



Choctaw Archiving Enterprise

Employee Manual

October 1, 2009

This Employee Manual is the property of Choctaw Archiving Enterprise (CAE). This Employee Manual is confidential, and its contents may not be copied or disclosed to any person who is not an employee of CAE. This Employee Manual is to be returned to CAE when employment with CAE ceases. This Employee Manual supersedes and replaces any and all prior CAE policies and any and all prior employee handbooks or manuals issued by CAE, and any information contained in any such prior policy, handbook or manual is no longer in effect.

Welcome to Choctaw Archiving Enterprise

Thank you for joining Choctaw Archiving Enterprise (CAE)! We look forward to the opportunity of working together to create a more successful company.

You have joined an organization that has established an outstanding reputation for quality. Credit for this goes to everyone in the organization. As a member of CAE's team, you will be expected to contribute your talents and energies to further improve the environment and quality of the company.

We believe that you will find your employment at CAE a rewarding and gratifying experience, and hope that your employment will be mutually beneficial. We expect you to find satisfaction and take pride in your work here.

Sincerely,

Gary Batton, Chairman
CAE Management Committee

Ryan Garner, Voting Member
CAE Management Committee

Shannon McDaniel, Vice Chairman
CAE Management Committee

Matt Gregory, Voting Member
CAE Management Committee

Jerry Tomlinson, Voting Member
CAE Management Committee

INTRODUCTION

This Employee Manual has been prepared to acquaint you with **Choctaw Archiving Enterprise (CAE)**. It provides you with a brief summary of CAE's history and philosophy. It is only a general guide to and a summary of some of the employment policies, procedures and benefits of CAE in effect as of the time of publication. You should read, understand and comply with all provisions of this Employee Manual. It describes many of your responsibilities as an employee and outlines some of the programs developed by CAE to benefit employees. If you have any questions or are uncertain about anything in this Employee Manual, please discuss the matter with your supervisor or manager.

This Employee Manual is not intended to and does not create, nor should it or any of its contents be construed to constitute, a contract, either express or implied, of employment or otherwise between CAE and its employees. This Employee Manual is informational only, and its provisions are not intended to confer any rights or privileges on employees.

Employment with CAE is employment at-will, and can be terminated by the employee or CAE at any time for any or no reason. Although other terms and conditions of employment may change, this at-will employment relationship will remain in effect throughout employment with CAE unless it is specifically modified by an express written employment agreement for a specified term executed by the Program Manager, the Managing Officer or another officer of CAE and the employee. This at-will relationship may not be modified by any oral or implied promises or agreements. No employee has a right to continued employment by virtue of anything stated or inferred in this employee manual.

No employee manual can anticipate every circumstance or question about policy. **Thus, CAE, in its sole and absolute discretion, may enhance, modify, revise, supplement, rescind or delete any information, policy, procedure or benefit described in this employee manual at any time with or without notice.** The only exception to any changes is our employment at-will policy described above.

No statement or promise by a supervisor, manager, or other employee may be interpreted as a change in policy nor will it constitute an agreement with an employee.

This Employee Manual replaces (supersedes) any and all prior CAE policies and any and all prior CAE employee handbooks or manuals, and any information contained in any such prior policy, handbook or manual is no longer in effect.

CAE has employees in numerous locations. As a general guide, this Employee Manual is designed for all employees. Please note, however, that state or local laws or other factors (such as CAE's government contracts) may require a particular site to have a different policy than the specified general rule.

For those service employees who are subject to the Service Contract Act of 1965, the provisions of the Act and its corresponding Regulations, will govern your employment as a CAE employee.
(Rev. 08-01-05)

AN OVERVIEW OF Choctaw Archiving Enterprise

About Choctaw Archiving Enterprise (CAE)

Choctaw Archiving Enterprise, headquartered in Durant, Oklahoma, was created by Tribal Council Bill on March 11, 2003. The enterprise is a wholly owned subsidiary of the Choctaw Nation of Oklahoma. CAE contributes profits to support the Nation's social programs, as well as to provide employment opportunities for members of the Nation and other Tribes.

CAE's goal is to build upon the record of excellent performance compiled by all the enterprises owned by the Choctaw Nation. We embrace and further this tradition by ensuring that all services we provide are of the highest quality and by providing services when, where, and how the client requests.

In addition to our experienced staff, we have the license to draw upon the resources of the Choctaw Nation and all its enterprises to ensure that every requirement is filled. Whether the task is to provide services in our own facilities or to augment the client's staff on site, CAE will provide the right person, for the right job, at the right time, at the right price.

What You Can Expect From CAE

CAE believes in creating a harmonious working relationship with all employees. In pursuit of this goal, CAE has created the following employee relations objectives:

1. Provide an exciting, challenging, and rewarding workplace and experience.
2. Select people on the basis of skill, training, ability, attitude, and character without discrimination in accordance with applicable law.
3. Provide wages and employee benefits consistent with sound business practices.
4. Provide employees the opportunity to discuss issues or problems with management.
5. Respect individual rights, and treat all employees with courtesy and consideration.
6. Maintain mutual respect in our working relationship.
7. Promote employees on the basis of their ability and merit.
8. Keep employees informed of the progress of CAE, as well as CAE's overall goals and objectives.

What CAE Expects From You

CAE needs your help in making each working day enjoyable and rewarding. Your first responsibility is to know your own duties and how to do them promptly, correctly and pleasantly. Secondly, you are expected to cooperate with management and your fellow employees and to maintain a good team attitude.

How you interact with fellow employees and those whom CAE serves, and how you accept direction can affect the success of your work site. In turn, the performance of one work site can impact the entire service offered by CAE. Consequently, whatever your position, you have an important assignment: perform every task to the very best of your ability.

You are encouraged to seek opportunities for personal development. This Employee Manual offers insight on how you can perform positively and to the best of your ability to meet and exceed CAE expectations.

Remember, you help create the pleasant and safe working conditions that CAE desires. The result will be better performance for the company overall, and personal satisfaction for you.

Open Door Policy

We believe in direct access to management -- where you can approach your manager, or any member of management, to discuss any idea, suggestion, problem or question. We encourage you to discuss any concern, problem, or issue that arises during the course of your employment with an appropriate manager. We welcome your suggestions to improve the quality of CAE.

Outside Employment

Employees may not take an outside job, either for pay or as a donation of his/her personal time, with a customer or competitor of CAE; nor may they do work on their own if it competes in any way with the services we provide our customers. If you desire to hold a second job, part-time or full-time, or if you intend to engage in a business enterprise of your own, CAE requires employees to seek and obtain permission prior to the commencement of any outside employment or business activity as part of CAE's contractual agreement with the government. Any outside employment or business activity must not interfere with the performance of your duties to CAE.

**EQUAL EMPLOYMENT OPPORTUNITY
AND
POLICY AGAINST DISCRIMINATION, HARASSMENT (INCLUDING
SEXUAL HARASSMENT) AND RETALIATION**

Statement Of Policy

CAE is committed to the principle of equal employment opportunity, and it complies with all applicable laws which prohibit discrimination and harassment in the workplace. **Thus, CAE strictly prohibits discrimination or harassment based on race, color, religion, national origin, sex, age, disability or any other characteristic protected by law** in all terms, conditions and privileges of employment, including without limitation, recruiting, hiring, assignment, compensation, promotion, discipline and termination. Native American preference, which is an employment criterion, designed to further the cause of Indian self-government, may be given to qualified, bona fide Native Americans in accordance with established law.

This policy covers conduct occurring at CAE's offices or other workplaces (including client sites) and all other locations where CAE is providing services, and to all work-related activities.

Individuals Covered By This Policy

This policy covers **all** CAE employees. CAE will not tolerate discrimination or harassment, whether engaged in by fellow employees, supervisors or managers. Nor will CAE tolerate discrimination or harassment engaged in by non-employees who conduct business with CAE to the extent that it affects any employee of CAE. While on the job, employees must not engage in any form of discrimination or harassment with respect to anyone, including other employees, clients, visitors, guests, or anyone with whom an employee comes into contact while on the job. All managers and supervisors are responsible for preventing and eliminating discrimination and harassment at CAE.

Forms of Harassment

While all forms of discrimination and harassment are prohibited, it is important to understand the types of conduct that may be viewed as harassment and which are not to be engaged in.

1. Non-sexual Harassment. Forms of harassment that are prohibited include making, displaying or circulating (including through use of the company's computer, telephone, fax or other communications or information systems) epithets or derogatory statements, remarks, comments, jokes or slurs, posters, cartoons, drawings or other written materials that are based on a person's race, color, sex, ancestry, religion, national origin, disability or other protected status.

2. Sexual Harassment. Sexual harassment includes unwelcome or unwanted sexual advances, requests for sexual acts or favors, lewd or sexually-suggestive remarks, comments or jokes, display or circulation of pictures or written materials of a sexual nature (including through use of the company's computer, telephone, fax or other communications or information systems), inappropriate physical contact or other verbal, written or physical conduct of a sexual nature when (i) submission to or rejection of this conduct by an individual is used explicitly or implicitly as a factor in decisions affecting hiring, evaluation, promotion, retention or other aspects of employment; or (ii) this conduct substantially interferes with an individual's employment or creates an intimidating, hostile or offensive work environment.

Reporting/Complaint Procedure

CAE encourages individuals who believe that they are being subjected to discrimination or harassment to notify the offender that his or her behavior is unwelcome. If for any reason an individual does not want to confront the offender directly, or if this approach does not successfully end the discrimination or harassment, the individual should promptly contact either his or her supervisor, or the supervisor's manager, the Program Manager or the Human Resources Manager. CAE cannot act if it is not made aware of a situation.

Any supervisor or manager receiving a report or complaint of discrimination or harassment must report it immediately to the Program Manager or the Human Resources Manager.

Investigation

All reports of discrimination or harassment will be promptly investigated. The investigation may include interviews with any person having relevant information, including the complainant, the accused and any witnesses.

To the extent possible, CAE will protect the confidentiality of a complaint. Information concerning the complaint will be limited to those with whom it needs to be shared in order to investigate and respond to the complaint.

Upon completion of the investigation, appropriate action will be taken. Any individual found to have engaged in discrimination or harassment will be subject to disciplinary action, up to and including termination.

Protection Against Retaliation

CAE will not permit retaliation against any individual who makes a complaint under this policy, or anyone who has assisted a person making a complaint or provided information during an investigation under this policy. Retaliation is a very serious violation of this policy and should be reported immediately. Any individual found to have engaged in retaliation will be subject to appropriate disciplinary action, up to and including, termination.

* * * *

Employees who have any questions about this policy should contact the Human Resources Manager at 1-888-924-7774 ext.2707.

EMPLOYMENT

Employment Classifications

Employees are classified as either regular full-time, regular part-time or temporary and as either exempt (not eligible for overtime pay) or non-exempt (eligible for overtime pay). Unless otherwise specified or required by law, the benefits described in this Employee Manual apply only to regular full-time employees.

Regular Full-Time Employees

An employee who is hired for an indefinite period of time and is regularly scheduled to work at least forty (40) hours per week is considered a regular full-time employee.

Regular Part-Time Employees

An employee who is hired for an indefinite period of time and is regularly scheduled to work less than forty (40) hours per week is considered a regular part-time employee.

Temporary Employees

From time to time, CAE may hire employees for specific periods of time, normally not to exceed six (6) months in duration. An employee hired under these conditions will be considered a temporary employee. Examples of temporary employees are summer (or other seasonal) employees and interns.

Anniversary Date

The first day you report to work is your "official" anniversary date. Your anniversary date is used, among other things, to compute various benefits described in this Employee Manual.

For all employees (full-time, part-time, and temporary) who are covered by the Service Contract Act of 1965, your "official" anniversary date is the first day that you reported to work as a service contract employee at your current contract site. (Rev. 08-01-05)

Confidential Information

Except as necessary in the course of their employment, Employees are not to disclose or use any CAE confidential information, either during or after employment.

Additionally, our customers and suppliers entrust CAE with important information relating to their businesses. The nature of this relationship requires that this information also be kept confidential. In safeguarding the information received, CAE earns the respect and further trust of our customers and suppliers.

If you are questioned by someone outside the company or your work site and you are concerned about the appropriateness of giving them certain information, you are not required to answer. Instead, as politely as possible, refer the request to your supervisor or manager.

No one is permitted to remove or make copies of any CAE records, reports or documents without prior management approval. Disclosure of confidential information could lead to termination, as well as possible legal action.

If you are not sure whether certain information is confidential, treat it as confidential and ask your supervisor or manager for clarification.

Customer Relations

The success of CAE depends upon the quality of the relationships between CAE, our employees, customers, suppliers and the general public. Our customers' impression of CAE and their interest and willingness to continue to use our services are greatly formed by the people who serve them. In a sense, regardless of your position, you are CAE's ambassador. The more goodwill you promote, the more our customers will respect and appreciate you, CAE and CAE's services.

Below are several things you can do to help give customers a good impression of CAE. These are the building blocks for our continued success.

1. Act competently and deal with customers in a courteous and respectful manner.
2. Communicate pleasantly and respectfully with other employees at all times.
3. Follow up on orders and questions promptly, provide businesslike replies to inquiries and requests, and perform all duties in an orderly manner.
4. Take great pride in your work and enjoy doing your very best.
5. A neat appearance contributes to the positive impression you make on our customers and greatly enhances our company image. You are expected to dress and groom appropriately. (See Dress Code and Personal Appearance under Workplace Policies.)

Work Schedule

You will be notified of your work schedule, lunch break, and break schedule by your supervisor or manager. Questions regarding your schedule should be directed to your manager or supervisor. In many cases working hours and breaks are dictated by CAE's contracts with its customers (particularly, the Federal government)

Attendance

You are required to be ready to work at the beginning of your assigned daily work hours. Please let your supervisor or manager know if you will be away from your workstation for an extended period of time and when you expect to return.

Absence or Lateness

From time to time, it may be necessary for you to be absent from work. CAE is aware that emergencies, illnesses, or pressing personal business that cannot be scheduled outside your work hours may arise. Sick days and vacation have been provided for this purpose.

If you are scheduled to work and are unable to report to work, or if you will arrive late, you are required to notify your supervisor or manager within the first scheduled hour of work (or earlier if possible) or as required by your Program Manager. When you call in to inform CAE of an unexpected absence or late arrival, ask for and speak directly with your supervisor or manager. If you are going to arrive to work late, please let your supervisor or manager know when you expect to arrive. If you are unable to call in yourself because of an illness, emergency or for some other reason, be sure to have someone call for you.

If you know in advance that you will need to be absent, please request this time off directly from your supervisor or manager. It is your responsibility to ensure that your time sheets are properly completed; they must reflect days or hours not worked and the correct time of your arrival if you arrive late.

Absence from work for three (3) consecutive days without notifying your supervisor or manager may be considered a voluntary resignation.

Excessive absences or tardiness or other attendance problems may lead to disciplinary action, including termination of employment.

Severe Weather and Emergency Conditions

In the event of severe weather or other emergency conditions, your supervisor or manager will try to notify you whether the work site will be closed and whether you are expected to report for work. If such conditions occur after work begins, your supervisor or manager will advise whether the work site will close early.

Personnel Records and Administration

The task of handling personnel records and related personnel administration functions at CAE has been assigned to the Human Resources Department, located in Durant, Oklahoma. Questions regarding personnel matters may be directed to Human Resources Department at 1-888-924-7774 ext. 2144.

Your Personnel File

Keeping your personnel file up-to-date can be important to you with regard to pay, deductions, benefits and other matters. If you have a change in any of the items listed below, please be sure to notify the Human Resources Department as soon as possible.

1. Legal name
2. Home address
3. Home telephone number
4. Person to call in case of emergency
5. Number of dependents
6. Marital status
7. Change of beneficiary
8. Driving record or status of driver's license, if you operate any CAE vehicles
9. Military or draft status
10. Exemptions on your W-4 tax form
11. Training Certificates
12. Professional License
13. I-9 Forms
14. Insurance enrollment
15. Privileging letter

Upon experiencing a family status change, your supervisor or manager must be notified within thirty one (31) days after the event in order for benefit modifications to be made, if necessary.

Compensation

Wage and Salary Matters

Pay Cycle

Semi-Monthly Pay Cycle

Payday is normally on the 15th and the last day of every month for services performed from 1st - 15th and the 16th to the end of the month respectively. The semi-monthly pay schedule is made up of twenty-four (24) pay periods per year. (Rev. 08-01-05)

Whenever payday falls on a weekend, the payday will be the Friday before. If a payday falls on a holiday, the payday will be the day before.

Mandatory Deductions From Paycheck

CAE is required by law to make certain deductions from your paycheck each time one is prepared. Among these are your federal, state and local income taxes and your contribution to Social Security. These deductions will be itemized on your check stub. The amount of the deductions will depend on your earnings and on the information you furnish on your W-4 form regarding the number of exemptions you claim. If you wish to modify this number, please request a new W-4 form from your supervisor or manager. Only you may modify your W-4 form. Verbal or written instructions are not sufficient to modify withholding allowances. We advise you to check your pay stub to ensure that it reflects the proper number of withholdings.

The W-2 form you receive annually reflects how much of your earnings were deducted for these purposes.

Direct Payroll Deposit

CAE pays through direct payroll deposit. Direct payroll deposit is the automatic deposit of your pay into the financial institution accounts of your choice.

Error in Pay

If you believe an error has been made in your paycheck, tell your supervisor or manager immediately. He/she will review the matter and notify the payroll department so that any necessary correction can be made.

Overtime

No one is authorized to work overtime unless their on-site supervisor or manager gives authorization and, where applicable, there is a standing overtime agreement between the government and CAE. All overtime must be approved in advance by your supervisor or manager.

Compensatory Time Off

Compensatory Time ("comp time") is not authorized by CAE.

Work Performed on Company Holidays

Employees who are required to work on a company holiday will receive their normal pay rate plus holiday pay. No one is authorized to work on a holiday unless prior approval is received from the Program Manager and, where applicable, there is a standing contractual agreement with the government.

Service contract employee's holiday leave benefits will comply with the terms of the Service Contract Act of 1965, its regulations, and the applicable Department of Labor wage determination for the service employee's work site. (Rev. 08-01-05)

Time Records

For payroll and other purposes, CAE must keep accurate records of time worked by employees. Employees must record their hours at work on a daily basis. This is done through use of time sheets, timecards (time clocks) and other methods depending on work site and the employee's position. You are responsible for accurately recording your time. No one may record hours worked on another's timecard, time sheet or other time form. Falsification of time worked or altering or tampering with another's time record is grounds for disciplinary action, up to and including possible termination, of any employees involved. In the event of an error in recording your time, please report the matter to your supervisor or manager immediately. (Rev. 10-01-09)

Performance Reviews

CAE conducts formal reviews of employees. New employees are generally reviewed after completing ninety (90) days of employment. Thereafter, formal reviews are generally conducted around the employee's anniversary date. Formal reviews may also be performed whenever CAE deems appropriate.

Among the areas that may be covered by your supervisor or manager during a formal performance review are the following:

- The quality and quantity of your work.
- Strengths and areas for improvement.
- Attitude and willingness to work.
- Initiative and teamwork.
- Attendance.
- Customer service orientation.
- Problem solving skills.
- Ongoing professional growth and development.

Your supervisor manager can answer any questions you may have about the performance review process.

Benefits

CAE provides a comprehensive benefits program for eligible employees as part of its overall compensation program. If you have any questions regarding your benefits or our benefit programs, please direct them to the CAE Insurance Department at 1-888-924-7774 ext. 2144.

Eligibility for Benefits

If you are a regular full-time employee, you are eligible for all of the benefits described in this Employee Manual, subject to the eligibility requirements for each particular benefit.

Temporary and regular part-time employees are eligible (subject to any eligibility requirements) only for those benefits required by law, unless otherwise specified herein.

In particular, those service contract employees covered under the Service Contract Act of 1965, its regulations, and the Department of Labor's wage determination for the employee's work site, will receive a proportionate share of any mandated vacation and holiday benefits, along with any mandated hourly health and welfare benefit. (Rev. 08-01-05)

The following are brief descriptions of CAE's insurance and retirement programs. These descriptions are not intended to provide detailed information regarding these benefits or to be summary plan descriptions. For all plans for which you are provided a summary plan description, please refer to the summary plan description.

Insurance

Health, Disability and Life Insurance

CAE is interested in the health and well-being of both you and your family. In that regard, a comprehensive, quality insurance program is available to regular full-time employees. All regular full-time employees including those employees that fall under the Service Contract act of 1965, become eligible for coverage on first day of the month following thirty (30) days of continuous employment. For tribal employees who transfer to CAE and for employees of other government contractors who rollover to become CAE employees during a change of contractor, there is no waiting period.

For the Service contact employees covered under the Service Contract Act of 1965, its regulations, and the Department of Labor wage determination, during the waiting period prior to becoming eligible for the health insurance as noted above, will receive in benefits the applicable Health & Welfare in the form of a Qualified Non-Elective Contribution (commonly referred to as

("QNEC payment") into the 401K Retirement Plan for each hour worked during the waiting period, to comply with the health and welfare benefits from the first day of employment at the government contract site. (Rev. 08-24-07)

CAE currently provides the following insurance, subject to the terms of each particular insurance policy or plan:

- Medical
- Dental
- Vision
- Long Term Disability
- Short Term Disability
- Group Term Life, Accidental Death and Dismemberment

Applicable employee contributions are automatically deducted from your paycheck. Currently, the employee pays the full cost for any dependent coverage that is available and elected.

Refer to the literature, which may include summary plan descriptions, provided by our insurance companies for details on our various insurance plans.

Workers' Compensation Insurance

All employees are covered by workers' compensation insurance for on-the-job injuries or illness. This insurance pays your medical bills and pays a portion of lost wages due to covered injuries or illness. CAE pays the entire cost of this insurance.

All work-related accidents (regardless of whether they result in injury) or illnesses must be reported to your supervisor or manager immediately. Failure to promptly report may jeopardize any entitlement to workers' compensation benefits.

Questions concerning worker's compensation should be directed to your supervisor or manager.

Employees returning to work after being absent due to a work-related injury must report to their supervisor or manager prior to beginning work and may be required to bring a doctor's clearance for returning to work.

Social Security

Both you and CAE contribute a specified portion of your wages for Social Security benefits. Your contribution is deducted from your paycheck. CAE matches your contribution dollar for dollar.

Your Social Security number is used to record your earnings. Make sure your name and Social Security number on your pay stub and W-2 Form are correct. You may also want to make sure your earnings statement is accurate each year by requesting a Personal Earnings and Benefit Estimate Statement from the U.S. Social Security Administration by calling 1-800-772-1213 or you may even access them on-line at www.ssa.gov.

Retirement Plan

CAE has a retirement plan to provide eligible employees (those who have completed sufficient service) with a monthly pension benefit upon retirement. The details regarding CAE and employee contributions, vesting, administration, and investments are provided in the plan's summary plan description.

If you have any questions about our retirement plan, please direct them to the CAE 401K Manager at 1-888-924-7774 ext. 2146.

Leave

Both paid and unpaid time off may be granted to eligible employees according to the following leave policies. Please consult your supervisor or manager if you have any questions.

Paid Leave

Regular full-time employees are eligible for paid leave as follows part-time and temporary employees are not eligible for paid leave, save and except, those service contract employees covered under the Service Contract Act of 1965, its regulations, and the Department of Labor wage determination. Those part-time and temporary service contract employees are paid in accordance with the provisions of the wage determination applicable to their contract work site. (Rev. 08-01-05)

Holidays

The following holidays are recognized by CAE as paid holidays:

New Year's Day
Dr. Martin Luther King, Jr. Day
President's Day
Memorial Day
Independence Day
Labor Day
Columbus Day
Veterans Day
Thanksgiving Day
Christmas Day

Holiday Policies

All national holidays are scheduled on the day designated by common business practice.

In order to qualify for holiday pay, you must work the scheduled workday immediately before and after the holiday. Only excused absences will be considered exceptions to this policy. Different rules regarding pay may apply for exempt employees.

If a holiday occurs during your scheduled vacation, you are eligible for the holiday pay, and the holiday will not be counted towards your vacation leave.

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You are not eligible to receive holiday pay when you are on an unpaid leave of absence, save and except, those service contract employees covered under the Service Contract Act of 1965, its regulations, and the Department of Labor wage determination. Those service employees are paid holiday benefits provided they have met the minimum requirements set forth in the SCA, its regulations, and/or the DOL wage determination for their contract work site. (Rev. 08-01-05)

Vacation

Vacation is a time for you to rest, relax, and pursue special interests.

Definitions

For purposes of this vacation policy and the following sick leave policy:

- a. “Anniversary Year” means each one year period beginning on the Employment Commencement Date and during which the employee is employed by CAE.

For service contract employees covered under the Service Contract Act of 1965, its regulations, and the Department of Labor’s wage determinations, this means each one year period beginning with the date on which the service contract employee first began work at a particular government work site as a service contract employee and remained in continuous service at the same contract site. The service contract employees “anniversary year” remains the same each year irrespective of who the contractor is at the time that the service contract employee’s “anniversary year” is celebrated. (Rev. 08-01-05)

- b. “Employment Commencement Date” means the date on which the employee's employment with CAE began.

Policy

- a. Amount of Vacation

- (i) The amount of vacation time you will earn is addressed at the time of your employment or in your Employment Agreement. If you have questions as to how much leave you earn, refer to your Employment Agreement or you should speak to your supervisor or manager.
- (ii) Vacation does not accrue or vest (in the case of those employees covered under the Service Contract Act of 1965 while on a leave of absence. (Rev. 08-01-05)
- (iii) For service contract employees covered under the Service Contract Act of 1965, its regulations, and the Department of Labor’s wage determinations, the applicable DOL wage determination for the service employee’s contract site govern with regard to when a service employee is eligible for vacation benefits.

Service contract employees do not accrue vacation benefits per pay period. Rather vacation benefits vest in accordance with the applicable DOL wage determination for the contract work site. As a rule, service contract employees are not vested

with any vacation benefits until after one complete year of continuous employment at the same government contract work site. (Rev. 08-01-05)

- b. Vacation may not be taken during the first ninety (90) days of employment.
- c. Requests for vacation are to be made in writing to the Program Manager (unless the employee is informed otherwise) at least thirty (30) days prior to the desired vacation dates. Family Advocacy Program employees must receive prior written approval for vacation from the Family Advocacy Officer and the Program Manager in order for vacation to be taken.
- d. Any accrued and unused vacation hours earned during the first fiscal year of the Employment Commencement Date may be carried over into the next fiscal year. At each subsequent fiscal year (September 30) up to five (5) days of accrued and unused vacation may be carried forward into the following fiscal year; any accrued and unused vacation days in excess of five (5) days will be forfeited and not paid for unless otherwise required by state law.

HOWEVER: For those service employees who are subject to the Service Contract Act of 1965, any unused vested vacation benefits are cashed out at the applicable wage determination's minimum hourly rate the pay period following the service employee's next anniversary date. Service contract employees are not allowed to carry forward into the next anniversary year any unused vested vacation hours from the previous year. (Rev. 08-01-05)

- e. On termination of employment, up to fifteen (15) accrued and unused vacation days could be paid for; any excess will not be paid for unless otherwise required by state law.

HOWEVER: For those service employees who are subject to the Service Contract Act of 1965, at the time of that service employee's separation from CAE as a service contract employee, vested vacation benefits will be paid in accordance with the provisions of the Act and its corresponding regulations. The unused vested vacation hours will be cashed out at the applicable wage determination's minimum hourly rate. (Rev.08-01-05)

- f. CAE does not grant advanced vacation leave, except in rare instances. Advanced vacation leave must be approved by the Program Manager and coordinated with Human Resources Department prior to use of any such leave.
- g. If any employee does incur a negative vacation leave balance and would like to zero-out that balance, he or she must contact his/her Program Manager or in the event the employee has not been assigned a Program Manager, contact the HR finance department to set up a repayment plan.

- h. Upon termination of employment, any negative vacation leave balance will be deducted from any positive sick leave balance. Where allowed by law, and in accordance with that law, any negative vacation leave balance remaining will be withheld from the employee's final paycheck. If the final paycheck will not cover all of the remaining negative vacation leave balance, the CAE Human Resource Department will negotiate a repayment plan with the employee. (Rev. 08-01-05)
- i. If vacation leave is taken in conjunction with training or other official business requiring travel away from the employee's duty station, the total period of absence from duty based on vacation leave may not exceed fifteen (15) working days (including the leave taken for voluntary training).

Sick Leave

- a. Amount of Sick Leave
 - (i) The amount of sick leave you will earn is addressed at the time of your employment or in your Employment Agreement. If you have questions as to how much sick leave you earn, refer to your Employment Agreement, or you should speak to your supervisor or manager.
 - (ii) Sick Leave does not accrue while on a leave of absence.
 - (iii) Service contract employees covered by the Service Contract Act of 1965, its regulations, and the Department of Labor wage determinations are not guaranteed sick leave benefits. In those cases where CAE provides for sick leave benefits to service contract employees, those benefits will be available for use at the same time the service employee is eligible for vested vacation benefits. (Rev. 08-01-05)
- b. Sick leave is to be used for the personal illness of the employee or the employee's immediate family. If sick leave in excess of that accrued is necessary, the employee may use any accrued and unused vacation leave. CAE may require certification from a physician for absences due to illness.
- c. Any accrued and unused sick leave hours earned during the first fiscal year of the Employment Commencement Date may be carried over into the next fiscal year. At each subsequent fiscal year (September 30), up to five (5) days of accrued and unused sick leave may be carried forward into the following fiscal year; any accrued and unused sick leave in excess of five (5) days will be forfeited and not paid for unless otherwise required by state law.

HOWEVER: For those service employees who are subject to the Service Contract Act of 1965, its regulations, and the Department of Labor wage determinations, at the time of each anniversary date, any remaining, unused sick leave hours from the previous anniversary date will not be carried over into the next anniversary year. (Rev. 08-01-05)
- d. On termination of employment, any accrued and/or unused sick leave will not be paid out.
- e. CAE may require a doctor's certificate verifying the need for sick leave.
- f. CAE does not grant advanced sick leave, except in rare instances. Advanced sick leave must be approved by the Program Manager and coordinated with the Human Resources Department prior to use of any such leave.

- g. If any employee does incur a negative sick leave balance and would like to zero-out that balance, he or she must contact his/her Program Manager or in the event the employee has not been assigned a Program Manager, contact the HR finance department to set up a repayment plan.
- h. Upon termination of employment, any negative sick leave balance will be deducted from any positive vacation leave balance. Where allowed by law, and in accordance with that law, any negative sick leave balance remaining will be withheld from the employee's final paycheck. If the final paycheck will not cover all of the remaining negative sick leave balance, then CAE will negotiate a repayment plan with the employee. (Rev.08-01-05)

Unpaid Leave

Jury Duty

Employees summoned for jury duty or to appear as a witness are granted time off to fulfill their obligations. You must provide your manager or supervisor with a copy of the jury summons, subpoena, or court order before leave is granted. If you are not required to serve as a juror on a particular day, please contact your manager or supervisor as soon as possible to determine if you are needed by CAE that day. This leave will be unpaid except to the extent that you elect to utilize any available vacation leave (different rules relating to pay may apply to exempt employees).

Military Leave

CAE complies with all laws relating to leave for military service.

You are expected to notify your supervisor or manager as soon as you are aware of the dates you will be on duty so that appropriate arrangements can be made.

This leave will be unpaid except to the extent that you elect to utilize any available vacation leave (different rules relating to pay may apply to exempt employees).

Leave without pay

CAE employees are not authorized to take leave without pay except in the case of extreme emergencies, Jury Duty, Military Leave, or in conjunction with Family and Medical Leave Act if qualified.

Family and Medical Leaves of Absence

General

CAE supports the federal Family and Medical Leave Act of 1993 ("FMLA") and incorporates the FMLA as its family and medical leave policy.

Some of the important terms and conditions of the FMLA are summarized below. In addition, a Department of Labor Fact Sheet describing your rights and obligations is contained in **Appendix (1)** to this Manual. In all cases, however, the terms and conditions of the FMLA shall govern.

Permitted Leave

Eligible employees (see "Eligibility" below) are entitled to take up to a **total** of twelve (12) workweeks of leave during a Leave Year (see "Leave Year" below) for one or more of the following:

- (a) the birth of the employee's child and in order to care for the child;
- (b) the placement of a child with the employee for adoption or foster care;
- (c) in order to care for the employee's spouse, child or parent who has a serious health condition; and/or
- (d) the employee has a serious health condition that makes the employee unable to perform the functions of his or her position.

Entitlement to leave for the birth or placement of a child expires at the end of the 12 month period beginning on the date of such birth or placement.

In the event a husband and wife are both employed by CAE, the aggregate amount of leave available if such leave is taken for the birth or placement of a child or to care for a parent is twelve (12) workweeks.

Leave for the birth or placement of a child may not be taken intermittently or on a reduced leave schedule unless agreed to by CAE. Leave under (c) or (d) above may be taken intermittently or on a reduced leave schedule if medically necessary.

Serious Health Condition

In general, a "serious health condition" is an illness, injury, impairment, or physical or mental condition that involves (a) inpatient care in a hospital, hospice or residential medical care facility or (b) continuing treatment by a health care provider.

Restoration to Position

At the conclusion of an approved leave of absence the employee will normally be restored to the position held at the time leave began, or to an equivalent position, **provided, however**, that the employee will not be entitled to a position to which the employee would not have been entitled had the employee not taken the leave.

As a condition for restoration to work, an employee who takes leave because of a serious health condition that makes the employee unable to perform the essential functions of his or her position, will be required to provide certification from the employee's health care provider that the employee is able to resume work.

Leave Year

The twelve (12) month period during which twelve (12) weeks of leave may be taken (a "Leave Year") is a "rolling" twelve (12) month period measured backward from the date an eligible employee uses any leave under this policy.

Eligibility

To be eligible for leave under this policy, an employee must have been employed by CAE for a total of at least twelve (12) months, must have worked at least 1,250 hours during the twelve (12) month period preceding the commencement of the leave, and must work at a location in the United States or any territory or possession of the United States where at least fifty (50) employees are employed by CAE within seventy five (75) miles.

Unpaid Leave

Leaves of absence under this policy are **without** pay, except in the following situations:

- (a) **For Serious Health Condition**. If the employee has any accrued sick leave and/or vacation leave at the beginning of leave taken due to the serious health condition of the employee or the employee's spouse, child or parent, the sick leave and the vacation leave must be taken and counted as part of the leave taken under this policy (except as provided below) in the following sequence: sick leave then vacation leave. For example, if the employee is going to take four (4) weeks of leave and has two (2) days of accrued sick leave and five (5) days of accrued vacation leave, the employee will be paid for seven (7) days and charged with

using the accrued sick and vacation leave; the remaining time will be unpaid. If an employee receives workers' compensation or disability insurance payments while on leave under this policy, the employee will not be paid for available sick or vacation time or have sick or vacation time counted as part of the leave of absence during the period that the employee receives workers' compensation or disability insurance payments.

- (b) For Other Covered Leave. If the employee has any accrued vacation leave at the beginning of leave relating to the birth of a child or placement of a child for adoption or foster care, the vacation leave must be taken and counted as part of the leave taken under this policy. For example, if the employee is going to take four (4) weeks of leave and has five (5) days of accrued vacation leave, the employee will be paid for five (5) days and charged with using the vacation leave; the remaining time will be unpaid.

Health Insurance During Leave

If the employee participates in CAE's group health insurance plan, the insurance will be continued during the period of an approved leave. **The employee must continue to pay the employee's portion of the premium for coverage to continue.** In the event the employee does not return to work at the end of the approved leave period, CAE may, under certain circumstances, recover from the employee the cost of any payments made by CAE to maintain the insurance coverage.

Medical Certification

CAE will require an employee to provide medical certification to support a request for leave due to the employee's own serious health condition or to care for a seriously ill child, spouse or parent. CAE may also require the employee to obtain, at CAE's expense, a second medical opinion. Periodic recertifications may also be required while an employee is on leave.

Notification and Reporting Requirements

When the need for leave is foreseeable, such as due to the expected birth or placement of a child or for planned medical treatment, the employee must provide CAE with at least thirty (30) days prior notice, except that if the event requires leave to begin in less than thirty (30) days, the employee must provide such notice as is practicable. Ordinarily, this means at least verbal notice within one or two business days of when the need for leave becomes known to the employee. For leave required due to planned medical treatment, the employee must make reasonable efforts to schedule the treatment so as not to disrupt CAE's operations.

During leave under this policy, the employee will be required to report periodically on his or her status and intention to return to work.

Leave Request Procedures

To request leave under this policy, a Request for Leave form (included in **Appendix (2)**) must be completed and submitted to the Human Resources Manager for approval. If possible, this form should be submitted at least 30 days prior to the date the requested leave is to begin.

All requests for leave due to a serious health condition must be accompanied by a Certification of Health Care Provider (included in the **Appendix (3)**).

A Request for Leave form and a Certification of Health Care Provider can be obtained from your supervisor or manager.

Workers' Compensation

Leave taken as a result of a workers' compensation injury will be counted against the employee's leave entitlement under this policy if taken because of a serious health condition.

Termination for Other Employment

CAE may terminate from employment, or consider to have resigned, any employee who accepts other employment during leave under this policy or who otherwise violates the terms of the leave. If an employee is unable or fails to return to work at the end of an approved leave of absence, CAE reserves the right to discharge the employee or consider the employee to have voluntarily resigned.

Ineligible Employees

If an employee is ineligible for leave under this policy, leave may otherwise be granted by CAE in its discretion.

State Laws

Employees employed in states which have family and/or medical leave laws may have leave available to them that is different than under this policy.

* * * *

Employees who have any questions about this policy should contact the Human Resources Manager at 1-888-924-7774 ext.2144.

Safety

General Employee Safety

CAE is committed to the safety and health of all employees. Maintaining a safe work environment, however, requires the continuous cooperation of all employees.

If you are ever in doubt about how to safely perform a job, it is your responsibility to ask your supervisor or manager for assistance. Any suspected unsafe conditions and all injuries that occur on the job must be reported immediately. Compliance with these safety rules is considered a condition of employment. It is the responsibility of each employee to accept and follow established safety regulations and procedures.

CAE strongly encourages you to communicate with your supervisor or manager regarding safety issues.

Reporting Safety Issues

All accidents, injuries, potential safety hazards, safety suggestions and health and safety related issues must be reported immediately to your supervisor or manager. If you or another employee is injured, you should contact outside emergency response agencies, if needed. If an injury does not require medical attention, a Supervisor and Employee Report of Accident Form must still be completed. The Employee's Claim for Worker's Compensation Benefits Form must be completed in all cases in which an injury requiring medical attention has occurred.

Safety Rules

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all CAE activities. Below are some general safety rules to assist you in making safety a regular part of your work. Your supervisor or manager may post other safety procedures in your department or work area.

Working Safely

Safety is everyone's responsibility. Remind your co-workers about safe work methods. Start work on any machine only after safety procedures and requirements have been explained. Immediately report any suspected hazards and all accidents to your supervisor or manager.

Lifting

Ask for assistance when lifting heavy objects or moving heavy furniture. Bend your knees, get a firm grip on the object, hold it close to your body and space your feet for good balance. Lift using your stronger leg muscles, not your weaker back muscles.

Materials Handling

Do not throw objects. Always carry or pass them. Use flammable items, such as cleaning fluids, with caution. Also, stack materials only to safe heights.

Trash Disposal

Keep sharp objects and dangerous substances out of the trash can. Items that require special handling should be disposed of in approved containers.

Cleaning Up

To prevent slips and tripping, clean up spills and pick up debris immediately.

Preventing Falls

Keep aisles, work places and stairways clean, clear and well lighted. Walk, don't run. Watch your step.

Handling Tools

Exercise caution when handling objects and tools. Do not use broken, defective or greasy tools. Use tools for their intended purpose only. Wear safety glasses or goggles whenever using a power tool.

Falling Objects

Store objects and tools where they won't fall. Do not store heavy objects or glass on high shelves.

Work Areas

Keep cabinet doors and file and desk drawers closed when not in use. Remove or pad tom, sharp corners and edges. Keep drawers closed. Open only one drawer at a time.

Using Ladders

Place ladders securely. Do not stand on boxes, chairs or other devices not intended to be used as ladders.

Machine Guards

Keep guards in place at all times. Do not clean machinery while it is running. Lock all disconnect switches while making repairs or cleaning.

Personal Protective Equipment

Always wear or use appropriate safety equipment as required in your work. Wear appropriate personal protective equipment, like shoes, hats, gloves, goggles, spats and hearing protectors in designated areas or when working on an operation which is potentially hazardous.

Electrical Hazards

Do not stand on a wet floor while using any electrical apparatus. Ensure extension cords are in good repair. Don't make unauthorized connections or repairs. Do not overload outlets.

Fire Extinguishers

Know where fire extinguishers are and how to use them.

Report Injuries

Immediately report all injuries, no matter how slight, to your supervisor or manager.

Ask Questions

If you are ever in doubt regarding the safe way to perform a task, please do not proceed until you have consulted a supervisor or manager. If you feel a task may be dangerous, inform your supervisor or manager at once.

We strongly encourage employee participation and your input on health and safety matters. Employees may report potential hazards and make suggestions about safety without fear of retaliation. We appreciate, encourage and expect this type of involvement! Making the company's safety program a success is the responsibility of all employees. Remember, failure to adhere to the above-referenced safety guidelines may result in disciplinary actions.

Weapons

CAE prohibits all persons who enter work sites from carrying a handgun, firearm, knife, or other weapon of any kind regardless of whether the person is licensed to carry the weapon or not.

The only exception to this policy will be police officers, security guards or other persons who have been given written consent by CAE to carry a weapon on the property.

Any employee disregarding this policy will be subject to disciplinary action, up to and including immediate termination.

Housekeeping

Neatness and good housekeeping are signs of efficiency. You are expected to keep your work area neat and orderly at all times - it is a required safety precaution.

If you spill a liquid, clean it up immediately. Do not leave tools, materials, or other objects on the floor which may cause others to trip or fall. Keep aisles, stairways, exits, electrical panels, fire extinguishers, and doorways clear at all times.

Please put all litter and recyclable materials in the appropriate receptacles and containers. Always be aware of good health and safety standards, including fire and loss prevention.

Please report anything that needs repairing or replacing to your supervisor or manager immediately.

Office Safety

Office areas present their own safety hazards. Please be sure to:

- Leave desk, file or cabinet drawers firmly closed when not in use.
- Open only a single drawer of a file cabinet at a time.
- Arrange office space to avoid tripping hazards, such as telephone cords or calculator electrical cords.
- Remember to lift things carefully and to use proper lifting techniques.

Property and Equipment Care

It is your responsibility to understand the machines needed to perform your duties. Good care of any machine that you use during the course of your employment, as well as the conservative use of supplies, will benefit you and CAE. If you find that a machine is not working properly or in any way appears unsafe, you must notify your supervisor or manager immediately so that repairs or adjustments may be made. Never start or operate a machine you deem unsafe, do not adjust or modify the safeguards provided. (Rev. 08-01-05)

Do not attempt to use any machine or equipment you do not know how to operate. Do not use any machine or equipment before successfully completing the training on the proper use of the machine or equipment. (Rev. 08-01-05)

Safety Rules When Operating Machines and Equipment

When operating machines and equipment, please be sure to follow these procedures:

- Make sure machine guards are in place while machines are in operation.
- Remove loose clothing, jewelry or rings before operating machinery.
- Wear steel toe shoes and prescription eye protection, if required.

Required personal protective equipment, except for prescription glasses and steel toe shoes, will be issued to you by your supervisor or manager.

You are expected to work safely, to observe all safety rules and to keep the premises clean and neat. Remember that carelessly endangering yourself or others may lead to disciplinary action, up to and including, termination.

Separation of Employment

Insurance Continuation Privileges

In the event of your termination of employment with CAE or you or your dependents otherwise lose eligibility to remain covered under our group health insurance program, you and your eligible dependents may have the right (under COBRA or state laws) to continued coverage under our group health insurance program for a limited period of time at your own expense. Consult your supervisor or manager for details.

Return of Company Property

Any CAE property issued to you, such as computer equipment, keys, parking passes or company credit card must be returned to CAE at the time of your termination. You will be responsible for any lost or damaged items. The value of any property issued and not returned may be deducted from your paycheck, and you may be required to sign a wage deduction authorization form for this purpose.

Providing References/Disclosing Employee Information

Any employee receiving any request for information of any nature about another employee, a former employee or an applicant for employment (such as, but not limited to, reference requests) must refer the request to the Human Resources Manager. Employees are PROHIBITED from disclosing or discussing any information concerning current or former employees or applicants for employment.

Any employee violating this policy will be subject to discipline, up to and including immediate termination from employment.

Workplace Policies

Communications

You need to stay aware of changes in procedures, policies and general information. CAE utilizes bulletin boards, e-mail, intranet, newsletters, staff meetings and other methods to convey information to employees. Please pay attention to communications from CAE.

Computer Software (Unauthorized Copying)

Computer software (e.g. Microsoft Word, Excel, Lotus 1-2-3, WordPerfect, etc.) is protected by United States copyright law. When computer software is purchased, the purchaser is buying the right to use the software in accordance with the terms of the publisher's licensing agreement. This means that you do not "own" the software and, generally, that you may not copy it, resell it, or give it to another person to use. Most software license agreements do, however, allow the purchaser to make one backup copy. Any software duplication outside the limitations of a publisher's license agreement is a violation of the United States copyright law.

Except where a "right-to-copy" agreement has been negotiated with a software publisher, it is generally illegal to make a copy of a program and transfer it to another computer (or network) so that it can be used on more than one computer at the same time. It is also generally illegal for anyone to copy an original program diskette and give that copy to someone else to use even if the original program diskette is not copy-protected.

It is the policy of CAE that there be no illegal copying, distribution, reverse assembly, reverse compiling, translation or alterations to computer software used at CAE, whether on PC's or CAE's network. It is also against CAE policy for any employee to load unauthorized software onto CAE's computers. In addition, software may not be given to any third party (including, family and friends) or transferred or made available electronically over a timesharing service, network or other system that provides access to multiple users unless a proper license (such as a network license) has been obtained.

If you need to use CAE software at home, you must first consult with the Site Manager or the Program Manager before removing the software from CAE's premises to be sure the license for that software permits home use.

No software shall be installed on any CAE computers or other equipment unless approved and installed by the Site Manager or the Program Manager. Any unapproved software can be removed by CAE without notice or warning.

Remember:

1. CAE licenses the use of computer software from a variety of outside companies. CAE does not own this software or its related documentation and, unless authorized by the software manufacturer, does not have the right to reproduce it.
2. With regard to use on local area networks or on multiple machines, CAE employees shall use the software only in accordance with the software publisher's license agreement.
3. CAE employees learning of any misuse of software or related documentation within the company must notify their supervisor or manager.
4. According to the U.S. Copyright Law, illegal reproduction of software can be subject to civil damages and criminal penalties, including fines and imprisonment. CAE employees who make, acquire or use unauthorized copies of computer software shall be subject to discipline, which may include termination.

If you have any questions about a software package's license agreement, about software installation or compliance with this policy, please contact the Site Manager or the Program Manager.

Communications and Information Systems

CAE provides a variety of communications and information equipment, systems, networks, software and other information and communications-related devices and resources, including computers, internet access, electronic mail (e-mail), facsimile machines, pagers, telephones and voice mail (collectively, "Communication/Information Systems"), in order to aid employees of CAE in the performance of their duties. All Communication/Information Systems (a) are the property of CAE, or are used pursuant to a license granted to CAE, and (b) are to be used only in connection with an employee's duties as an employee of CAE and in accordance with this policy.

PROHIBITED USE

Communication/Information Systems are to be used for CAE business purposes only and are not to be used:

- for any illegal, fraudulent or unauthorized purpose;
- to send (upload), receive (download), file, archive, store, distribute, edit, record or post any messages, files, pictures or other materials that are derogatory, defamatory, discriminatory, obscene, pornographic, offensive or otherwise inappropriate and/or which are intended to harass, threaten or intimidate another person.
- in connection with the theft or unauthorized use of another person's data, files, resources, facilities, equipment, software, systems or other intellectual property, including, without limitation, to send (upload) or receive (download) copyrighted materials, trade secrets, proprietary financial information, or similar materials without prior authorization.;
- in connection with, or in an attempt to gain, unauthorized access to data, files, resources, facilities, equipment, software, or systems, including, but not limited to, unauthorized (a) use of another person's account, system, user-ID, or password, (b) use of computer programs to decode another person's passwords or to access another person's control information, and/or (c) attempt to circumvent or subvert any system or network security measures;
- to intentionally (a) create, distribute or activate any computer virus or worm, (b) disrupt network traffic, (c) erase, harm or otherwise damage data, files, systems, networks and/or material stored thereon, and/or (d) degrade or disrupt equipment or system performance;

- to solicit for commercial ventures, religious or political causes, outside organizations, or other non-job related solicitations.

ACCESS

CAE has the right to restrict and/or terminate an employee's access to Communication/Information Systems, including network privileges and/or access to the internet, at any time for any reason.

INTERNET

At some CAE work sites, employees are provided access to the internet, with the intention of increasing productivity. While access to the internet has the potential to help you do your job faster or smarter, there is the potential for misuse. Such misuse can waste time and potentially violate laws.

CAE provided internet access is for CAE business use only. Employees are not to use company provided internet access for non-work-related reasons. Only business related web sites may be accessed while using CAE computers. Accordingly, employees should avoid browsing or "surfing" the "Web" on company time or otherwise using CAE facilities and equipment to access the internet for other than CAE business within the scope of their job responsibilities. Without limiting the foregoing, employees are not to use the internet to:

- access, distribute, or disseminate pornographic or other offensive materials;
- participate in illegal activities, such as on-line gambling or "Ponzi" schemes;
- post information that may tend to disparage or harass others;
- post a "home page" or otherwise disseminate information that suggests CAE is the source or which relates to CAE unless authorized in writing by the Human Resources Manager; or
- download or distribute pirated software or data (any software or files downloaded via the internet may be used only in ways that are consistent with their license or copyrights).

INFORMATION (COMPANY PROPERTY; ACCESS; MONITORING)

All information and other materials contained in CAE Communication/Information Systems are considered CAE property. Employees shall not be entitled to any right, title or interest (including any copyrights, trademarks, trade secrets, patents, moral rights and similar

rights) in and to any files, messages, and other material authored, created, developed or otherwise placed in or on Communication/Information Systems.

CAE's Communication/Information Systems are **not private** even if passwords or other security measures are used, and there is no assurance of privacy or confidentiality. CAE will have access to, and reserves the right to access and monitor (including, without limitation, recording), all CAE Communication/Information Systems and to examine, retrieve and review any and all data, information, messages and other materials sent, received or stored therein or thereon (including, without limitation, all e-mail messages sent or received by any employee, voice mail left or stored in CAE's voice mail system, and internet usage). CAE reserves the right to use, edit, delete or remove any data, information, messages and other materials in CAE's Communication/Information Systems.

Any data, information or materials that an employee does not want to have accessed, examined or monitored should not be processed on, disseminated by or stored in CAE's Communication/Information Systems.

VIRUSES

Viruses can seriously damage CAE's Communication/Information Systems. To prevent viruses from infecting Communication/Information Systems, CAE requires that all floppy and other computer disks brought to CAE's premises be scanned for viruses *before* working with the disks or copying the contents of the disk to the hard drive, network or other Communication/Information Systems. If you are going to use a disk received from an outside source or which was used outside CAE's premises, please see the Site Manager or the Program Manager to have the disk checked for viruses. In addition, no information is to be downloaded from the Internet directly to CAE's network or the hard drive of your computer. Any information downloaded from the Internet must first be downloaded to a floppy disk and scanned for viruses as set forth above.

POLICY VIOLATIONS

Any violation of this policy is grounds for CAE to (a) take disciplinary action against the employee (including termination of employment), (b) revoke and/or restrict the employee's use of or access to Communication/Information Systems (including restricting networking privileges and/or access to the Internet), and/or (c) initiate legal action against the employee and/or other persons who may be involved.

Dress and Personal Appearance

A neat, tasteful appearance contributes to the positive impression you make on our customers and greatly enhances our company image. Employees are expected to dress and groom appropriately for a business setting and for their positions. In some cases, working at some CAE worksites may require the wearing of protective clothing (such as a white lab coat, etc.). When working at a customer's site, please dress appropriately and in accordance with the customer's requirements.

Employees who are inappropriately attired and/or groomed may be asked to leave the workplace until properly attired and/or groomed or may be subject to other disciplinary action.

DRUG AND ALCOHOL POLICY

Drug-Free Workplace

CAE's employees are CAE's most valuable resource and, as such, CAE is concerned with their health and safety. Employees who use illegal drugs or abuse other controlled substances or alcohol, on or off duty, tend to be less productive, less reliable, and prone to greater absenteeism, which results in, among other things, increased costs to CAE, delays in completing projects and risk to CAE's business, as well as to the safety of its employees. Accordingly, CAE will not tolerate any drug or alcohol use by its employees which imperils the health and well-being of its employees and/or is detrimental to or threatens CAE's business.

CAE is therefore committed to maintaining a safe, healthy and productive workplace free from the influences of alcohol and drugs and has adopted this policy to achieve this goal. Further, a drug-free and alcohol-free work environment will be maintained to ensure the reputation of CAE and to instill confidence in the quality of its services and business within the community-at-large.

In addition, CAE, as a contractor on federal government contracts, is obligated to and will comply with and enforce the requirements of the Drug-Free Workplace Act of 1988 and any applicable regulations issued by government agencies with respect to alcohol and/or drug use. CAE is or may also be required to comply with alcohol and/or drug policy and/or testing requirements specified in contracts with government agencies and other companies or organizations to which CAE provides service. CAE will comply with and enforce these contractual requirements with respect to alcohol and/or drugs.

Policy

1. The unlawful manufacture, distribution, dispensation, possession or use of illegal drugs or controlled substances on CAE's premises, at job-sites or elsewhere while working or on CAE business is prohibited.
2. The use or possession of alcohol on CAE's premises, at job-sites or elsewhere while working or on CAE business is prohibited.
3. Reporting to work and/or working under the influence of illegal drugs, controlled substances or alcohol is prohibited.
4. The use of alcohol or drugs by an employee off CAE premises that adversely affects or jeopardizes the employee's work performance, his/her own or another's safety or CAE's reputation or business is prohibited.

5. An employee taking prescription medication that may affect the employee's physical or mental abilities or faculties or using any controlled substance that has been legally prescribed by a licensed physician should report this to the Site Manager or the Program Manager.

6. CAE reserves the right to examine, inspect or search at any time and without notice any and all CAE property and the contents therein or thereon, including, without limitation, desks, offices, cabinets, lockers and storage compartments. No employee has the right to interfere with or prevent such examinations, inspections or searches of CAE property based on expectations of privacy or otherwise. Any items that an employee does not want to have examined, inspected or searched should not be brought to the workplace.

7. Any employee receiving a conviction under any criminal drug statute for a violation committed or occurring in the workplace must notify CAE within five (5) days of such conviction; any such conviction may be deemed a violation of this Drug and Alcohol Policy.

Policy Violations

For any violation of this Drug and Alcohol Policy, CAE, in its sole discretion, may subject the offending employee to disciplinary action, **UP TO AND INCLUDING IMMEDIATE TERMINATION OF EMPLOYMENT.**

Drug and Alcohol Testing

Because of CAE's strong concern for workplace, on-the-job and public safety, CAE, in its sole discretion, may require any employee to undergo urinalysis or other drug or alcohol screening in any of the following circumstances:

- whenever CAE suspects or has reason to believe that an employee's work performance or on-the-job behavior may have been affected in any way by drugs or alcohol;
- when an employee is involved in, causes or contributes to a workplace or other on-the-job accident or potential accident in which personal injuries or property damage occur or the potential for personal injury or property damage existed, even if the employee does not exhibit observable symptoms of being under the influence; and/or
- when required by its contracts with its customers;
- at random, periodically and at unannounced times; and/or
- as part of a blanket test of all or any portion of CAE's employees.

The above should not be construed as a complete list of when, or the only times under which, testing/screening may occur.

An employee's consent to submit to drug and alcohol testing/screening is a material condition of employment. An employee's refusal to give such consent or undergo testing may result in disciplinary action, **up to and including immediate termination of employment**, at the sole discretion of CAE.

In cases where a drug or alcohol test/screen indicates illegal or improper drug or alcohol use, CAE, in its sole discretion, will impose disciplinary action on the employee, **up to and including immediate termination of employment**.

Treatment and Counseling:

CAE strongly encourages employees with alcohol or substance abuse problems to seek treatment and counseling. It is the responsibility of each employee to seek assistance before alcohol and drug problems lead to disciplinary action (which may include termination or employment) for violations of CAE's Drug and Alcohol Policy.

Gifts

Advance approval from management is required before an employee may accept or solicit a gift of any kind from a customer, supplier or vendor representative. Employees are not permitted to give unauthorized gifts to customers or suppliers, except for certain promotional "premiums" (such as t-shirts, coffee mugs, pens or key chains) imprinted with the CAE logo.

Personal Use of Company Property

In some instances, employees may be allowed to borrow certain of CAE's tools or equipment for their own personal use while on our premises. In no instance may this be done off our premises, or without prior management approval. You understand and agree that CAE is not liable for personal injury incurred during the use of company property for personal projects. As a CAE employee, you accept full responsibility for any or all liabilities for injuries or losses which occur, or for the malfunction of equipment. You are responsible for returning the equipment or tools in good condition and you agree that you are required to pay for any damages that occur while using the equipment or tools for personal projects.

Relatives

Generally, family members employed by CAE may not work at the same work site nor may one family member supervise another family member. Should one of these situations occur and the employees are unable to develop a workable solution, the Managing Officer of CAE or the Program Manager will determine an appropriate solution, which may include the transfer or termination of one of the employees. Family members include the employee's spouse, child, parent, parent-in-law, grandparent, grandparent-in-law, granddaughter, grandson, daughter-in-law, son-in-law, step-parent, brother, sister, brother-in-law, sister-in-law, daughter or son of the employee's spouse, and any relative living in the household of the employee.

Should two employees who work together or supervise each other enter into a personal, non-work related relationship, one or both employees may have to be transferred.

Service Awards

CAE honors its long-time employees by presenting service awards. Service awards are presented to employees who have completed two (2), five (5), ten (10), fifteen (15), twenty (20), and twenty-five (25) years of service.

Solicitations and Distributions

Solicitation for any cause during working time and in working areas is not permitted. You are not permitted to distribute non-company literature in work areas at any time. Working time is defined as the time assigned for the performance of your job and does not apply to break periods and meal times. Employees are not permitted to sell chances, merchandise or otherwise solicit or distribute literature without management approval.

Persons not employed by CAE are prohibited from soliciting or distributing literature on company property or from being on CAE property for such purposes.

Standards of Conduct

Whenever people gather together to achieve goals, some rules of conduct are needed to help everyone work together efficiently, effectively, and harmoniously. By accepting employment with us, you have a responsibility to CAE and to your fellow employees to adhere to certain rules of behavior and conduct. In most cases your own good judgment will tell you the right thing to do. Conduct that interferes with operations discredits CAE, or is offensive to those doing business with us, visitors or fellow employees, however, will not be tolerated.

All employees are expected to conduct themselves and behave in a manner which is conducive to the safe and efficient operation of CAE. Such conduct includes:

- reporting to work punctually as scheduled;
- notifying your supervisor in advance if you will be absent from work or unable to report for work on time;
- complying with all CAE policies and safety rules;
- wearing appropriate attire;
- treating all persons with whom CAE does business, visitors, and fellow employees in a courteous manner; and
- refraining from behavior or conduct deemed offensive or undesirable.

Unacceptable Behavior

Set forth below are examples of the type of behavior that is not permitted and to guide employees in their actions while at work; it is not possible to list all the forms of behavior that are considered unacceptable in the workplace. If you have any questions concerning appropriate behavior, please ask your supervisor or manager.

If you observe, become aware of, or are subject to inappropriate conduct, this should be promptly reported to your supervisor or manager.

CAE reserves the right to impose on employees who engage in improper conduct or behavior any form of discipline CAE deems appropriate, in its discretion, up to and including immediate termination of employment.

The following are examples of improper conduct/unacceptable behavior:

1. Violating any policy set forth in this Employee Manual, including, without limitation, The CAE's nondiscrimination (including use of discriminatory remarks against any person), sexual harassment, information and communications systems and drug and alcohol policies (including reporting to work while under the influence of alcohol or illegal drugs or bringing, possessing or using alcohol or illegal drugs on CAE property or while on CAE business).
2. Violation of any company rule; any action that is detrimental to CAE's efforts to operate profitably.
3. Violation of security or safety rules or failure to observe safety rules or CAE safety practices; failure to wear required safety equipment; tampering with CAE equipment or safety equipment.
4. Negligence or any careless action which endangers the life or safety of another person.
5. Unauthorized possession of firearms, weapons or explosives on company property or while on duty.
6. Engaging in criminal conduct or acts of violence or making threats of violence toward anyone on company premises or when representing CAE; fighting, or provoking a fight on company property, or negligent damage of property.
7. Insubordination or refusing to obey management instructions.
8. Threatening, intimidating or coercing fellow employees.
9. Engaging in an act of sabotage; negligently causing the destruction or damage of company property, or the property of fellow employees, customers, suppliers, or visitors in any manner.
10. Theft or unauthorized possession of company property or the property of fellow employees; unauthorized possession or removal of any company property, including documents, from the premises without prior permission from management; unauthorized use of company equipment or property for personal reasons; using company equipment for personal profit.
11. Dishonesty; falsification or misrepresentation on your application for employment or other work records; lying about sick or personal leave; falsifying reason for a leave of absence or other data requested by CAE; alteration of company records or other company documents.

12. Violating non-disclosure agreements; giving confidential or proprietary CAE information to competitors or other organizations or to unauthorized CAE employees; working for a competing business while a CAE employee; breach of confidentiality of personnel information.
13. Immoral conduct or indecency on company property.
14. Conducting lottery or gambling on company premises.
15. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your supervisor or manager.
16. Leaving work before the end of a workday or not being ready to work at the start of a workday without approval of your supervisor or manager; stopping work before time specified for such purposes.
17. Sleeping or loitering during working hours.
18. Excessive use of company telephone for personal calls.
19. Smoking in restricted areas or at non-designated times.
20. Creating or contributing to unsanitary conditions.
21. Posting, removing or altering notices on any bulletin board on company property without the permission of an officer of CAE.
22. Failure to report an absence or late arrival; excessive absence or lateness.
23. Obscene or abusive language toward any manager, employee or customer, indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on company premises.
24. Speeding or careless driving of company vehicles.
25. Failure to immediately report damage to, or an accident involving, company equipment.
26. Failure to use your time sheet; alteration of your own time sheet or records or attendance documents; punching or altering another employee's time sheet or records, or causing someone to alter your time sheet or records.

Disciplinary Actions

CAE reserves the right to impose any form of discipline it deems appropriate for unsatisfactory performance, violations of CAE policy, inappropriate conduct or behavior or other reasons. Forms of discipline that may be imposed include, but are not limited to, the following, any of which may be imposed independent of any other form of discipline:

- Verbal warning
- Written warning
- Suspension with or without pay
- Termination of employment

Violence in the Workplace

CAE prohibits workplace violence. Acts or threats of violence by or which involve or affect any CAE employee will not be tolerated, whether actual physical contact or intimidation, harassment, and/or coercion and whether on or off CAE's premises or work sites.

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

1. Hitting or shoving an individual.
2. Threatening an individual or his/her family, friends, associates, or property with harm.
3. Intentional destruction or threatening to destroy CAE's property.
4. Making harassing or threatening phone calls.
5. Harassing surveillance or stalking (following or watching someone).
6. Unauthorized possession or inappropriate use of firearms or weapons.

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

If you observe, become aware of or are subject to acts or threats of violence, this should be promptly reported to your supervisor or manager.