates will be required to clock in and out within an electronic system or complete a timesheet documenting hours worked. These time records are legal records which serve as the basis for paychecks. As such, they must be complete and accurate. In order to ensure completeness and accuracy, associates are to record hours when arriving at work; when leaving and returning from lunch and leaving at the end of the workday. Please note that if full-time associates are short any time for the week, paid time off needs to be used to make up the

difference. If an associate has no remaining paid time off, the shortage will be unpaid as long as the minimum requirements of the FLSA are met.

The time record must be approved by management at the end of each covered period and then must be submitted to the Human Resources Department. If errors are made on an associate's timecard, or if an associate forgets to punch in or to report time away from work, notify management immediately via email so that the appropriate corrections can be made. Any time entry submitted which does not follow normal procedures, as outlined above, must be explained by the associate, corrected and approved by management. Falsification of any time records will result in disciplinary action, up to and including termination.

SECTION 4.6 DIRECT DEPOSIT/PAY CARDS

Associates can choose from two different methods of receiving pay – direct deposit or pay card. By using one of these two services, associates avoid long lines at the bank, lost checks or delayed receipt of a check due to absence, vacation or day off. If a new associate does not select direct deposit, he/she will automatically be enrolled with a pay card. Details regarding pay cards are available in the new hire packet, on the Company intranet or from the Human Resources Department.

The first check will be a paper check in order to ensure the associate's banking information is correct for a direct deposit or to allow time to receive and activate the pay card.

NOTE: Please make sure to keep your banking information updated through the online Associate Self Service system of our HR database.

SECTION 4.07 WAGE GARNISHMENTS AND ASSIGNMENTS

Federal and state laws may require the Company to make deductions from an associate's paycheck should wage assignments, garnishments, child support orders or judgments be entered against the associate. We will advise the associate if one of these orders or judgments is received.

SECTION 4.08 CONTEST PRIZE AND BONUS PAYOUT

Full time and part time associates up to District Managers are eligible to receive awards and/or prizes for achievement of specific sales targets or goals. Independent contractors and temporary associates, whether employed by Mattress Firm or provided from an agency, are not eligible to receive awards and/or prizes. Awards and/or prizes are used to recognize associate contributions to sales targets that have exceeded expectations for exceptional performance. The associate must be in good standing,

under no corrective or disciplinary action, and must be actively employed with the Company at the time the prize/award is paid/issued to receive the award and/or prize. All awards and prizes are considered taxable income and will be reflected on the associate's next paycheck, as well as at the end of the year on the associate's W-2.

ARTICLE V: YOUR RESPONSIBILITIES

SECTION 5.01 STANDARDS OF CONDUCT

In order for the associate and the Company to succeed and achieve our goals, it is necessary for all associates to adhere to certain rules of behavior and to conduct themselves courteously and professionally. We feel it is important for all to know and understand what is expected and what can be expected from fellow associates. Below are some examples, though not all, of the behaviors that will not be tolerated and that could lead to disciplinary action, up to and including termination.

- Violation of any policy stated in this Handbook or in the Company's operating procedures, including, but not limited to, the Anti-Harassment Policy, the Equal Employment Policy, the Drug and Alcohol Policy, the Violence and Weapons Policy and the Attendance Policy;
- Violating federal, state or local laws that could harm the Company or put Mattress Firm's reputation at risk;
- Making any statement (verbally or in writing) about the Company or any service or product of the Company which is false or may reasonably be viewed as detrimental to the Company;
- Insubordination or refusing to carry out job duties or obey reasonable instructions;
- Spreading malicious gossip and/or rumors or engaging in any unprotected conduct which has the potential to create discord and lack of harmony;
- Dishonest, disorderly, indecent, immoral, unethical, unprofessional, rude or abusive conduct toward any coworker, customer vendor or third-party provider such as hotels, dining establishments, etc.
- Unsatisfactory work performance or failure to meet production or quality standards as explained by a supervisor or manager;

- Falsifying Company records or documents, including employment applications, time records, expense reports, sales tickets, customer information , or other business records;
- Failure to cooperate in any Company investigation, including providing false or misleading information during such investigation;
- Using Company-paid time for unauthorized purposes;
- Job abandonment (failing to give notice that you will not be at work as set forth in the Attendance Policy), walking off the job, and/or leaving without permission;
- Violations of security or safety rules or failure to observe safety rules or practices, including placing others in danger, failure to wear safety equipment or tampering with Company equipment or safety devices;
- Creating or contributing to unsanitary conditions;
- Damage, destruction or misuse of Company property or the property of fellow associates, customers, suppliers or visitors, including use for personal reasons or profit;
- Theft, misappropriation or unauthorized possession or removal of Company property or the property of co-workers, including documents or money, without prior approval;
- Filling one's own order or invoicing or ringing up one's own order;
- Buying Company merchandise for resale;
- Cashing a personal check, giving an "I.O.U.," placing a personal check in the drawer for casher, even if only temporarily, without the prior written approval of your District Manager or Executive Management;
- Allowing Company merchandise to leave the Company's premises without proper paperwork, financial transaction, or signatures;
- Misuse of any Company-issued credit card;
- Stealing from or cheating a customer or co-worker;
- Using foul or abusive language toward a customer or co-worker;
- Sleeping during working hours;
- Excessive personal calls, including directory assistance and/or long distance calls;

- Gambling on Company premises;
- Smoking in restricted areas or at non-designated times;
- Use of a tape recorder or recording device to record a conversation with other associates without their knowledge or permission, unless in connection with a business-related investigation conducted at management's direction;
- Repeated failure to adhere to the Company's dress code policy;
- Speeding or careless driving of Company vehicles;
- Selling merchandise or collecting funds of any kind for charities or others at a time or place that interferes with the work of other associates;
- Failing to return to work on your designated date following a leave of absence, paid or unpaid; or
- Any other breach of appropriate business standards or conduct.

In addition to the above Standards of Conduct, the Company expects associates to report any fraud, misappropriation and/or any other irregularity occurring in the workplace. Moreover, the Company will cooperate with law enforcement agencies in the detection, investigation and reporting of criminal acts.

SECTION 5.02 GROSS MISCONDUCT

Gross Misconduct is behavior so serious in its nature that it warrants severe disciplinary action such as immediate termination, even possibly on the first occurrence. Willful or serious violations of Mattress Firm's policies, procedures, practices, or values may be considered Gross Misconduct. Mattress Firm has a right to dismiss, without notice, an associate who has been found guilty of Gross Misconduct. Examples of the kind of behavior which could constitute Gross Misconduct include, but are not limited to, the following:

- Workplace or associate instigated violence, or related threats;
- Disruptive behavior, including abusive or vulgar language;
- Any use, possession, or distribution of alcohol or illegal substance on duty or on Company premises and/or reporting to work under the influence of such a substance;

- Sexual, physical or verbal harassment or abuse, including harassment or abuse that is targeted towards a member of a protected class as defined in Title VII (Race or Color, National Origin, Sex or Gender, Religion, Age and Disability);
- Repeated safety violations;
- Bringing firearms, explosives, knives or other weapons onto Company property without prior authorization from executive management;
- Inappropriate use of the internet, telephone or email, for example to access pornography (see Technical and Communications policy);
- Criminal damage to Company property;
- Unauthorized possession or removal of Company property or assets;
- Serious insubordination;
- Fraud of any kind;
- Failure of, or refusal to submit to, a drug test;
- Violations of Federal, State, or Local Law; or
- Exposure of confidential Company information to unauthorized persons.

Under Mattress Firm's Gross Misconduct policy, all current Mattress Firm associates may face immediate termination for any action similar to those listed above. If an associate is terminated for Gross Misconduct, he or she may not be eligible for COBRA coverage.

SECTION 5.03 ATTENDANCE AND PUNCTUALITY

The most important contribution an associate can make to the efficient operations of our business is to report to work as scheduled and to be on time. Being on time to work is defined as being at your specific job location and ready to work at the designated starting time. If an associate knows that he/she is going to be late or unable to report to work, the associate should call his or her manager as far in advance as possible, or if it is an emergency situation, as soon as it is practical. Messages left with co-workers are not an acceptable substitute for reaching management. If absent from work for three (3) days or more due to illness, the associate must bring a note from a physician documenting the inability to work and providing a release to return to work.

Excessive absenteeism or tardiness may result in disciplinary action, up to and including termination. The Company has established certain guidelines for what is considered excessive absenteeism and tardiness which are available on the Mattress Firm intranet.

NOTE: Failing to report to work for two consecutive days without proper notification is considered job abandonment and voluntary resignation.

If an associate needs to leave work during the work day, proper approval must be received from management. Stores should not be closed or locked for any period of time during regularly scheduled business hours unless instructed to do so by the District Manager.

SECTION 5.04 DRESS CODE

Mattress Firm expects all of its associates to dress and groom themselves in a manner that is appropriate to the work situation. Associates are responsible for ensuring that their appearance projects a positive and professional image to customers, prospects and the public. Consequently, clothing should be clean and neat in appearance. Good personal grooming and hygiene are essential; hair should be clean, combed and neatly trimmed or arranged. Jewelry should be minimal and tasteful. Body piercing (other than two earrings per ear for women) should not be visible during business hours. Any tattoos must be covered at all times during business hours.

If you are not dressed appropriately for your position, your manager will discuss it with you and may send you home, unpaid, for you to change clothes. Repeated violations of this policy may lead to disciplinary action, up to and including termination.

CORPORATE ASSOCIATES

Dress for the Corporate Office is business casual. Below are guidelines in appropriate attire for the work place. The list is not meant to be exhaustive and the Company reserves the right to send associates home to change clothes if the attire is not thought to be appropriate.

For Men

- Business suits
- Slacks or khakis
- Sport shirts
- Pressed shirts with a collar
- Turtlenecks or sweaters

- No t-shirts, muscle shirts, tank tops, or sleeveless shirts
- No shorts, beachwear, sweatpants or fatigues

For Women

- Business suits
- Slacks or pantsuits (no leggings, stretch pants or sweatpants)
- Skirts (knee length or longer)
- Blouses or shirts which completely cover the stomach and shoulders; no spaghetti straps, halter tops, or sleeveless tops unless covered by a jacket; professional sleeveless blouses are acceptable for the Corporate Office only.
- Turtlenecks or sweaters
- No shorts, beachwear or sweatpants
- No flip-flops
- No sheer clothing

Corporate associates may dress in casual attire on Fridays as long as it is neat, clean and in good taste. T-shirts, nice sweatshirts and jeans may be worn on these days as long as the attire does not contain offensive slogans or pictures or contain holes or tears. There may be an occasion where an associate will need to wear business wear on a casual day. Associates should consider the level of customer and public contact and the type of meetings scheduled for the day when determining appropriate dress for the day. Flip-flops and other similar shoes are never allowed, on Fridays or otherwise.

SALES ASSOCIATES

As sales associates, it is important that a clean, professional image is projected to the consumer who visits the store. Below are guidelines for proper dress for sales associates. The list is a guideline and not meant to be exhaustive. Management may make additional requirements regarding proper dress for the store.

For Men

- Well-pressed business suits or dress slacks (no khakis, Dockers, corduroy, denim or jean-like material)
- Well-pressed long sleeve collared shirts (solid colors preferred); no knit shirts allowed.
- Ties are required at all times (except for Mattress Pro locations)
- Dress shoes or dress boots (no work boots or lace up boots). Socks must be worn.
- No facial hair, except mustaches, is allowed unless required for medical or religious reasons. If for medical reasons, a doctor's note must be provided. If for religious reasons, documentation for religious reasons is required.

For Women

- Business suits or pantsuits (no stretch pants, sweatpants, or leggings)
- Business dresses or skirts with blouses (jackets are not required unless wearing a top with spaghetti straps or bare shoulders)
- No halter tops, tank tops, sheer shirts, or t-shirts
- Shirts should not be too low-cut, nor should skirts be shorter than knee length
- Open-toed shoes may not be worn for safety reasons

WAREHOUSE ASSOCIATES

Warehouse associates are to wear the specified uniform for the market, the cost of which will be payroll deducted, unless prohibited by law. Until the uniform is received, warehouse associates may wear a Mattress Firm shirt issued by management and may also wear clean jeans with no rips, tears or holes. Associates may also wear tennis shoes, but for safety reasons, no sandals or open-toed shoes are allowed.

SECTION 5.05 SMOKING POLICY

The Company maintains smoke-free work environments on all its premises. Smoking is allowed only in designated areas, which may not be in front of stores or in view of customers. In all cases, Mattress Firm complies with local or state ordinances.

SECTION 5.06 SAFETY, ACCIDENTS AND OTHER EMERGENCIES

Mattress Firm strongly believes that it is important to keep its facilities safe and strives to ensure that all associates conduct themselves in a manner which minimizes any hazard or risk to themselves, other associates, customers or guests. If an associate notices potential safety hazards or unsafe activities, report them to management immediately. Please consult the Company's Standard Operating Procedures for further details regarding specific safety measures.

In the event that an accident occurs, the following actions should be taken:

IF IT IS AN ASSOCIATE INJURY:

Notify management or Human Resources immediately. In cases of injuries that require immediate medical attention, call 9-1-1. Stay within the scope of knowledge and first aid training. Do not attempt to provide any major medical care unless trained and qualified. The Company insures work-related injuries through Workers' Compensation Insurance. Please refer to the Workers' Compensation portion of the Associate Benefits Section of this Handbook for further details.

IF IT IS A CUSTOMER INJURY:

Follow the same procedures as above; making sure management is made aware of the situation immediately.

SEVERE WEATHER AND EMERGENCY CONDITIONS

If an accident or emergency occurs, the Corporate Office will be the central source of information and will work with regional and local management to assess the situation or contact any necessary parties to resolve the situation. Therefore, if an accident or emergency occurs, contact management or the Human Resources Department immediately.

Each associate should make sure that they have identified evacuation and escape routes from their work premises in case of fire or other such emergency in their building.

In the event of severe weather or other emergencies, the Business Continuity Team may decide to close Mattress Firm for the remainder of the day. In this event, as associate's District Manager, Warehouse Manager or Department Head will notify associates as soon as possible. No loss of pay will occur as a result of an early dismissal for this reason.

SECTION 5.07 PERSONNEL INFORMATION

Unless otherwise dictated by state or local law, all personnel records are the sole property of the Company. However, active associates may review and inspect their own personnel file upon a written request to Human Resources. This review must occur in the presence of a member of Human Resources and the file may not be copied or removed from the HR area, nor may any documents be removed from a file. Otherwise, personnel files are confidential and access is restricted to those who have a business or legal reason to review them.

Medical records, if any, will be kept in a confidential file separate from your personnel file. Mattress Firm maintains this information in the strictest confidence and access and use of the information is restricted. The Company complies with all federal, state and local laws concerning the privacy of such records.

It is the associate's responsibility to ensure that the information in his/her personnel file is kept up-to-date by making changes in the Associate Self-Service system:

- Address and telephone number
- Marriage, divorce or separation
- Legal name change
- Beneficiary
- Emergency contact information
- Direct Deposit/Banking Information
- Dependent insurance coverage
- Immigration forms, W-4s, etc.
- Professional licenses and training.

Note: Associates only have 31 days after the event to add a dependent to their insurance after a marriage or birth, as well as 31 days from the date of divorce to remove a former

spouse or to obtain Company-provided insurance if the associate's coverage was lost as a result of the divorce.

SECTION 5.08 EXPENSE REIMBURSEMENT

Occasionally, there may be a need to incur expenses on behalf of the Company. Prior to doing so, management authorization is required. Certain expenses, even if incurred in the course of business, are not eligible for reimbursement. The Company's Travel and Expense Reimbursement Policy, available on the intranet, provides the details for allowable and reimbursable expenses.

To be reimbursed for authorized expenses, associates must submit an expense report through the Company's automated system – CONCUR. Again, details for using the CONCUR system are located within the Travel and Expense Reimbursement Policy. Expense reimbursements are paid on your regular paycheck. In order to receive a reimbursement in a timely manner, associates must have their expenses submitted by the pay period before the reimbursement pay date (i.e., for payment at the end of the month, all expenses must be submitted by the 15th).

Failure to submit expenses in a timely fashion or with proper documentation may result in disciplinary action, up to and including termination, forfeiture of the reimbursement, or forfeiture of a corporate credit card, if applicable.

SECTION 5.09 INVOICE SIGNATURE AUTHORITY

As a representative of the Company you may be asked to authorize payments on behalf of the Company. Requests for authorization may come in invoice or request for wire transfer to vendors who have provided service to the company. Upon receipt of an invoice from a third party, an individual in the appropriate department having the applicable level of authority shall sign each invoice, print his or her name and title, the applicable account code and the date signed on the invoice. All signed invoices or requests for wire transfer shall then be delivered to the Accounts Payable Department for processing.

The following table sets forth the maximum expenditure amount, on a per invoice basis, that an officer or employee holding the specified title may authorize. Obligations for amounts in excess of the specified amounts require signature of an individual with the appropriate authority level, or, if none, approval by the board of directors of the Company.

Maximum Amount of Invoice	Authorized Titles
Under \$750.00	Any employee
Up to \$5,000.00	Manager*
Up to \$25,000.00	Director**, Assistant Controller
Up to \$75,000.00	Vice President
Up to \$100,000.00	EVP, CIO, CAO, GC
Over \$100,000.00 up to \$5,000,000.00	Two signatures from CEO, CFO, CSO or COO

*Managers include Regional, Divisional and Territory Manager, but excludes District, Store and Area Managers.

**Directors include Regional, Divisional and Territory Directors.

Note: The foregoing limits do not apply to purchases of inventory, utility bills, regular rent and lease payments or capital expenditures, all of which are governed by other processes.

SECTION 5.10 FINANCIAL ACCOUNTABILITY

Mattress Firm expects associates to complete all job duties and responsibilities professionally, honestly and with attention to detail. Associates must take responsibility for the role that they play in the financial performance of the Company, whether through inventory management, proper completion of customer payment transactions, delivery of products to customers before full payment is received, communicating changes in associate status to the Human Resources Department, theft of product, misappropriation of Company funds or any other action or inaction that results in a financial loss to the Company.

Mattress Firm holds the safety and well being of its associates as a top priority. No associate is expected to place him or herself in danger or go “above and beyond” to protect Company property or to avoid a financial loss to the Company. However, Mattress Firm has detailed many procedures in the SOP Manual (the “SOP”) for both stores and warehouses that, if followed by associates in the ordinary course of business, will minimize financial loss. Associates are expected to be familiar with the SOP, including all changes and amendments from time to time adopted after the date of the associate’s employment with the Company.

In order to ensure that the importance of professionalism, honesty and attention to detail in job performance resonates with associates, Mattress Firm reserves the right to take disciplinary action, up to and including termination, against any associate who takes an action or fails to take an action, including the failure to follow the procedures of the SOP, that results in a financial loss to the Company, provided

that the associate's safety is not in jeopardy. Additionally, Mattress Firm may require repayment or other restitution from the associate of any amounts lost as a result of such actions or inactions in accordance with the Company's policies.

Associates should seek assistance from senior employees or additional training if any required procedures are unclear or difficult to complete.

SECTION 5.11 CODE OF CONDUCT

In addition to the policies in this handbook, the Company has adopted a Code of Conduct that addresses your interactions with your peers, the Company, vendors, customers and other third parties. These interactions include, among other things, payments made to vendors and insider trading practices. You should be familiar with the Code of Conduct and its components, which are available on the Company's internet.

SECTION 5.12 CARDHOLDER DATA SECURITY STANDARDS

Sales associates encounter "Cardholder Data" (a customer's full credit card number and expiration date) on a regular basis. The following set of guidelines must be followed by every employee when working with Cardholder Data:

- Employees must treat Cardholder Data as highly confidential and exercise caution when working with this information.
- Employees must label any material that contains Cardholder Data as "Confidential".
- Employees must shred all printouts that include Cardholder Data when finished working with them.
- Employees must store all printouts that include Cardholder Data in a locked drawer or cabinet.
- Employees are prohibited from removing any Cardholder Data from the premises in any format including verbal, printed, or electronic format or transmission (including email between locations or employees).
- Employees are prohibited from copying / storing any files that contain Cardholder Data to any portable data storage device or "cloud-based" storage service (cd-rom, USB drive, external hard drive, etc. or Drop Box, Box, iCloud, Azure, etc.).
- If employees are required to electronically store Cardholder Data for authorized use, they must store it on a secured data drive with restricted access.
- Employees must delete any stored Cardholder Data as soon as reasonably practical following any authorized use.

Furthermore, immediately report any violations of this policy to management, the IT Department or the Human Resources Department. Violations of the guidelines in this policy may result in disciplinary action, up to and including termination. In addition, the Company may advise appropriate legal officials of any potential violations or law and cooperate in investigations conducted by legal officials.

ARTICLE VI: ASSOCIATE BENEFITS

Mattress Firm is committed to providing comprehensive and quality benefits plans for all eligible Associates. The effective date of participation will be the 1st of the month following attainment of eligibility. Mattress Firm offers the following plans:

- Medical Plans
- Flexible Spending Account
- Dental Plan
- Vision Plan
- 401(k) Plan Term Life (Basic and Voluntary)
- Accidental Death and Dismemberment (Basic and Voluntary)
- Short Term Disability
- Long Term Disability
- Care24 Services

Specific detailed information relating to the benefit plans and eligibility criteria are found in the Summary Plan Descriptions at www.mattressfirmbenefits.com. The actual plan documents are the final authorities in all matters relative to the benefits mentioned in this Handbook or the Summary Plan Descriptions and will govern in the event of any conflict. The Company reserves the right to change or eliminate benefits at any time in accordance with applicable law.

SECTION 6.01 QUALIFYING LIFE EVENT

Mattress Firm offers pre-tax Benefit plans which are subject to rules set forth by Section 125 of the IRS tax code. These rules govern when an Associate can elect to enroll, change, or cancel, their participation and/or coverage within the benefit plans. After a new hire enrollment period has ended, changes to an Associate's and/or their dependent(s) coverage(s) can only be made during Open Enrollment. The only exception to this rule is if an Associate or their dependent(s) experiences a Qualifying Life Event.

A Qualifying Life Event includes:

1. Birth of a child

2. Adoption of a child
3. Legal guardianship of a child
4. QMCSO (Qualified Medical Child Support Order)
5. Marriage
6. Divorce
7. Death of a Dependent
8. Eligible Dependent experiences a Loss / Gain of Group Healthcare Coverage

**All changes and supporting documents, resulting from a Qualifying Life Event, must be submitted to the Benefits Department within 31 days of the event.*

SECTION 6.02 CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Benefits under the Health, Dental, Vision, and Flexible Spending Account plans may be continued, for a period of time, if the Associate leaves the Company under circumstances described by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The Associate's rights under COBRA are detailed in the Benefits Enrollment Guide located at www.mattressfirmbenefits.com.

SECTION 6.03 401(K) PLAN

All full-time and part-time associates, who are age 20 or older, are eligible to participate in the Company's 401(k) Plan. Once eligible, associates can enroll at any time. The new enrollment will begin on the first day of the month following the date the request is received. Associates may contribute up to 100% of total salary on a before-tax basis, with the total annual maximum contribution set by IRS limits. Associates may elect to increase, decrease, or stop contributions at any time by submitting a request to the plan sponsor via phone or online. Matching Company contributions may be available.

Refer to the 401(k) Summary Plan Description for specific information about this Plan's eligibility, matching and vesting schedule.

SECTION 6.04 WORKER'S COMPENSATION

The Company carries workers' compensation insurance, which provides statutory benefits for job-related injuries. Benefits include payment for medical treatment and partial income replacement. Pursuant to the applicable state law, there may be a waiting period that must expire before you become eligible to receive benefits for lost time.

To be assured of maximum coverage, the associate must:

- immediately report work-related accidents to management, and
- complete a First Report of Injury Form that will be submitted to our insurance carrier.

According to statutory laws, an associate's benefits may be jeopardized for late reporting of a work-related injury. Paid leave is not available once partial income is received from insurance proceeds.

The Company will not retaliate against any associate for reporting a work-related injury or for participating in any workers' compensation proceeding. If an associate suspects that he or any other associate has been subject to any such retaliation, the associate should immediately report the conduct to management or Human Resources. Should you be away from work on leave for more than 180 calendar days, for whatever reason, your employment will terminate. An opportunity to continue medical benefits after your employment termination will be explained in a COBRA notice you will receive if that occurs and if appropriate.

ARTICLE VII: TIME AWAY FROM WORK

SECTION 7.01 PAID HOLIDAYS

Prior to the beginning of each year, the Company will announce the holiday schedule for all associates. This schedule will also include mandatory workdays or "blackout days" for sales and warehouse associates. These blackout days are the Company's busiest time periods, necessitating that all associates be available to work. Absent prior management approval, associates may not take any time off during these days.

Corporate associates will receive a list of scheduled paid holidays each year.

For sales associates, stores are closed three (3) days each year – Thanksgiving Day, Christmas Day and Easter. Associates do not receive extra compensation for these holidays.

Warehouse associates receive three (3) paid holidays each year – Thanksgiving Day, Christmas Day and Easter. If an associate is normally scheduled to work Easter, the associate will receive for holiday pay for the day. If an associate is not normally scheduled to work Easter, the associate will not receive additional pay.

Any time taken as holiday time does not count toward hours worked for overtime purposes.

NON-EXEMPT ASSOCIATES

In order to be eligible for holiday pay, non-exempt associates must be full-time and must work regularly scheduled hours the workday preceding and the workday following the holiday. A scheduled vacation or incidental day is considered a day worked for purposes of holiday pay eligibility. Eight hours at the associate's regular rate will be paid for the holiday.

FLOATING HOLIDAYS

In addition to the Company's scheduled holidays, all full-time associates with at least six (6) months of services as of January 1st of each year may designate up to three days each year as "floating" holidays. Floating holidays may not be carried over from one year to the next, nor will they be paid in lieu of time off. Floating holidays are not paid out in cash when an associate leaves the Company.

NOTE: Sales personnel do not receive additional pay for floating holidays; it is considered part of draw.

ACCOMMODATION FOR RELIGIOUS BELIEFS

The Company fully complies with all federal, state and local laws and makes accommodations for associates' religious beliefs, provided that such accommodations do not pose an undue hardship on the Company. Associates who desire time off to exercise religious beliefs may do so, based on business needs and supervisory approval.

SECTION 7.02 INCIDENTAL ABSENCES (CORPORATE AND OPERATIONS ASSOCIATES ONLY)

The Company understands that there are times when you may need to be absent from work because of your own illness or the illness of a family member, or to take care of personal business that can only be handled during working hours (i.e. doctor's visits or parent/teacher conferences). The Company incidental days for these purposes to eligible employees.

ELIGIBILITY FOR INCIDENTAL DAYS

After six (6) months of service, full-time associates are eligible for five (5) incidental absence days each year, effective January 1st of the year. Associates who begin their employment with the

Company between January 1st and May 31st will receive two and one-half (2.5) incidental days to use before the next calendar year. Associates who start after May 31st are not eligible for incidental days until the following January.

Incidental days do not carry over from one year to the next, nor will they be paid in lieu of time off. Incidental days are not paid out in cash when an associate leaves the Company.

FULL OR HALF-DAY INCIDENTAL DAYS

Incidental days may be taken in full or half day increments. To the extent possible, such absences should be pre-approved by your supervisor. If the absence is unforeseen, the associate must contact his/her supervisor as soon as possible to explain the absence.

NOTE: Any time taken as incidental paid time off does not count toward hours worked for overtime purposes.

The Company fully complies with all federal, state and local laws. To the extent such laws require the Company to provide time off for certain events (i.e. voting, school conferences, etc.), incidental paid time off will be granted. If incidental time has been exhausted, unpaid time off under these laws will be granted.

SECTION 7.03 VACATION PAY

The Company knows that rest and relaxation are important. Therefore, Mattress Firm provides paid vacation time to reward dedication. Associates are required to take time off if reporting vacation. Associates may not turn in vacation and work to receive double payment. Also, taking unpaid days in lieu of using available vacation, incidental days or floating holidays is prohibited. Full-time associates are eligible to accrue vacation time according to the following schedule:

Years of Service	Days of Vacation Accrued per Year	Monthly Accrual (granted on the first of each month)
1 up to 5 years	80 hours	6.66 hours/month
5 up to 10 years	120 hours	10 hours/month

10 years and up	160 hours	13.33 hours/month
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ACCRUING VACATION TIME

The associate begins accruing vacation time on the first pay cycle following date of hire, but will not be eligible to take vacation time until the associate has worked for the Company for six (6) months. However, once the banked vacation time equals the accrual rate for the year, the associate will not accrue any more time until the bank drops below the accrual rate. For example, if an associate is eligible to accrue 80 hours of paid vacation per year, and the associate reaches the maximum of 80 hours in the accrual bank, the accrual of 6.66 hours/month will cease until some vacation time is used and the bank drops below 80 hours. Associates on an unpaid leave of absence stop accruing time during the leave and begin accruing again on the first pay cycle following their return.

CARRY OVER

If, at the end of the fiscal year, the associate has accrued but unused vacation time ("banked vacation time") associate may carry over from the end of a fiscal year to the beginning of the next fiscal year the lesser of 1) the amount of their banked vacation time and 2) fifty percent (50%) of the allowable vacation time at the associate's current level. An associate permanently forfeits any reductions to banked vacation time resulting from this policy.

BORROWING DAYS

Once an associate has been with the Company for one year, the associate may borrow up to five (5) days against future accruals, subject to his/her supervisor's approval. However, if the associate leaves the Company prior to accruing the borrowed vacation time, payment for such time will be docked from the associate's final paycheck.

HALF OR WHOLE DAY INCREMENTS

Vacation time can be taken in half or whole day increments, up to a maximum of eight (8) hours per day. All vacation time must be pre-approved by the associate's manager. Because managers must maintain a workforce consistent with our operational hours and workload needs, they may have to limit the number of people who can be off at any one time. Therefore, the associate

should make the request, in writing or via the electronic time keeping system, to the manager as early as possible. Also, keep in mind that if the associate is a sales or warehouse associate, there are certain blackout days during which vacation time may not be taken.

SEPARATION WITH ACCRUED VACATION DAYS

If the associate leaves the Company with banked vacation time, the associate forfeits the entire amount of such accrued and used vacation time no matter the reason for separation, except where payment is required by state law.

RATE OF PAY

Corporate and warehouse associates will be paid vacation benefits at their regular rate of pay. Vacation pay for full-time store associates will be based on their prior 12 period's base and premium commission earnings (excluding overrides and spiffs) divided by the number of weeks in the twelve fiscal periods to come up with a weekly rate. That number is then divided by 5 to get a daily rate, which is then multiplied by the number of vacation days taken during the period. Vacation pay is offset against the draw. Vacation pay is included on the 15th for any vacation taken the prior period.

REPORTING FULL-TIME STORE ASSOCIATE VACATION

District Managers are to enter and approve vacation days for all sales associates in their Market via Ultipro Time Management. All vacation days for a period are to be entered by the Tuesday of the last week before period end at 10 a.m. CST. Any vacation time not entered by the deadline will result in the associate not be paid vacation until the next period's commission paycheck.

SECTION 7.04 BEREAVEMENT LEAVE

All regular full-time associates will be granted bereavement leave for up to three (3) consecutive days, with pay, in the event of a death in the family. If additional time is needed, an unpaid personal leave of absence may be granted at the discretion of management. For purposes of this leave only, "family" is defined as a spouse, parent, child, sibling, grandparent, or grandchild of the associate or the associate's spouse. If an associate wants to attend the funeral of anyone else not included in the list above, he/she may take incidental leave (if available) or a vacation day.

SECTION 7.05 JURY DUTY

As members of our community, we are called upon from time to time to answer a jury summons. It is each person's civic responsibility to provide this service. All associates will receive paid leave for up to five (5) days off for jury duty. If jury duty extends beyond this five (5) day time period, leave will be paid in accordance with the requirements of any applicable federal, state and local laws. Associates called to jury duty must immediately provide a copy of the jury summons to management and a copy of the jury service receipt upon return to work. Associates released from the jury selection process more than two (2) hours prior to the end of the workday are expected to immediately report to work. Due to business needs, an associate's supervisor may request that the associate return to work if released from jury duty with less than two (2) hours of workday left.

SECTION 7.06 VOTING

We encourage associates to exercise their right to vote. Since the polls in most states are open from 7:00 a.m. until 7:00 p.m., associates should vote before or after work. If, for any reason, the associate is unable to do so, the situation must be discussed with management in advance of Election Day (no later than 12 noon the day before the Election Day) for any time off to vote to be approved.

Note: The Company will comply with any applicable state law which may differ from the above policy.

SECTION 7.07 FAMILY MEDICAL LEAVE ACT (FMLA)

PURPOSE:

The Company has adopted this Family and Medical Leave policy in accordance with the Family and Medical Leave Act (FMLA) and all similar state and local laws to assist associates in better balancing family needs with workplace demands. The purpose of this policy is to define the circumstances under which eligible associates (those who meet the requirements of FMLA and the Company's medical certification requirements) may be granted a leave of absence under this policy. Leave taken under this policy will be referred to as FMLA leave. Other important defined terms are listed below.

ELIGIBILITY

This policy applies to associates who have been employed for a minimum of 12 months and worked a minimum of 1,250 hours in the twelve (12) months preceding a request for FMLA leave.

PERMISSIBLE REASONS FOR LEAVE

If eligible, leave may be taken under this policy for the following reasons:

- Birth of the associate's or the associate's spouse's child, in order to care for the newborn child;
- Placement of a son or daughter for adoption or foster care;
- When needed to care for an immediate family member (i.e., spouse, child, or parent) with a serious health condition;
- When unable to perform at least one of the essential functions of the associate's position because of the associate's own serious health condition;
- To care for a qualified ill or injured family member when deployed in military and seriously injured or made ill during deployment; or

To assist a family member being deployed to prepare for deployment, get affairs in order, and/or to assist with child care, under qualifying circumstances.

Terms used in this policy have the following meanings:

- *Spouse* means husband or wife as recognized under state law, including common law marriage.
- *Parent* means a biological parent or an individual who acted as a parent or guardian to the associate when the associate was a child.
- *Son or daughter* means a biological, adopted, or foster child, a stepchild, a legal ward, or a child for whom the associate acts as a parent if the child is under 18 years of age, or a child over 18 years of age for whom the associate acts as a parent if the child is incapable of self-care because of a mental or physical disability.
- *Next of kin* means the closest blood relative of the injured or recovering service member. *(This relation only qualifies for FMLA leave when caring for a seriously injured service member.)*
- *Foster care* means 24-hour care for a child in substitution for, and away from the child's parents or guardian. Foster care involves an agreement between the state and the foster family that the foster family will take care of the child.

- *Intermittent leave* is leave taken in separate blocks of time due to a single illness or injury, rather than for one continuous period of time and may include leave taken in periods from an hour or more to several weeks.
- *Reduced schedule leave* is a leave schedule that reduces an associate's usual number of working hours per workweek or hours per workday.
- *Serious health condition* means any illness, injury, impairment, or physical or mental condition that requires:
 - any period of incapacity or treatment in connection with inpatient care (i.e., overnight stay) in a hospital, hospice, or residential medical care facility;
 - any period of incapacity requiring absence from work, school, or other regular daily activities, of more than three (3) calendar days, and that also involves continuing treatment by (or under the supervision of) a health care provider; or
 - continuing treatment by (or under the supervision of) a health care provider for: (a) a chronic serious health condition (e.g., asthma, diabetes, or epilepsy); (b) a long-term condition that may be permanent or incurable (e.g., Alzheimer's, severe stroke, terminal stages of disease); (c) a condition so serious that, if not treated, would likely result in a period of incapacity of more than three (3) calendar days (e.g., chemotherapy for cancer, kidney dialysis); or (d) prenatal care.
- *Continuing treatment by a health care provider* means that the associate or family member is treated two (2) or more times for a serious injury or illness by a health care provider or a provider of health care services (e.g., physical therapy) under orders of, or on referral by, a health care provider. This term also refers to when an associate or family member is treated for a serious injury or illness by a health care provider on at least one occasion which results in a regimen of continuing treatment under the supervision of, but not necessarily being actively treated by, the health care provider due to a serious long-term or chronic condition or disability which cannot be cured. The term does not cover general illnesses such as colds or the flu.

MAXIMUM AMOUNT OF LEAVE ALLOWED

An associate may take a maximum of twelve (12) weeks leave under this policy within a 12-month period of time, except for certain associates who may be granted up to twenty-six (26) weeks of unpaid leave per twelve (12) month period to care for a qualified relation who is a

member of the Armed Services. The 12-month period is a "rolling" period, measured backward from the first date an associate uses FMLA leave. Each time an associate takes FMLA leave, the remaining leave allotment is any balance of the twelve (12) weeks (or twenty-six (26) weeks, if applicable) that has not been used during the immediately preceding twelve (12) months. For example, if eight (8) weeks of leave are taken during the past twelve (12) months, the associate would be able to take an additional four (4) weeks leave (or eighteen (18) weeks, if applicable).

The entitlement to leave taken for the birth or placement of a child for adoption or foster care must be completed within the 12-month period beginning on the date of the birth or placement. Spouses who are both working for the Company are limited to a combined total of twelve (12) weeks leave during any 12-month period, when the leave is due to the birth or placement of a child. Associates are not permitted to take FMLA leave to care for a parent-in-law. Any time taken off under the Company's Short-Term and/or Long-Term Disability policies, state disability plans, and workers' compensation leave will run concurrent with an associate's FMLA leave time allotment.

An associate whose spouse, son, daughter or parent has been notified of an impending call or order to active military duty or who is already on active duty may take up to twelve (12) weeks of leave for reasons relating to or affected by the family member's call-up or service. Reasons related to the call-up or service include helping the family member prepare for departure or caring for children of the service member. The leave may commence as soon as the individual receives the call-up notice. This type of leave would be counted toward the associate's twelve (12) week maximum of FMLA leave in a 12-month period.

In some circumstances, leave to care for an injured or ill service member may extend up to twenty-six (26) weeks in a 12-month period for an associate whose spouse, son, daughter, parent or next-of-kin is seriously injured or recovering from a serious injury suffered while on active duty, when the service member is unable to perform the duties of the his or her office, grade, rank, or rating. An associate is also eligible for this type of leave when the family service member is receiving medical treatment, recuperation or therapy for a serious injury, even if the service member is on a temporary disability retired list. In such a circumstance, an associate is entitled to no more than twenty-six (26) weeks for *any* type of FMLA leave. Eligible associates who request leave under this policy should consult with Human Resources to determine the specific leave available to them.

SUBSTITUTION OF PAID LEAVE

If an associate takes FMLA leave, available incidental days (if applicable) and/or accrued vacation time must be used, in that order, as part of the FMLA-qualifying leave. If you do not have any accrued paid leave time available, then all FMLA leave will be without pay. Un-accrued vacation time will not be advanced. If an associate is receiving workers' compensation, short-term disability or long-term disability benefits, the associate does not have to use vacation and/or incidental days while receiving such benefits.

NOTICE OF LEAVE

When requesting FMLA leave, an associate must provide at least thirty (30) days advance notice to his or her supervisor and Human Resources where the need for leave is foreseeable. This notice should be provided by completing the Company's "Associate Request for Family/Medical Leave" form, which is available on the Company Intranet.

In the event that the need for FMLA leave is either unforeseeable or it is not possible to provide thirty (30) days notice, the associate should provide notice as soon as the necessity for leave arises. Ordinarily this would mean, at a minimum, verbal notice to the associate's supervisor within one (1) to two (2) business days of when the need for the leave becomes known to the associate. This verbal notice should, at a minimum, state the reason for the leave, the anticipated length of the leave and the anticipated return date from the leave. As soon as possible thereafter, and within a maximum of fifteen (15) calendar days, the associate should complete an "Associate Request for Family/Medical Leave" form and medical certification as required under this policy.

When planning elective or non-emergency medical treatment, the associate should consult with management and make a reasonable effort to schedule the leave so as not to unduly disrupt the Company's operations, subject to the approval of the health care provider. If the associate fails to give thirty (30) days notice for foreseeable FMLA leave with no reasonable excuse for the delay, the Company may delay the start of the leave until at least 30 days after the date the associate provided notice of the need for the FMLA leave.

MEDICAL CERTIFICATION

The Company may require medical certification from the treating physician to support a request for FMLA leave for an associate's own serious health condition or to care for a seriously ill immediate family member. For the leave for an associate's own medical condition, the certification must include a statement that the associate is unable to perform at least one of the essential functions of the associate's position. For leave to care for a seriously ill immediate family member, the certification must include an estimate of the amount of time that the associate is needed to provide care. In addition, should leave extend for more than thirty (30) days, the Company may require re-certification. The associate should contact the Human Resources Department for the proper form(s) to be completed in these circumstances.

In certain situations, the Company may require a second medical opinion at its own expense. If the first and second opinions differ, the Company may require the binding opinion of a third health care provider approved jointly by the associate and the Company and paid for by the Company.

If FMLA leave is foreseeable and the associate provides at least thirty (30) days notice, the requested medical certification from the treating physician must be provided to the Human Resources Department before leave begins. If leave is not foreseeable, the associate must provide the requested medical certification as soon as it is practical but not later than fifteen (15) calendar days after requesting FMLA leave.

MILITARY ORDERS

Associates requesting leave for a covered member's active duty or call to active duty in the Armed Forces must provide proof of the qualifying family member's call-up or active military service before leave is granted.

Associates requesting for a leave to care for a seriously injured or ill service member must provide certification of the family member or next-of-kin's injury, recovery or need for care.

INTERMITTENT OR REDUCED SCHEDULE LEAVE

When certified by the treating physician as medically necessary, the associate may take FMLA leave on an intermittent or reduced schedule basis.

When requesting FMLA leave on an intermittent or reduced schedule basis, the associate must attempt to schedule the leave so as not to disrupt the Company's operations. In addition, the

Company may temporarily transfer the associate to a part-time schedule or an alternative position with equivalent pay and benefits that better accommodates the leave schedule. Intermittent leave is not available if the leave is taken for the birth or adoption of a child.

STATUS OF ASSOCIATE BENEFITS DURING FMLA LEAVE

Associates will continue to accrue service credit while on an approved FMLA leave, provided that the associate returns to work by the approved date. However, holidays will not be paid, nor will vacation time accrue while on unpaid leave or while receiving short-term disability benefits, unless otherwise required by law.

Benefit plan services and coverage will be determined according to the provisions of the appropriate plans, provided the associate arranges to pay their share of premiums during an FMLA leave. For leaves of less than 30 days, the benefit contributions will be deducted from the first paycheck upon return to work. For leaves greater than thirty (30) days, the associate must make benefit contributions to the Company by the first of each month. The Company's obligation to maintain health coverage under FMLA leave will cease if the associate's contribution is more than thirty (30) days overdue. The Company reserves the right to recover any premiums paid by the Company to the extent permitted by law. This may occur in the event the Company pays health insurance premiums on the associate's behalf while on FMLA leave and does not return to work after the leave expires. It is not possible to contribute to the 401(k) Plan during leave without pay.

RETURN FROM FMLA LEAVE

If an associate works at a location that has less than fifty (50) associates within a 75-mile radius, the associate will be returned to the former position if it is available. If the former position is not available, the associate will be considered for any available position for which the associate is qualified. If no such position is open, the associate will be terminated, subject to the requirements of any applicable laws.

If the associate works at a location with fifty (50) or more associates within a 75-mile radius, following the completion of FMLA leave, the associate will be reinstated to the former position, or to an equivalent position, except as provided below.

Under either of the above circumstances, the associate may be denied reinstatement if:

- the associate fails to return to work after the expiration of the FMLA leave period;
- the employment would have been terminated (e.g., by layoff, job elimination, conclusion of temporary employment, etc.) had the associate continued to be actively employed during the FMLA leave period;
- the associate is no longer qualified for the position due to the inability to satisfy the requirements of the position (such as training, licensing, certification, etc.), and the associate fails to fulfill those requirements after being given a reasonable opportunity to do so;
- the associate is no longer able to perform the essential functions of the job and following discussions between the associate and the Company, it is determined that there is no reasonable accommodation that can be made without undue hardship to the Company;
- the associate fails to respond to repeated attempts to contact the associate by the Company to discuss the associate's possible return;
- the associate is a "key" associate (a salaried associate who is among the highest paid 10% of associates) and denial of reinstatement is necessary to prevent substantial and grievous economic injury to the operations of the Company; or
- the associate fails to provide medical certification of fitness to return to work (in this event, reinstatement will be denied unless the certification is provided within a reasonable period of time).

SECTION 7.08 MILITARY LEAVE

Military or uniform service leave for training and/or active duty service is designed to assist the associate in meeting military obligations. Leave will be granted if an associate is ordered to duty. The Company must be provided with a copy of the associate's military orders, and the associate must inform management of the anticipated period of service as early as possible but no later than two (2) days after the date military orders are received. The Company will reimburse the associate for the difference between military pay and the associate's base salary or draw up to a maximum of two weeks a year. All military leaves will be administered in compliance with the Uniformed Service Employment and Re-employment Rights Act (USERRA). The full details of the policy are available from the Human Resources Department.

Questions regarding continued coverage under any Company benefit plans should be directed to the Benefits Administrator. If you are called to active duty, we encourage you and/or your family to

contact the associate assistance program to help deal with any stress or hardships you or they may have.

SECTION 7.09 PERSONAL LEAVE

At the Company's discretion, and subject to business needs, unpaid and unprotected personal leave may be granted for up to 30 days for compelling reasons. Each request for personal leave will be considered individually, with each case judged on its own merits. The granting of any specific leave of absence does not necessarily establish a precedent for other situations. Personal leave may be granted once per rolling 12-month period.

All personal leaves of absence should be requested at least 30 days in advance, if feasible. The request for leave must be submitted in writing and should state the reason for the leave and the proposed beginning and ending dates. If the request is due to a medical reason, a doctor's certification as to the need for the leave must also be submitted. The request must be approved by management and Human Resources.

While on an approved personal leave of absence, the associate may continue to participate in all Company benefit programs in which the associate has been participating in prior to the leave. However, the cost of the benefits must be paid, in advance, to continue such participation during the leave, unless otherwise dictated by law. No accrual of service credit or vacation time will occur during any unpaid leave of absence, unless otherwise required by law.

Upon return from leave of absence, the associate will be reinstated to the former position, if it is available; otherwise, the associate will be offered an available position for which the associate is qualified. If no such position is available upon return, the associate will be terminated.

Failure to return to work following any leave of absence or accepting other employment while on a leave of absence will be considered a voluntary resignation.

Note: The Company will comply with any applicable state law, which may differ from the above unpaid leave policy.

ARTICLE VIII: ASSOCIATE SEPARATION

SECTION 8.01 RESIGNATION

If an associate chooses to leave Mattress Firm, the associate should provide at least two (2) weeks' notice. However, regardless of the length of the notice period provided by the resigning associate, the Company reserves the right to accept a resignation effective at anytime during the notice period.

At the time of leaving, the associate may be asked to take part in an "exit interview" with a Human Resources or Recruiting representative. This meeting gives the associate an opportunity to discuss any problem areas, make suggestions and receive answers to questions regarding benefit continuation and/or conversion.

SECTION 8.02 RETURN OF MATTRESS FIRM PROPERTY

Any Mattress Firm property issued to an associate, such as product samples, computer equipment, cell phones, keys, parking passes or Mattress Firm credit cards, must be returned to Mattress Firm at the time of termination. An associate will be responsible for any lost or damaged items.

SECTION 8.03 INSURANCE CONTINUATION

According to the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, terminating associates and their eligible dependents may have the right to continue coverage under Mattress Firm's health insurance program for a limited period of time and at the associate's own expense. COBRA rights are not available for terminations due to gross misconduct (i.e. stealing from the Company). Contact the Benefits Administrator for any questions relating to insurance coverage and the continuation of these benefits.

Life insurance, Long-Term Disability Insurance and Short-Term Disability benefits terminate as of the last day worked (unless the associate is already receiving LTD or STD benefits). The associate may have options to convert these policies to individual policies. Please contact the Benefits Administrator for more information. An opportunity to continue medical benefits after your employment termination will be explained in a COBRA notice you will receive if that occurs and if appropriate.

SECTION 8.04 POST-EMPLOYMENT INQUIRIES

Mattress Firm does not respond to oral requests for references. In the event employment with Mattress Firm is terminated, either voluntarily or involuntarily, the Human Resources Department will provide verification of previous employment to potential employers if it receives a signed release form. No associate of the Company should respond to reference and employment verification requests. All such requests must be forwarded to the Human Resources Department.

SECTION 8.05 REHIRES

No associate can be rehired without first obtaining approval from Human Resources. Associates who are rehired by the Company after previously having been with the Company for at least a year, and who have not been gone from the Company for more than two (2) years, will receive credit for their previous service once they have been back with the Company for a period of service equal to the time they were gone. For example, if an associate leaves the Company for one (1) year after having worked for five (5) years, when he/she returns the associate will have the same vacation time and other applicable benefits as any other new hire. However, once he/she has been with the Company for one (1) year (the length of time gone from Mattress Firm), vacation time and other applicable benefits will be calculated based on the associate's original hire date.

This policy does not apply to the Company's 401(k) Plan. Please refer to the 401(k) Summary Plan Description for any provisions applicable to this Plan.

ASSOCIATE HANDBOOK ACKNOWLEDGEMENT

I acknowledge I have read and understand the Company's Associate Handbook and agree to comply with its contents.

I also acknowledge and understand that my employment is "at will," meaning that either I or the Company can terminate the employment relationship with or without cause or advance notice. I further acknowledge and understand that this Handbook is not a contract of employment and that there is no implied promise that employment will continue for a set period or that my employment will be terminated only under particular circumstances.

I further acknowledge that I have read and understand the Company's Business Policies, including those listed below and agree to comply with their contents. I understand that I will comply with the policies set forth in the current Associate Handbook and any future version of the Associate Handbook. I acknowledge that the most current Associate Handbook will be available to me on the Company's intranet.

- **Anti-Harassment Policy**
- **Violence/Weapons Policy**
- **Substance Abuse Policy**
- **Associate Privacy Policy**
- **Technical and Communications Resources Policy**
- **Confidential Information Policy**
- **Conflicts of Interest Policy**
- **SOP Manual**
- **Code of Conduct, including the Insider Trading Policy**

Print Name

Associate Signature

Date

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