
Employee Handbook

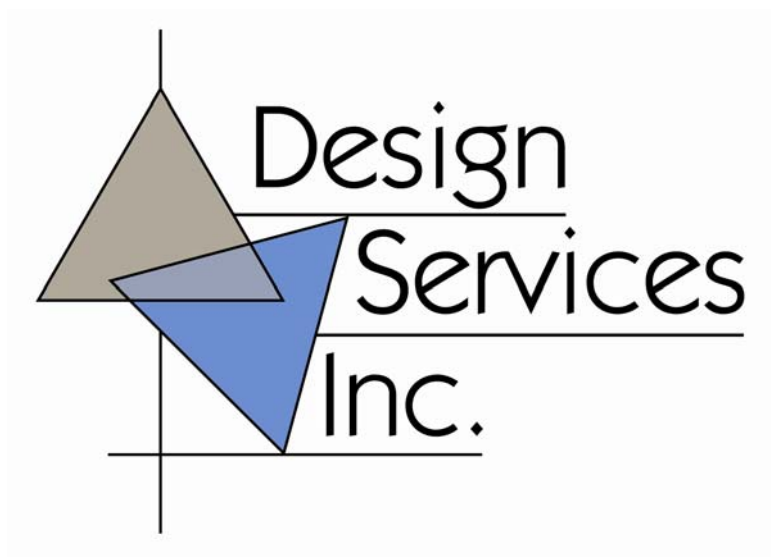


Table of Contents

| | | |
|------------|-------|--|
| 100 | | Introduction |
| 101 | ..... | Welcome Message |
| 102 | ..... | Purpose of Handbook |
| 103 | ..... | Changes or Modifications |
| 200 | | Employment Matters |
| 201 | ..... | Employment AT Will |
| 202 | ..... | Human Resources |
| 203 | ..... | Change in Status |
| 204 | ..... | The Americans with Disabilities Act(ADA) |
| 205 | ..... | Non-Discrimination Policy |
| 206 | ..... | AIDS Policy |
| 207 | ..... | Anti-Harassment Policy |
| 208 | ..... | Sexual Harassment |
| 209 | ..... | Probation Period |
| 210 | ..... | Performance Appraisals |
| 211 | ..... | Separation from Employment |
| 212 | ..... | Employment of Relatives |
| 300 | | Employee Classifications |
| 301 | ..... | Full-Time Regular Employees |
| 302 | ..... | Part-Time Regular Employees |
| 303 | ..... | Part-Time Regular Supplemental Employees |
| 400 | | Work Day |
| 401 | ..... | Work Schedules |
| 402 | ..... | Lunch and Break Periods |
| 403 | ..... | Emergency Weather Closing |
| 500 | | Absence Policies |
| 501 | ..... | Tardiness |
| 502 | ..... | Sick Leave Policy |
| 503 | ..... | Personal Leave |
| 504 | ..... | Military Leave of Absence |
| 505 | ..... | Jury Duty |
| 506 | ..... | Bereavement |
| 507 | ..... | Other Absences |
| 600 | | Compensation |
| 601 | ..... | Pay Period |
| 602 | ..... | Payroll Deductions |
| 603 | ..... | Complaint Procedure for Improper Salary Deductions |
| 604 | ..... | Time Records |
| 605 | ..... | Overtime Pay |
| 606 | ..... | Banked Hours |

Table of Contents

| | | |
|-----------------|---|------------------------------------|
| 700 | | Employee Benefits |
| 701 | Medical Insurance | |
| 702 | Dental Insurance | |
| 703 | Continuation of Benefits | |
| 704 | Holidays | |
| 705 | Vacation | |
| 706 | Workers' Compensation | |
| 707 | Unemployment Insurance | |
| 708 | Social Security | |
| 709 | 401K Benefits | |
| 710 | Sam's Club Membership | |
| 711 | Bonuses | |
| 712 | Profit Sharing | |
| 713 | Education Opportunities | |
| 800 | | Safety and Security |
| 801 | Work Area Maintenance | |
| 802 | Company Property and Supplies | |
| 803 | Office Environment | |
| 900 | | Company Policies/Procedures |
| 901 | Mission Statement | |
| 902 | Philosophy of Working Together | |
| 903 | Open Door Policy | |
| 904 | Personal Appearance | |
| 905 | Misrepresentation | |
| 906 | Telephone Use | |
| 907 | Noise Control | |
| 908 | Unauthorized Work | |
| 909 | Smoking Policy | |
| 910 | Violence in the Workplace Policy | |
| 911 | Confidentiality | |
| 912 | Rules of Conduct in Office or On-Site | |
| 913 | Disciplinary Action | |
| 914 | Parking and Mileage | |
| 915 | Travel | |
| 916 | Responsibility for Other Procedural Standards | |
| 917 | Substance Abuse | |
| 918 | Gifts | |
| 1000 | | Communication Procedures |
| 1001 | Solicitation or Distribution of Literature | |
| 1002 | E-mail Policy | |
| 1003 | Internet Policy | |
| APPENDIX | | FORMS |
| | Time Sheet | |
| | Expense Sheet | |
| | Vacation/Personal/Sick Time Request Form | |
| | Sexual Harassment Complaint Form | |
| | Status Change Form | |
| | Employee Performance Review Form | |
| | Employee Self Review Form | |

100 INTRODUCTION

101 Welcome Message

Welcome to our Company! We are pleased that you are part of our team and hope that you take pride in sharing our commitment to provide the highest quality of service to our customers. We hope that your experience here will be challenging, enjoyable and rewarding.

102 Purpose of Handbook

The purpose of this Handbook is to communicate the policies and practices of the Company relating to employee benefits, job classifications, rules and regulations, pay policies and personnel practices.

103 Changes or Modifications

The Company reserves the right to interpret, change or modify any section of this Handbook. The employee benefits, personnel policies, Company procedures and rules of this Handbook remain in effect until either changed or modified by the Company.

200 EMPLOYMENT MATTERS

201 Employment AT Will

This Employee Handbook is not a contract of employment and does not alter the employment-at-will relationship under New York State laws. Any employee may terminate his or her employment with the Company, at any time, with or without any reason. In addition, the Company may terminate the employment of any of its workers at any time without any reason. Benefits and general policies set forth herein are subject to change at the discretion of the Company with or without notice. Any other employment agreement must be in writing and authorized by the President of the Company.

202 Human Resources

All new employees are required to complete any forms requested by the Company. These forms are kept as a part of each employee's personnel file and may be reviewed during active employment with the Company by submitting a request to your Supervisor/Manager. This review will take place in the employer's offices and in the presence of the individual appointed by the employer to maintain the file.

The forms for the employees' records include, but are not limited to, the following: the Employment Application, all Federal and State withholding tax forms, Immigration Form I-9, and any other necessary authorizations. All formal communications with respect to an employee's position at the Company become a permanent part of the personnel file.

203 Change in Status

Employees are responsible for keeping the personal information in their personnel file up to date. Change of name, address, telephone number, personal status, information concerning dependents, beneficiary designations and individuals to notify in case of emergency are very important for insurance and tax purposes and must be reported immediately. Employees should notify their immediate Supervisor/Manager within one (1) week when changes occur in any of these or other related matters. The Supervisor/Manager will forward these changes to the Human Resources Department. The Company will not be responsible for any errors that may occur for failure to update this information.

204 The Americans with Disabilities Act (ADA)

The Company does not discriminate against qualified individuals with a disability who, with or without reasonable accommodation, can perform the essential functions of the employment position that such individual holds or desires. Specifically, it is the Company's policy to hire, promote, and maintain, conditions and privileges of employment in a manner which does not discriminate on the basis of a qualified individual's disability.

205 Non-Discrimination Policy

The Company is an equal employment opportunity employer and does not discriminate against an employee or applicant on the basis of race, creed, color, sex, age, marital status, disability, religion, national origin, veteran status, sexual orientation or any other characteristic protected by applicable state laws.

206 AIDS Policy

The Company believes that all employees have the right to work in an environment free from discrimination. Accordingly, we protect employees with HIV or AIDS and provide information regarding AIDS to all employees. In addition, we provide guidelines for situations that may arise

where AIDS is an issue. The Company strives to promote a workplace where all employees can work to the best of their abilities.

MEDICAL INFORMATION

By providing medical facts regarding AIDS, the Company hopes to address any fears employees may have regarding contact with a worker with HIV or AIDS. We hope education will help all employees better understand HIV and AIDS and be compassionate towards their fellow employees who have been diagnosed with HIV or AIDS.

HIV is the virus that causes AIDS. Most people who have HIV will eventually develop AIDS, a disease that weakens the immune system and renders a person's body unable to protect itself against infections. The time elapsed between infection with HIV and development of full-blown AIDS can vary from a few years to over 15 years, though, in a few cases, an HIV-infected person will not develop AIDS at all.

HIV is transmitted only through direct, intimate contact with infected bodily fluids. Sexual contact with an infected person, using infected hypodermic needles, receiving infected bodily fluids during a medical procedure (or the use of infected instruments during a medical procedure), the transmission of the virus from a pregnant mother to her child, and drinking the breast milk of an infected woman are ways in which a person may contract the virus.

People do not contract the virus by using the same restroom facilities, sharing a phone, breathing the same air, working at the same terminal, sharing a drinking cup or cigarette, kissing, hugging, or shaking hands. In other words, working with an infected person poses no significant threat to uninfected employees.

EMPLOYEE RIGHTS and CONFIDENTIALITY

The Federal Americans with Disabilities Act protects persons with HIV or AIDS, as do many state laws. **Employees do not have any obligation to disclose their HIV or AIDS condition to their employers.** Should an employee, however, need reasonable accommodations as a result of his/her condition, s/he must inform the employer. In such a case, the company will act according to a need-to-know basis, only those who must know about the employee's HIV/AIDS condition will be notified about it.

Like any other employee with a disability, employees with HIV or AIDS are entitled to reasonable accommodations to fulfill their jobs. Such accommodations may include transfers, reduction of duties, etc. A physician statement that verifies both the employee's ability to work as well as the need for the specific accommodation must accompany a request for that accommodation. The Company will then review the request and make a final decision, and we reserve the right to request a second medical opinion from a physician of our choice. If a healthy employee refuses to work with an employee with HIV or AIDS, that employee will be granted reasonable accommodation (such as a transfer) if s/he can provide a physician statement which asserts that such an accommodation is medically necessary. The Company reserves the right to request a second medical opinion from a physician of our choice.

Harassment of HIV or AIDS infected employees will not be tolerated. Such acts will result in appropriate disciplinary action.

207 Anti-Harassment Policy

The Company expects every person in its organization to be treated with fairness, respect, and dignity. The Company will not tolerate harassment or discrimination of any kind.

If any applicant or employee believes he/she has encountered any kind of harassment or discrimination from a co-worker, supervisor, customer, client or visitor, the employee should report the conduct to his/her Supervisor/Manager of his/her division. All complaints of

harassment will be investigated discreetly and promptly. Your employment with the Company will not be affected by bringing this matter to the attention of Management, as the Company prohibits all unlawful retaliation against employees complaining of harassment or discrimination.

208 Sexual Harassment

While all forms of harassment are prohibited, Company has an explicit policy prohibiting the sexual harassment of its employees. Specifically, sexual harassment means unwelcome sexual advances, requests for sexual favors, and/or other verbal or physical conduct of a sexual nature when any/all of the following conditions exist:

- *Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; or,*
- *When submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting that individual; or,*
- *Such conduct has the purpose or effect of interfering unreasonably with an individual's work performance or is creating an intimidating, hostile, or offensive working environment.*

Each Supervisor/Manager has the responsibility to maintain a workplace free of any form of sexual harassment. That means that no Supervisor/Manager shall threaten or insinuate, either explicitly or implicitly, that an employee's refusal to submit to sexual advances will adversely affect the employee's employment, wages, advancement, assigned duties, or any other condition of employment or career development.

The responsibility for maintaining a workplace free of any form of sexual harassment is not limited to Supervisor/Managers. All employees, supervisory or non-supervisory, vendors, or suppliers are prohibited from engaging in conduct including, but not limited to:

- *Sexual flirtations, touching, advances, or propositions;*
- *Verbal abuse of sexual nature (e.g., swearing, jokes or comments of a sexual nature, etc.);*
- *Graphic or suggestive comments about an individual's dress or body;*
- *Using sexually degrading words to describe an individual; and/or*
- *Displaying sexually suggestive objects or pictures in the workplace, including photographs or posters.*

If an employee believes that the actions or words of a supervisor, a manager or fellow employee constitute unwelcome sexual harassment, he/she has a responsibility to report that behavior to his/her immediate Supervisor/Manager or President. All complaints of harassment will be investigated discreetly and promptly. Any employee or Supervisor/Manager who, after investigation, is found to have engaged in sexual harassment will be subject to appropriate disciplinary action, up to including termination.

Any employee who makes management aware of sexual harassment activities will not suffer adverse job consequences as a result of a complaint.

209 Probation Period

There is a ninety-day probation period for all new employees. The purpose of this period is to give the employee a chance to become familiar with his/her job as well as allow the Supervisor/Manager an opportunity to evaluate work performance in accordance with established standards. Just prior to the expiration of the probation period, employees will receive a performance review from their Supervisor/Manager. The Supervisor/Manager will recommend either removal from probation status, if the employee has met the job requirements; extension of

probation status with further training, if the employee has not met the job requirements and their performance is unacceptable, termination from employment.

210 Performance Appraisals

Employees will be reviewed on a formal or informal basis based upon the needs of the particular department. In addition, employees are reviewed on a periodic basis throughout their career. If their work is unsatisfactory, they will be given written notice and time frame to improve. Failure to improve, may result in termination.

211 Separation from Employment

Employees who voluntarily resign are asked to file a written resignation with their Supervisor/Manager at least two (2) weeks prior to the date on which the resignation is to go into effect. This assists the Company in finding a suitable replacement and in maintaining a high level of customer service.

Any employee who fails to report to work for two (2) consecutive days without proper notification and/or authorization will be considered to have voluntarily resigned from the Company.

Final paychecks for separated employees are issued on the next scheduled pay date and are mailed to the separated employees.

212 Employment of Relatives

The hiring of relatives of employees will be considered as long as they are not hired into positions where they may be directly supervised by a relative. The final approval of the hiring of relatives of employees rests with Company management.

300 EMPLOYEE CLASSIFICATIONS

301 Full-Time Regular Employees

Non-Exempt

*Full-time (Non-Exempt) regular employees are hired to work forty hours per week. Depending on the job category, these employees are paid on either a salaried basis or an hourly basis. These employees are eligible for overtime pay for those hours worked in excess of forty hours in a workweek **ONLY** with the approval of their supervisor. This would allow for their overtime hours to be paid one and a half of their regular rate.*

Exempt

Full-time (Exempt) regular employees are hired to work forty hours per week. Employees in this classification are paid on a salaried basis and are excluded from the overtime pay requirements of the federal and state wage and hour laws.

302 Part-Time Regular Employees

*Part-time (Non-Exempt) regular employees are employees who regularly work between ten and forty hours per week that help with overflow on a regular basis. Part-time regular employees are paid hourly and are eligible for overtime pay for over forty hours worked in a workweek **ONLY** with the approval of their supervisor. This would allow for their overtime hours to be paid one and a half of their regular rate.*

303 Part-Time Regular Supplemental Employees

Part-time supplemental (Non-Exempt) employees are employees who regularly work less than twenty hours per week and are typically hired to work on an intermittent basis during summer months or for special projects. Part-time supplemental employees are paid hourly and are eligible for overtime pay for over forty, (40), hours worked in a workweek. These employees are usually not able to participate in the company's regular benefits package.

400 WORK DAY

401 Work Schedules

Our Company has the policy of flex working hours. Normal working hours can start as early as 7:00 AM and include eight working hours, excluding a lunch break. Employees that want to work their eight hours ending later than 5:00 PM must make sure that another person who has possession of a key to the office for the purpose of locking up the office is staying too. Otherwise, the employees should be working no later than 5:00 PM.

402 Lunch and Break Periods

The employee has the option of taking a 30-minute, 45-minute, or 60-minute lunch break. Their workday should be adjusted to working 8 hours total per day.

Employees may be allowed two-paid break periods of up to fifteen minutes for every four hours of an eight-hour workday.

403 Emergency Weather Closing

Employees will be advised via the media of any emergency weather closings if such closings occur prior to working hours. Their Supervisor will advise them if the closings occur during the workday. Non-Exempt employees are not paid when the work location is closed due to severe weather, they will be expected to make up the hours at a later date.

500 ABSENCE POLICIES

Every employee is important to the efficient operation of the Company. Absence and/or tardiness can create a hardship for the other employees and the Company's customers.

The following call-in procedures have been established for those employees who will be late or absent.

- 1. In the case of absence, employees must personally notify their Supervisor each day prior to the start of their workday so that arrangements can be made for someone else to pick up their work if needed. If the immediate Supervisor is not available when called, employees are required to speak to the next person in charge.*
- 2. In the case of tardiness, employees must personally notify their Supervisor before their scheduled starting time. Employees must state the reason for their lateness and the expected time of arrival.*
- 3. Failure to call in to report an absence or tardiness is a violation of the Company rules and will be recorded as an unauthorized absence or tardiness.*
- 4. In the case of an employee who must leave the premises for any reason during the regular workday, are required to notify their Supervisor prior to leaving the building.*

501 Tardiness

Tardiness may legitimately occur from time to time. However, chronic and habitual tardiness is not acceptable due to the unfair burden placed on the Company, its customers, and fellow employees. In the case of repeated tardiness, the employee may be required to submit evidence verifying the reason for the tardiness. If requested, failure to provide substantiation of the reason for your absence and/or tardiness will precipitate disciplinary action and may be cause for dismissal.

502 Sick/Personal Policy

The Company believes its staff to be responsible and professional and, therefore, operates on an "honor" system with respect to the use of sick leave. The Company allows for three paid sick/personal days per year. Time not used in the calendar year may not be carried over to the next calendar year. Unused sick leave will not be paid on termination of employment. Part-time employees are not paid for absences due to illness.

503 Personal Leave

The Company recognizes that in certain circumstances it may be necessary for an employee to be away from work beyond the period covered by sick pay or vacation. In such cases, the employee may request a personal leave in accordance with the following guidelines. It should be noted that personal leave is granted at the sole discretion of management.

- 1. Whenever possible, requests for personal leave must be submitted to the Supervisor in writing thirty days in advance. Requests must be approved by the Supervisor before the employee will be placed on authorized leave.*
- 2. Personal leave is a voluntary leave and is not due to illness.*
- 3. When the employee returns from personal leave of more than one month, the employee's amount of vacation will be prorated to reflect the period of absence.*
- 4. The Company makes no guarantee to any employee that a job will be available upon his/her return.*

504 Military Leave of Absence

A military leave of absence will be granted to employees who are absent from work in order to serve in the uniformed services of the United States. Employees who perform and return from service in the Armed Forces, the Military Reserves, the National Guard, or certain Public Health Service positions will retain certain rights with respect to reinstatement, seniority, lay-off, compensation, length of service promotion, and length of service pay increases as required by applicable federal or state law.

505 Jury Duty

The Company provides employees time off to fulfill their obligation when summoned for jury duty. The Company recognizes jury duty as a civic responsibility.

Employees are required to notify their supervisor and provide a copy of the summons to serve as soon as it is received. In addition, employees are requested to also submit proof of service supporting dates and time of attendance for jury service.

506 Bereavement

All full-time employees will be eligible for a maximum of three consecutive days of paid absence per death in the immediate family. A member of the immediate family is defined as: spouse, parent, child, brother, or sister.

507 Other Absences

All other absences are considered unauthorized. Failure to follow outlined attendance procedures could result in disciplinary action, up to and including dismissal.

600 COMPENSATION

601 Pay Period

The pay period for the Company is biweekly. Usually only one week will be withheld before a pay period ends. Our payroll specialist calls biweekly for the total of hours for each employee. If the Company does not have your time by the time of that phone call, you will only get paid the minimum hours for those two weeks.

The Company is pleased to provide our employees with the option of having their paychecks directly deposited to any local bank account specified by the employee.

602 Payroll Deductions

In compliance with government regulations, the Company deducts the required portion of each employee's pay for Federal, State and Social Security Tax. Any deductions requested by the employee for medical benefits, dental insurance, savings plans, or other employee authorized deductions, will be noted on the paycheck. All deductions are made on a payroll basis.

603 Complaint Procedure for Improper Deductions From Salary

It is the Company's policy to comply with the salary basis requirements of the Fair Labor Standards Act ("FLSA"). Therefore, we prohibit all company managers from making any improper deductions from the salaries of exempt employees. We want our employees to be aware of this policy and to know that the company does not allow deductions that violate the FLSA.

If you believe that an improper deduction has been made to your salary, you should immediately report this information to your direct supervisor. Reports of improper deductions will be promptly investigated. If it is determined that an improper deduction has occurred, you will be promptly reimbursed for any improper deduction made. Retaliation against employees using this complaint procedure is strictly prohibited.

604 Time Records

All employees are required to complete a weekly time sheet in order to receive payment for time worked and/or authorized paid leave taken. Employees have the responsibility to turn in their time sheets no later than Friday afternoon. If you don't have it in on time, 40 hours will be logged and any overtime will have to wait until the next pay period.

605 Overtime Pay

Dependent upon the workload, employees may be required to work overtime. Overtime is ONLY authorized by a Supervisor and paid to non-exempt employees at one and one-half times the regular rate for over forty hours worked in a given work week. Working overtime when required is a condition for continued employment. Exceptions to this policy are at the sole discretion of management. Supervisors will make every effort to give employees as much notice as possible if overtime is required. Any employee may get paid or they have the option of banking the hours for early dismissal at another time.

606 Banked Hours

Banked hours are hours worked over the normal forty hours but instead of getting paid overtime for those hours, the employee can use the time off whenever they would like, with regard to work schedules. This is usually up to the discretion of the employee. Not more than forty hours are to be banked at one time.

700 EMPLOYEE BENEFITS

The Company offers a comprehensive benefit package to all eligible employees. The benefit package has been designed to help protect the employee and his/her family against financial loss due to illness or injury, and to help employees plan for their retirement. Listed below is a brief outline of the benefits available to employees as well as the eligibility requirements.

The Company reserves the right to revise, amend or suspend any of its benefit programs with or without notice. Benefits provided by Company do not create a contract of employment.

After an employee has enrolled in his/her benefit plans, Summary Plan Descriptions are provided to them for the benefit plans in which they are enrolled. These documents should be considered the employees' primary reference for benefit questions.

701 Medical Insurance

Full time regular employees are eligible to enroll in Blue Choice Select Health Care after their probation period has expired. The cost for medical coverage is deducted from the employee's pay through payroll deduction. Coverage will become effective the first of the following month after the thirty day probation period has expired. The Company will pay 80% of the monthly premium and the remaining 20% will be automatically deducted from the employee's pay.

Employees may enroll in individual or family coverage. If authorized by the employee, such premium payments are automatically deducted from the employee's pay on a pre-tax basis.

Part-time regular employees and supplementary employees are not eligible to participate in the Medical coverage of the Company.

In order to maintain plan qualification, the Company complies with both IRS and health insurance plan regulations which allow a change of election only during an open enrollment period (usually each January 1st) or based on a significant change in family status (i.e.; marriage, birth, death of a dependent or loss of coverage by dependents) at any time during the plan year, subject to timely notification.

Medical Coverage During Short Term Disability Leave:

While an employee is on disability leave, it is his/her responsibility to make arrangements with the Human Resource Department to continue making his/her medical insurance program.

702 Dental Insurance

This benefit provides coverage for certain dental expenses incurred by employees and their eligible dependent(s).

All eligible full time employees may enroll in coverage. Coverage will be effective the first of the following month after their probation period of thirty days has expired.

The cost of the monthly premium associated with this plan is paid fully by the Company for the employee, one-single coverage. Employees may enroll in family coverage. If so authorized, the cost share for dental coverage is deducted from the employee's pay through payroll deduction.

703 Continuation of Benefits

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) offers employees and "qualified beneficiaries" the right to continue existing health insurance coverage, completely at

their own expense, under certain qualifying event as either a “covered employee”, the spouse of a covered employee, or a dependent child of a covered employee. A child who is either born to or who is placed for adoption with the covered employee during a period of COBRA coverage is also a “qualified beneficiary”.

This option to elect COBRA coverage must be taken at the time of separation, reduction in hours, or change of dependent status, and is in effect for a period of eighteen months, twenty-nine months or thirty-six months depending on qualifying events. Details of the COBRA regulations are available should an employee wish to pursue extended coverage.

704 Holidays

All full-time regular employees are entitled to the following paid holidays, equal to their current rate of pay. Part-time and temporary employees are not entitled to holiday pay.

- *New Year's Day*
- *Good Friday*
- *Memorial Day*
- *Independence Day*
- *Labor Day*
- *Thanksgiving Day and day after*
- *Christmas Day*

705 Vacation

All full-time employees are eligible for vacation with pay after completing 90 days probation period in accordance with the following schedule:

- *3 months of service - 2 weeks annually*
- *5 years of service - 3 weeks annually*
- *10 years of service - 4 weeks annually*

Vacation time is replenished on the employee's anniversary date.

Part-time employees are not entitled to receive vacation.

Employees will be paid for vacation on the regularly scheduled pay date in which the vacation occurs.

Vacation time cannot be accumulated on a year to year basis and must be taken during the year it is earned unless approved by management.

Accumulated vacation time will not be paid upon termination of employment.

Requests for vacation time must be submitted to management at least one week prior to the date you wish to begin. In case of conflicting requests or workload deadlines, the manager will exercise his/her discretion in scheduling vacations considering employee's request, length of employment, and any other factors he/she deems appropriate.

If a designated Holiday falls during your vacation period, you will be eligible for another vacation day at the same number of hours you normally work per day.

706 Workers' Compensation

Employees are protected by the Workers' Compensation Act of the State of New York. If an employee suffers a work-related injury or illness, he/she is eligible to receive income replacement as well as payment for the doctor and hospital costs incurred as a result of the injury or illness.

A written report describing the accident and injury must be submitted to the employee's manager in order to ensure prompt coverage of the claim. The cost of Workers' Compensation is paid entirely by the Company.

Medical Coverage During Workers' Compensation Leave:

While an employee is on a workers' compensation leave, it is his/her responsibility to make arrangements with Human Resource Department to continue making his/her medical insurance premium payment. While the employee is on a workers' compensation leave, the Company will maintain its portion of the medical insurance premium for a period of 12 weeks. At the end of that time, the employee will be given the opportunity to continue his/her health insurance coverage under the COBRA regulations.

707 Unemployment Insurance

The state in which the employee is working provides income for those persons who are unemployed and are eligible for benefits. The Department of Labor reviews all cases for eligibility and level of benefits. The cost of Unemployment Insurance is paid by the Company.

708 Social Security

Employees' contributions to Social Security (FICA) are matched by the Company. Benefits are provided for retirement, survivors' benefits and medical costs under qualifying conditions determined by the Federal Agency.

709 401K Benefits

The Company will match 401K contributions 1%, and as the Company profits, this match will increase up to 3%. Employees are eligible in three months from hire date.

710 Sam's Club Membership

The Company provides its employee's with membership to the Sam's Club.

711 Bonuses

As the Company increases and becomes more profitable, bonuses for jobs done extremely well might be given.

712 Profit Sharing

As the Company increases and becomes more profitable, it is the intention of the Company to pass on the profit sharing with its employees.

713 Education Opportunities

As the Company becomes more profitable, it is the intention of the Company to offer educational opportunities to the employee through partial payment of continuing education courses to make our employees more valuable to the Company.

800 SAFETY AND SECURITY

801 Work Area Maintenance

Employees are responsible for the maintenance of their own work area. All confidential information should be secured at the end of the workday, or if you leave your work area.

802 Company Property and Supplies

Employees are not to remove Company property. Removal of supplies will lead to disciplinary action. Employees are not permitted personal use of any Company supplies and equipment for personal use.

803 Office Environment

The Company believes that all employees have the right to work in the safest environment possible. Accordingly, we ask employees to follow our safety policy, to exercise caution and common sense in the workplace, and to alert their supervisors of any safety hazards. Safety is everyone's concern, and we need the cooperation of every employee to provide a safe workplace.

Employee's Responsibility

The Company is responsible for providing the safest work environment possible for its workers. We comply with all federal and state regulations regarding safety, such as fire extinguisher availability and earthquake retrofitting. We immediately replace old, worn, and potentially dangerous equipment. The Company takes all employee suggestions, complaints, and notifications of hazards seriously, and we will take the proper action immediately.

Employee's Responsibility

The Company needs the cooperation of all employees to insure the safest workplace possible. Employees should report any accidents, injuries, and potential hazards to their supervisors immediately. Some hazards to look out for are:

*Blocked fire exits or extinguishers
Blocked walkways
Slippery floors or spills
Frayed electrical wires
Poorly-lit areas and burnt-out light bulbs*

In addition, we welcome any employee suggestions and comments on how to improve our workplace safety. All employees should use caution and common sense and follow our safety rules and regulations when working. Employees found deliberately putting themselves or others at risk with reckless behavior face disciplinary action.

GENERAL SAFETY RULES

- *Follow the safety procedures for your job.*
- *If you are not trained to do a procedure or to use certain equipment, do not attempt the task or use the equipment.*
- *When sick or injured, report to your supervisor immediately.*
- *Do not block walkways, doorways, fire exits, fire extinguishers, or fire sprinklers.*
- *No horseplay allowed.*
- *Keep your workstation clean.*
- *Clean up any messes or spills immediately.*
- *Report any hazards to your supervisor immediately.*
- *Lift heavy loads with your legs and not your back.*

900 COMPANY POLICIES AND PROCEDURES

901 Mission Statement

To provide a professional service to the community which is customer satisfaction driven using the principles of honesty, respect, commitment and accountability in our employees and the highest form of technology in our equipment.

902 Philosophy of Working Together

The Company must be governed by certain rules and regulations. The Company's goal is to be fair and consistent in its policies and to encourage mutual respect among its employees. Open communication, cooperation and teamwork are encouraged. The Company asks employees to be part of the solution to work-related problems, rather than part of the problem. By adhering to these guidelines, the Company and its employees can be successful.

903 Open Door Policy

The Company encourages all employees to bring any problems or complaints to its attention immediately. Discuss it first with your supervisor and next to the President of the Company.

The employee's success on the job is a prime concern of the Company. The Company hopes that the employees will help it in carrying out the Company policies and procedures. If problems or questions arise, the Company trusts that the employee will give it the opportunity to resolve it in the best interest of all concerned.

904 Personal Appearance

All employees must keep in mind that customers view their personal appearance as being representative of their professionalism. Employees' are expected to dress neatly, appropriately, and in good taste for their position.

Neatness, cleanliness, proper dress (includes for men: dress shirt and tie, dress pants and dress shoes, for women: skirt & top, dress, dress slacks & top), good manners and a cooperative attitude are all important and necessary for a professional and presentable appearance. It is important that our customers see us as professionals.

905 Misrepresentation

Any type of misrepresentation is considered an extremely serious manner and will result in disciplinary action, up to and including dismissal. Misrepresentation on a resume, any Company business documents, to a customer concerning price is strictly prohibited.

906 Telephone Use

The Company's telephone system is primarily to serve the needs of the business. It is critical that the Company's telephone lines be available to our customers. Employees are asked to limit the personal use of telephones and may only use the telephone for emergency purposes or to check briefly on family matters. Personal long distance calls must be billed to an employee's calling card or home phone number. The only exception to this would be an extreme emergency. Frequent or extended personal calls may result in loss of this privilege or other disciplinary action.

907 Noise Control

Use of radios and stereos is permitted but they are to be kept at a soft volume. It is preferred that employees use headphones to listen, as this would keep the noise down when another person may be trying to concentrate. It also would remove the possibility of having to listen to a type of music not preferred by everyone in the office. However, if there are only two people in a particular office and they both enjoy the same program or music, volume being low, is permissible.

908 Unauthorized Work

Employees working at the Company are expected to perform only Company related work during work hours. Any employee who performs unauthorized work, claims that Company work has been done when such is not the case, or performs any act of fraud or deceit, will be subject to disciplinary action, including possible termination of employment.

909 Smoking Policy

The Company maintains a total ban on smoking on Company premises. Violation will lead to disciplinary action, which, could result in termination of employment. Smokers must do so outside of the Company building.

910 Violence In The Workplace Policy

The Company believes that all employees have the right to work in a safe environment. Accordingly, we do not tolerate any violence or threats of violence in the workplace. Such acts will result in immediate disciplinary action, including but not limited to: demotion, suspension, and termination. In addition, the Company strives to prevent workplace violence by non-employees.

Scope of Policy

Violence includes not only intended physical harm, but threats of harm as well. The Company considers joking about violence, brandishing weapons, intimidating, harassing, and coercing other employees as forms of violence as well.

Rules and Regulations

The Company forbids the use or possession of any weapon by employees on company grounds or while conducting company business. Any weapon found on an employee's body, in his/her workspace, or in his/her car while conducting company business or while anywhere on company grounds is forbidden and will be confiscated. Weapons include firearms, knives, explosives, and other items intended to inflict harm.

The Company also strives to enforce security measures that protect our employees. [Non-employees may not enter employee-only areas./ Under no conditions may non-employees enter the workplace./ Employees must accompany at all times non-employees who enter the workplace.]

Reporting Procedure

An employee who is the victim of violence should report the incident to his/her supervisor as soon as possible. In the case that the supervisor is the perpetrator, the employee should report to the President. The proper authorities will then begin an investigation of the incident. They will obtain statements from the complainant, the alleged perpetrator(s), and any witness(es). After investigating the matter thoroughly, they will render a verdict.

All employees must cooperate with the investigation. Workplace safety is everyone's responsibility, and all must take part. The Company strongly encourages all employees to report any acts or threats of violence they may have observed and to cooperate with all investigations. Employees who do not cooperate face disciplinary action.

The Company will do its best to ensure the confidentiality of the complainant, the accused, and the witnesses. We cannot promise absolute confidentiality, but we pledge to conduct the investigation on a need-to-know basis. Only those who must know the particulars of the case will be given access to that information. In the case of a criminal act, such people include law-enforcement officials.

Retaliation against any party involved – the accused, accuser, witnesses, and investigators – will not be tolerated. Employees acting as such will be disciplined.

911 Confidentiality

The employees of the Company may not discuss, photocopy, duplicate or reveal information in any form to anyone outside the Company, unless specifically required by a manager. Information obtained as a result of employment with the Company and contact with its customers can only be used in the course of employment with the Company. This information is considered proprietary. Any unauthorized use, collection, copying, removal, or transfer in any manner of this information not in the best interest of Company may be ground for immediate dismissal from employment or other legal action. This policy applies to internal documents and records as well as any information concerning customers, other employees, vendors or suppliers.

912 Rules of Conduct In Office or On-Site

Reasonable rules of conduct are necessary for the orderly, efficient and safe operation of business. The following identifies conduct, which will result in disciplinary action. This list is meant to serve as a guideline. It should be noted that many of these standards of conduct are addressed in greater detail in the appropriate section of this Handbook and may be referred to for clarification.

This list is not meant to be inclusive. Management reserves the right to modify work rules and regulations or establish such different or additional rules or regulations, as it deems appropriate or necessary at any time.

The following conduct, not meant to be inclusive, may result in immediate discharge: Disclosing or making available to unauthorized persons any confidential or proprietary information.

- 1. Rude, abusive, or obscene language or conduct on Company property.*
- 2. Fighting or disorderly conduct.*
- 3. Gambling on Company premises.*
- 4. Harassing, interfering with, or refusing to cooperate with other employees in the performances of their duties.*
- 5. Tampering, altering, or falsifying time records or recording time on another employee's time record.*
- 6. Acts of dishonesty or theft.*
- 7. Damage to machinery or equipment, waste of materials, or defacing Company property.*
- 8. Insubordination or refusal to follow supervisor's instructions or to perform assigned work.*
- 9. Failure to adhere to Company policies regarding harassment, alcohol and drug abuse, smoking or safety.*
- 10. Actions, which may result in complaints from customers, suppliers, or manufactures affecting the Company's reputation or business.*
- 11. Allowing unauthorized individuals in the office prior to opening and after office hours.*

The following conduct, not meant to be inclusive, will result in disciplinary action, up to and including immediate termination, depending on the seriousness of the offense under the facts and circumstances as determined by management:

1. *Repeated absence and/or tardiness.*
2. *Failure to follow work rules and/or procedures.*
3. *Failure to complete assigned work in a timely manner.*
4. *Wasting time, loafing.*
5. *Leaving work area during working hours without permission.*
6. *Negligence or carelessness.*
7. *Unauthorized or improper use of property and/or machinery, including Company telephones and e-mail.*
8. *Abuse of break or meal period.*
9. *Refusal to accept assigned overtime when necessary.*
10. *Unsatisfactory work performance.*

Often due to the nature of an offense, discussions between the Supervisor and the employee will occur to allow the employee to correct the situation before it reaches the stage necessitating management issuing a written warning. These discussions are documented and become part of the employee's record.

If a written warning notice is issued, it becomes a part of an employee's record and will be considered when evaluating an employee's performance for purposes of promotion, transfer, additional discipline, and continued employment.

913 DISCIPLINARY ACTION PLAN

Design Services, Inc. believes that reasonable rules regarding employee conduct are necessary for a safe and efficient workplace. We are responsible for educating employees about our workplace rules, and we give our employees all possible chances to correct their behavior.

Disciplinary Progression

Disciplinary action typically follows the subsequent progression:

1. *Verbal warning*
2. *Written warning*
3. *Reduction/change of duties*
4. *Suspension*
5. *Termination*

There is no set number of times a less-severe action must be taken before the disciplinary action progresses to a more severe action, and we may skip a step at any time as we deem necessary. At each step, the employee will be warned of the consequences should s/he continue or repeat the offense. If no further problems occur, no further disciplinary actions will be taken.

Determinants of Disciplinary Action

Design Services, Inc. looks at four main factors when determining an employee's disciplinary action:

1. *Seriousness of offense*
2. *Repetition or duration of offense*
3. *Existence of any prior offenses and disciplinary actions*
4. *Employee response to previous disciplinary actions and current impending disciplinary action*

Depending on these four factors, we may skip any of the disciplinary progression steps listed above. In the most serious cases, termination may be the first and only disciplinary action taken.

Record Keeping

Design Services, Inc. keeps a written record of all disciplinary actions taken, including verbal warnings. These reports will remain a part of the employee's record for one year after the offense. If the employee does not commit any other offenses during that time, the report will be taken off of the employee's record. The report will, however, still remain a part of the employee's personnel file. If the employee commits additional offense(s), the original report as well as the new report(s) will stay on the employee's record.

914 Parking and Mileage

The Company provides parking with no cost to the employee. If the employee has to work on site at a customers' place of business and a parking pass is needed, the employee will include the cost of parking on his/hers mileage request and the Company will pay the full cost of parking along with the mileage incurred by the employee at the cost of \$.45 a mile. The employee's car insurance is responsible for any damages to their car due to accident.

915 Travel

Car Rental- *You can rent up to a mid-sized car from your choice of rental companies. The employee must register the car under his/her personal name, using his/her credit card. The employee will be reimbursed when receipts are handed in. It is mandatory that the employee take out extra insurance coverage that the rental car company offers. Drivers must be 21 years old or older, must have a major credit card in their own name, and must have a clean driving record. If an accident occurs, claims will go to the rental car company 1st, personal car insurance 2nd, and the company 3rd.*

Hotel- *Keep receipts for hotel and the company will reimburse the employee for a standard room. Room service, mini-bar, laundry/valet services, in-room movie rentals and telephone charges will not be reimbursed.*

Meals- *Reasonable meal expenses will be reimbursed up to \$40/day for up to three meals in the Rochester, NY area. Regular federal per diem guidelines will apply in other cities.*

Non-Reimbursable items- *Limo services, any personal services, and any other services provided without prior approval of the Company.*

916 Responsibility for Other Procedural Standards

Whether communicated in writing or on-the-job instruction, the employee is responsible for following established policies and procedures in the performances of his/her work. Failure to comply with or meet existing standards will be considered reason for disciplinary action and may result in termination of employment.

917 Substance Abuse Policy

Employees should be aware that use of drugs or alcohol in the work place is strictly prohibited. Reporting to work under the influence of intoxicants, or use or possession of alcohol or drugs at work is strictly prohibited. Any employee who possesses, uses, or sells illegal drugs, or who is found to have illegal drugs present in his/her system when reporting to work, at work, or during working hours will be subject to disciplinary action, up to and including dismissal. The Company reserves the right to inspect and search all Company property. Refusal to submit to any such inspection or search will subject the employee to disciplinary action, up to, and including dismissal.

918 Gifts

Employees of the Company are not to accept gifts or any special discounts or loans from any person or firm doing, or seeking to do, business with the Company. The meaning of gifts for purposes of this policy includes the acceptance of lavish entertainment and free long distance travel and lodging.

1000 COMMUNICATION PROCEDURES

1001 Solicitation or Distribution of Literature

In the interest of work time and efficiency, we do not allow the distribution of brochures or literature in any areas of our building or surrounding grounds by outside organizations or individuals. Employees are allowed to sell candy, raffles, and solicitations for contributions to charities only during non-work time in non-work areas. These rules apply to all forms of solicitation and distribution and are established to protect the privacy of the employees and the productivity of the organization. Violations of these rules will subject non-employees to arrest and employees to disciplinary action, which could include termination.

1002 E-Mail Policy

Design Services, Inc. provides its employees with electronic mail (e-mail) for company-related business purposes and legally recognized purposes only. Employees may not use company e-mail for personal correspondence during work time.

Security

Only authorized individuals may access and use Design Services, Inc's e-mail. Employees must log in with a password, and those without one may not access nor use e-mail. Under no circumstances may an employee disclose his/her password to others, regardless of their affiliation with Design Services, Inc.

Company Information

Design Services, Inc. cannot guarantee the security of its e-mail system. E-mail messages may not contain any company confidential information, even if the e-mail is meant for another employee of Design Services, Inc. Remember that deleted e-mail messages may exist in hard copy, be forwarded to third parties, or be retrieved from a back-up system. The company may be required to provide copies of e-mail messages in conjunction with legal proceedings.

Ownership

All e-mail messages created, sent, received, or stored on company e-mail and the information contained therein are the sole property of Design Services, Inc.. They are considered to be business records, and may be used in any judicial, administrative, or other proceeding.

Monitoring

We reserve the right to access, monitor, read, disclose, and use any e-mail that was created, sent, received, or stored on company e-mail systems without prior notice or consent of the creators or recipients of the e-mail. Such actions by Design Services, Inc. may occur at any time.

Prohibited Content

E-mail messages may not include content that is offensive, libelous, illegal, derogatory, harassing, threatening, or discriminatory. Sexually explicit language, cartoons, jokes, and images are prohibited, as are racial and religious slurs and foul, inappropriate language.

1003 Internet Policy

Purpose of Internet Access

Design Services, Inc. provides its employees with Internet access for company-related business purposes only. Employees may not use the Internet during working time on company equipment for non-business purposes.

Monitoring

We reserve the right to monitor employee use of the Internet at any time without prior notice or consent of the employees. Employees waive their rights to privacy regarding any web site they may access. We also reserve the right to use the information we may learn of in any administrative, judicial, or other proceeding.

Prohibited Activities

Employees may not participate in the following Internet activities during work hours on company equipment:

- *Play games*
- *View, download, send, or receive pornographic materials*
- *Intentionally damage or interfere with others (hacking, distributing viruses, etc.)*
- *Distribute or post confidential company information*
- *Gamble*
- *Send chain letters*
- *Post any material that is discriminatory, offensive, libelous, illegal, harassing, or derogatory*
- *Engage in other personal activities*

RECEIPT OF EMPLOYEE HANDBOOK

I have received and read a copy of the Employee Handbook. I agree to abide by the rules and regulations contained therein. I understand that the rules, policies and benefits contained in the Employee Handbook may be updated, modified or deleted at any time and that it is the my responsibility to keep myself apprised of any changes after notification by the company that it has been updated.

In consideration of my employment, I agree to conform to the rules and regulations of the company, and understand that my employment and compensation can be terminated, with or without cause, and without notice at any time at the option of the Company or myself. I also understand that neither this Handbook nor any other communication by a management representative is intended to, in any way, create a contract of employment or to limit the company's discretion to discipline or terminate my employment.

Company

Signature

Date

APPENDIX- FORMS