Company Car Program
Fleet Vehicle Program Responsibilities, Procedures and Guidelines

I. INTRODUCTION

This manual describes responsibilities, procedures and guidelines (including vehicle specifications and reimbursable expense) and related safety policy for all participants in the Varian Medical Systems, Inc. (VMS) Fleet Vehicle Program.

II. ELIGIBILITY

Field sales and service employees whose job assignments require regular and ongoing automobile travel and selected management employees may be offered an assigned company vehicle or a monthly transportation allowance. VMS reserves the right to select for any employee either of these options in the company's best interest. An eligibility guideline of 1,000 or more business miles per month is recommended.

The employee's immediate supervisor gives final authorization (Vehicle Selector Form) for assignment of a company car. Employees are required to complete a Vehicle Safety Agreement (Addendum A1) when entering the program and whenever ordering a new car. Eligibility is terminated if the employee leaves the company, is on leave of absence for 90 days or more, or the supervisor determines that it is not appropriate for the employee to continue in the program.

The VMS Fleet Department coordinates the administration of the company vehicle program and the assignment of company leased vehicles.


Wheels, our fleet management company, is one of the largest and most respected fleet management organizations in the business, providing reliable fleet vehicles and related services to hundreds of thousands of drivers throughout the country.
VMS is committed to a fleet program that makes operating a company vehicle as simple as possible for its drivers. Driver assistance makes getting your questions answered very easy. Varian Medical Systems, Inc. has a specific toll-free number staffed by Wheels employees (800-937-8146). VMS drivers can call this number to have all their vehicle related questions and inquiries addressed. Wheels' state-of-the-art Driver Services center is open Monday-Friday 7:00 a.m. - 7:00 p.m. (CST). All of the Driver Service associates are familiar with VMS so questions or situations are addressed both quickly and accurately.

Wheels has a very high first call resolution track record. They handle and resolve over 80% of their service requests on the first call. In the event that Wheels is unable to resolve the issue on the first call, then Wheels will contact the VMS Fleet Manager or VMS Fleet Administrator and they will provide Wheels with the appropriate guidance so they can handle such requests promptly.

A. General Rules

**Vehicle Assignment** Eligible employees opting for a company assigned vehicle select their cars from the approved list. Company leased vehicles are assigned for 48 months or 90,000 miles, whichever occurs first. At the end of the assignment period, the employee may request another company assigned vehicle or a monthly allowance.

Vehicles may not be transferred to another location or another employee's custody without first notifying the Fleet Administrator. A Change of Driver Assignment Form must be completed by the new driver and sent to the Fleet Department.

**Vehicle Specifications** VMS provides a leased vehicle appropriate to the employee's territory and job requirement. Vehicles may be assigned by VMS from a pool of unassigned cars. If no vehicles are available, employees choose only from the vehicle list shown below. Substitutions or additions to specified equipment are not permitted.

<table>
<thead>
<tr>
<th><strong>Standard fleet car is:</strong></th>
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</thead>
<tbody>
<tr>
<td>Dodge Charger</td>
<td>4 Door</td>
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<table>
<thead>
<tr>
<th><strong>Standard SUV and van are:</strong></th>
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</thead>
<tbody>
<tr>
<td>Dodge Grand Caravan SE</td>
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<tr>
<td>Dodge Nitro</td>
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</tbody>
</table>
Select Driver - Paid upgrade and options are permitted provided the employee submits total payment for these additions with the order (refer to the color and options guide on Wheels website). This equipment is considered part of the car and may not be removed when the car is sold or if the employee is reassigned or terminated; nor will the employee receive any reimbursement for monies paid when the car is sold.

Non standard equipment passenger/cargo vans may be assigned only to individuals who regularly transport large parts, supplies and tools, or equipment for replacement or display purposes which cannot be accommodated in the standard fleet cars or wagons. Justification is documented and submitted to the employee’s immediate supervisor for approval.

The Nitro 4WD and Charger 4WD are also available as a non-standard vehicle order. Request for 4WD requires formal written justification from your immediate supervisor and signature approval from the regional manager. This vehicle is intended for the use of representatives who live in the upper USA / Northern states where snowfall exceeds 30 days per year.

Contact Fleet Administrator for more details concerning non-standard vehicle orders.

<table>
<thead>
<tr>
<th>Standard equipment provided for factory ordered vehicles is as follows:</th>
</tr>
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<tbody>
<tr>
<td>V-6 Engine</td>
</tr>
<tr>
<td>Automatic Transmission</td>
</tr>
<tr>
<td>Air Condition</td>
</tr>
<tr>
<td>Dual Air Bags</td>
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<tr>
<td>Remote keyless Entry</td>
</tr>
<tr>
<td>Power Door Locks</td>
</tr>
</tbody>
</table>

Employees may select any standard exterior-interior color combination provided that colors selected are not garish or gaudy, and that the exterior is a single color.

For additional information regarding company provided equipment on each individual vehicle type, please contact the VMS Fleet Management.

Termination of Vehicle Assignment When an employee terminates, goes on leave of absence lasting longer than 90 days, or is otherwise ineligible (see Addendum B), the employee's supervisor takes immediate custody of the vehicle, registration papers, and keys. The supervisor contacts the Fleet Administrator for advice on vehicle disposition.
**After Market Equipment and Modifications Are Not Permitted** Vehicle may not be defaced or altered in any way that will affect the resale value. Modifications to company leased vehicles, such as installation of trailer towing apparatus or similar equipment, that deface either the interior or exterior of the vehicle are not permitted. Installation of personal equipment must be approved in advance by the Fleet Manager. Radar detectors are prohibited from use.

**Sale of Company Assigned Vehicles** When it is due for replacement, employees may choose to purchase their company leased vehicle at a value established by the Fleet Department. If the employee does not purchase the car, the vehicle is to be turned in to the delivering dealer when the replacement vehicle is picked up. Sale or vehicle return must be completed before delivery of a new vehicle or participation in the Transportation Allowance Program.

**B. Insurance**

**Public Liability** Company cars are covered by public liability insurance protecting the company and the employee, including the spouse and live in dependent children age 21 years and older authorized to drive the VMS vehicle. This coverage is for bodily injury or property damage to others resulting from an at fault accident.

**Collision/Comprehensive**

1. In the event of unauthorized use of the vehicle (e.g., use of the vehicle by an unauthorized driver, etc.) the employee is responsible for ALL costs associated with any accident or loss. In the event of authorized use, VMS will pay the entire cost repair associated with any accident or loss.

   **Note:** In any accident involving physical damage to an assigned vehicle, the Business Unit is responsible for the first $10,000.

2. Claim reporting procedure. See Addendum C.

3. The liability of VMS for articles stolen from a company car extends only to tools specifically required by the company. For personal items stolen from a company car, it is suggested that the driver check with either their homeowner’s or renter’s insurance company to ascertain their coverage.

**C. Maintenance and Repair**

The employee to whom a car is assigned is required to maintain the car in good operating condition. The car is to be serviced regularly according to manufacturer’s recommendations by any reputable garage or agency. A purchase order to cover the cost of repairs must be obtained from the Maintenance Assistance Program (M.A.P.) in advance of repairs (1-800-937-8146).
1. New Car Repairs

   a. Predelivery Defects

   Predelivery defects are those which are usually corrected by the dealer during delivery make-ready service. Such defects not corrected prior to delivery are the responsibility of the delivery dealer at no cost to VMS.

   b. Warranty Repairs

   No cost warranty repairs, as defined in the owner's manual warranty statement delivered with each car, should be performed by a local authorized agency. Under no conditions are "in-warranty" defects to be corrected at the expense of VMS. If necessary, a M.A.P. Service Representative will provide assistance on warranty interpretation.

2. General Repairs and Maintenance

   a. Written cost estimates must be obtained prior to authorizing work to begin.

   b. Repairs of any nature, major or minor (including body damage), are to be referred through M.A.P. for payment authorization. To assist in controlling repair cost, employees are encouraged to use National Account Stores. For recommendations, refer to your Maintenance Assistance Program book or contact a M.A.P. Service Representative.

D. Expense Reporting

The employee reports company car related expenses on an expense report as required.

<table>
<thead>
<tr>
<th>Reimbursable Expenses:</th>
<th></th>
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<tbody>
<tr>
<td>Gasoline and Oil**</td>
<td>Vehicle license</td>
</tr>
<tr>
<td>Parking fees</td>
<td>Registration renewals</td>
</tr>
<tr>
<td>Lubrication</td>
<td>Smog certificates</td>
</tr>
<tr>
<td>Toll fees</td>
<td>Washing and Periodic Clean Up</td>
</tr>
</tbody>
</table>
** VMS requires the driver to use fuel cards for gasoline purchases at almost any gas station in the country. The driver may continue to submit gasoline receipts on an expense report until the fuel card is delivered or at any non-participating gas station. The driver will receive written instructions, outlining procedures for use of the fuel card, in conjunction with the actual card.

**Nonreimbursable Expenses:**

Fines resulting from any toll, traffic or parking violations are not reimbursable.

**E. Personal Use of Company Car**

Employees, spouses and/or live in dependents age 21 and over may use the vehicle provided they are legally licensed and have completed a Driver Safety Agreement (Addendum A1). This privilege will be subject to review of their driving record and compliance with the driving record standard outlined in Addendum B. There are no other drivers authorized to use the VMS vehicle except in an emergency. If a VMS driver allows an unauthorized driver access to the company vehicle and an accident occurs, that employee to whom the vehicle is assigned will be held financially responsible for **ALL** costs associated with the accident. Breach of company vehicle policy will be grounds for removal from the company vehicle program. The company charges a flat monthly rate of $65 to cover personal use. It is collected by means of payroll deductions, and is subject to year-end adjustment upward or downward based on actual personal miles traveled. Unless the privilege is revoked by the employee's supervisor, the car may also be used on personal trips and vacations. Towing any type of vehicle or trailer is strictly prohibited.

**F. Registration, Title, License and Taxes**

**New Cars**

1. Registration, title and license are obtained and paid for by the delivering dealer, who includes these costs in the invoice to the leasing agency. New car sales or excise taxes are included in the rental tax when permitted by local or state jurisdiction, or are included in the delivering dealer's invoice.

2. Cars are registered within the city or county in which the employee lives. The employee keeps registration certificates or receipts in the car at all times.

3. Cars are titled in the name of the leasing agency, c/o the company's or the employee's name and complete address (the principal place where the car is
Certificates of title are maintained by the leasing agency, according to the established leasing arrangement. If the title certificate is sent to the employee, it must be forwarded immediately to the Fleet Administrator.

License Renewals

1. Employees who reside in states qualified for automatic renewal are not responsible for license and registration renewal fees. However, if a Smog Certificate is required for renewal, the employee to whom the vehicle is assigned must arrange to have the vehicle certified. The employee must mail the Smog Certificate to Wheels prior to the required license and registration renewal date.

2. Employees who reside in the states not qualified for automatic renewal (under the Automatic Renewal Management (ARM) Program through Wheels, Inc.) must pay license and renewal fees promptly and report them on the expense report. Penalties for late filing are not reimbursed by VMS.

**Note:** The vast majority of states in the U.S. are qualified ARM states. Contact the Fleet Administrator to confirm whether or not you are in a qualified ARM state.

Local or State Vehicle Tax Notice (Excise or Property Taxes)

If a tax notice is received by an employee with an assigned vehicle, the notice should be forwarded promptly to Wheels, Inc. for payment. Delays in payment can cause added expense in penalty payments and will be the responsibility of the employee.

GUIDELINES FOR TAX REPORTING (see Addendum D)

At the end of the taxable reporting period (November 1 to October 31), Wheels will email instruction on Personal Use Reporting to each driver.

Any imputed income (if applicable) will be reported in December pay.

To avoid being charged 100% of the full lease value and fuel costs for your VMS assigned vehicle in your W-2 taxable income, it is your responsibility to keep adequate logs or similar records which show time and place of travel, business purpose of the trip, business relationship of the person(s) visited and mileage. These records should be kept with your personal tax files. The
following are examples of personal use and business use of both assigned leased vehicles and designated vehicles under the transportation allowance program.

A. Personal Use

  o Weekend driving unrelated to business
  o Vacation driving
  o Commute mileage
  o Midday drive away from office solely or primarily for personal necessities (e.g., for personal banking, personal mail, medical appointment, etc.)
  o Loan of car to spouses and/or dependents age 21 and over

B. Business Use

  o Driving between home and airport for business trips
  o Overnight business trips
  o Driving from regular company office directly to customer’s premises and back
  o Driving from regular company office to airport for business trip
  o Driving from regular company office to business conference or meeting
  o Driving from a business call at one customer’s premises to another customer’s premises

C. Special Rules

1. Where the employee has a tax deductible home office, there is no commute mileage. All business related driving is 100% business use.

2. Where the employee has a regular company office, unless the employee is on an overnight business trip, business related mileage for any day must be reduced by the normal round trip commute mileage regardless of whether or not the employee stops at the regular company office during the day.

3. Where the employee has neither a regular company office nor a tax deductible home office:

   a. If the employee has a primary metropolitan work area, the round trip distance from home to the center of such primary metropolitan work area is considered commute mileage and not business mileage.

   b. If the employee has no primary metropolitan work area, the first 25 miles a day will be considered commute mileage (unless the employee is on an overnight business trip). Additional work related mileage will be treated as business mileage.
D. Vehicle Mileage Log

Employees are responsible for retaining adequate logs to substantiate business use. These logs must show: mileage, date of travel, and the business purpose of the trip.

VI. DRIVING TO CANADA OR MEXICO

For authorized travel across borders, special insurance requirements are as follows:

**Canada** A valid insurance identification document must be carried in the glove compartment of the VMS vehicle at all times when traveling in Canada. A copy of this document may be obtained from Wheels.

**Mexico** Travel across the Mexican boarder requires a copy of the vehicle title and a notarized letter of authorization from the Fleet Administrator. Anyone entering Mexico must pay a $35 fee, show their drivers license and provide an imprint of a gold credit card (other than gold is not accepted by the Mexican authorities). Mexican insurance for collision, comprehensive, and liability coverage must be obtained at the border for all VMS assigned vehicles. VMS reimburses employees for this expense when travel is business related. However, personal travel insurance expense is not reimbursed.

Addendum B

**Driving Record Standard**

The Risk Management Department periodically checks the driving records of employees (and their eligible spouses/ dependents) assigned a VMS owned or leased vehicle and employees who are on the allowance program. This is done by reviewing the driving records maintained by the Department of Motor Vehicles or other government agencies in the state(s) where the VMS employee resides. The new vehicle check is done for the employee, spouse and/or live in dependents 21 years of age and over for whom the employee has requested permission to operate a VMS vehicle.

The driving record is reviewed for violations that might result in suspension or revocation of a license. The point system used by the Department of Motor Vehicles of the State of California is the governing criteria. All information is kept in strict confidence. No information will be released unless the general guidelines are exceeded.
General Guidelines

**Note: The cumulative limits include any offenses prior to the adoption of these guidelines.**

These guidelines apply to each eligible driver (employee, spouse, or eligible dependent) authorized by VMS to operate a company vehicle. Employees with a VMS assigned vehicle are required to report to their supervisor and to Risk Management within 48 hours any circumstance that could cause restrictions for any eligible driver. Failure to act immediately will not limit the ability of VMS to remove a driver from the Fleet Program.

Authorization to use or retain a vehicle owned or leased by VMS will be withdrawn and may subject the employee to disciplinary action up to and including termination in any of the following events:

- Any suspension of a driver's license for any reason or any combination of moving violations that would generate four (4) cumulative points on the eligible driver's record per the schedule used by the California Department of Motor Vehicles (excerpt below):

<table>
<thead>
<tr>
<th>Violation</th>
<th>Points</th>
<th>In Cumulative Total for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speeding</td>
<td>1</td>
<td>3 years</td>
</tr>
<tr>
<td>Failure to stop at a red light</td>
<td>1</td>
<td>3 years</td>
</tr>
<tr>
<td>Failure to yield right-of-way</td>
<td>1</td>
<td>3 years</td>
</tr>
<tr>
<td>Other significant violations</td>
<td>1</td>
<td>3 years</td>
</tr>
</tbody>
</table>

- Any conviction for a DUI, reckless driving, possession of drugs or open container or any other violation of 2 points or greater by anyone driving the company assigned vehicle will result in the employee’s exclusion from the program. Any reinstatement will be considered on a case by case vehicle after a 2 year period of no violations.
  * NOTE: If a driver is removed from the Company Assigned Program, then eligibility for the Transportation Allowance will be considered on a case by case basis.

- Two or more of the following accidents / citations within a 3 year period will result in the employee's permanent exclusion from the Company Assigned Vehicle Program and preclude participation in the Transportation Allowance Program, and may subject the employee to disciplinary action up to and including termination:
Accident involving the VMS vehicle in which any driver(s), or combination of drivers within the employee’s household was determined to be at fault (including accidents not involving police action and single party accidents).

DUI

Reckless Driving

Possession of Drugs or Open Container

Any other violation of 2 points or greater

Risk Management will notify the supervisor of a driver if that driver, his/her eligible spouse or dependent accumulates 3 points per the schedule used by the California DMV and the driver may be required to complete driver safety training at the business unit expense.

Addendum C

Accident Reporting Procedures

If you have an Accident With a VMS Vehicle:

- Stop Immediately and take all necessary precautions to prevent further accidents at the scene.
- Send for Help. Don’t leave the accident scene. Ask a passing motorist or some other person to contact the police and seek necessary medical assistance.
- Render All Reasonable Assistance to injured persons. Movement of injured person should not be undertaken if likely to cause further injury.
- Do not admit liability. Do not make a statement of any kind to anyone other than VMS personnel or our claims administrator (Carl Warren and Company) or the police.
- Get Names and Contact Information for all Witnesses.
- Exchange Information with involved parties. This is to include name, address, phone number, vehicle license number, year and make of vehicle. Information exchange cards are in the auto accident kit in the glove compartment of your vehicle.
- Report the accident immediately to your supervisor, Wheels, VMS Fleet Management and Carl Warren and Company. Wheels will create the loss report which will be forwarded to VMS Fleet Management and Carl Warren and Company.
- File an Accident Report with the State Government and any other documents if required by law. Failure to report an accident can result in driver's license suspension.
- Obtain a Copy of the Police Report and send to your supervisor, Carl Warren and Company and the Fleet Manager.

**Addendum D**

Definitions for Tax Reporting

**Commute Mileage** Round trip distance between home and the regular company office is commute mileage not business mileage.

**Eligible Driver** Employees, legally married husband or wife, domestic partner and dependents claimed on current tax return 21 years of age and older.

**Regular Company Office** (Including regular company work site.) A company provided office used two (2) or more days a week to conduct substantive business constitutes a "regular" company office or work site.

**Substantive Business** Examples of substantive business are: holding business discussions with clients, co-workers, and supervisors, preparing and writing reports or other similar office work, or performing test or repair work. Merely coming to the office to pick up mail or supplies, or to deliver orders, product returns and reports is not considered substantive work.

**Tax Deductible Home Office** A home office is deductible if you do not have a regular company office and your home office is your principal office used regularly and exclusively for substantive business as described above.

**Addendum E**

Contacts

<table>
<thead>
<tr>
<th>For questions or additional assistance call:</th>
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<tbody>
<tr>
<td><strong>Fleet Administrator:</strong></td>
</tr>
<tr>
<td>Marci Redenbaugh</td>
</tr>
<tr>
<td><strong>VMS Risk Manager and Fleet Manager:</strong></td>
</tr>
<tr>
<td>David Collins</td>
</tr>
<tr>
<td>Wheels Driver Assistance</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td>1. MAP (Maintenance Assistance Program)</td>
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<tr>
<td>2. Fuel Management</td>
</tr>
<tr>
<td>3. Registration/Renewals</td>
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<tr>
<td>4. Order Administration</td>
</tr>
<tr>
<td>5. General Assistance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carl Warren and Company</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>(California)</td>
<td>1.800.824.1249</td>
</tr>
<tr>
<td>(Other US)</td>
<td>1.800.854.1587</td>
</tr>
</tbody>
</table>