



KOAM ENGINEERING SYSTEMS, INC.

DIVISION 01 EMPLOYEE HANDBOOK

OCTOBER 2013

TABLE OF CONTENTS

	<u>Page</u>
WHAT YOU CAN EXPECT FROM KES	1
WHAT KES EXPECTS FROM YOU	2
HANDBOOK INTRODUCTION	3
AT-WILL EMPLOYMENT	3
EQUAL EMPLOYMENT OPPORTUNITY	4
INTRODUCTORY PERIOD	5
NEW EMPLOYEE ORIENTATION	5
EMPLOYEE CLASSIFICATIONS	6
REGULAR FULL-TIME EMPLOYEES	6
REGULAR PART-TIME EMPLOYEES	6
TEMPORARY EMPLOYEES.....	6
NON-EXEMPT AND EXEMPT EMPLOYEES	6
STANDARDS OF CONDUCT AND EMPLOYEE PERFORMANCE	8
OPEN DOOR POLICY.....	8
CONDUCT AND ETHICS.....	8
GENERAL EMPLOYEE SAFETY	9
ENTERING AND LEAVING THE PREMISES	9
WHISTLEBLOWER ANTI-RETALIATION PROTECTIONS.....	9
CONFIDENTIAL INFORMATION.....	10
ATTENDANCE.....	10
ABSENCE OR LATENESS	11
CUSTOMER RELATIONS.....	11
ANTI-HARASSMENT POLICY	12
PROHIBITED CONDUCT.....	12
COMPLAINT PROCEDURE.	13
RETALIATION PROHIBITED.....	13
SEARCHES	14
STANDARDS OF CONDUCT.....	14
UNACCEPTABLE ACTIVITIES	14
WEAPONS	17
HOUSEKEEPING.....	17
PROPERTY AND EQUIPMENT CARE.....	17
SMOKING	18
EXPENSE REIMBURSEMENT.....	18
GIFTS	18

PERSONAL USE OF COMPANY PROPERTY	18
PETS AT WORK	19
SOLICITATIONS AND DISTRIBUTIONS	19
COMPUTER SOFTWARE (UNAUTHORIZED COPYING)	19
COMPUTERS, ELECTRONIC MAIL, AND VOICE MAIL USAGE POLICY	20
BLOGGING, INTERNET POSTING, AND SOCIAL MEDIA	21
DRESS CODE AND PERSONAL APPEARANCE.....	22
DRUG-FREE WORKPLACE POLICY	23
HOURS OF WORK AND PAYROLL PRACTICES	25
BUSINESS HOURS	25
PAYROLL PRACTICES	25
PAY PERIOD AND HOURS	25
PAY CYCLE	25
PAYCHECK DISTRIBUTION	25
DIRECT PAYROLL DEPOSIT	25
PAYROLL ADVANCE.....	25
ERROR IN PAY	25
WAGE GARNISHMENTS	25
COMPENSATORY TIME OFF.....	26
COMPANY AND DEPARTMENT MEETINGS	26
MAKEUP TIME	26
OVERTIME.....	26
TIME RECORDS	27
MEAL AND BREAK PERIODS.....	27
EMPLOYEE BENEFITS.....	28
ELIGIBILITY FOR BENEFITS	28
INSURANCE COVERAGE.....	28
GROUP INSURANCE	28
GOVERNMENT REQUIRED COVERAGE.....	29
WORKERS' COMPENSATION.....	29
UNEMPLOYMENT COMPENSATION	29
SOCIAL SECURITY	30
STATE DISABILITY INSURANCE (SDI)	30
FAMILY TEMPORARY DISABILITY INSURANCE.....	30
RETIREMENT PLAN	31
OTHER BENEFITS	31
EDUCATION ASSISTANCE	31
EMPLOYEE REFERRAL PROGRAM.....	32

LEAVES.....	34
PAID LEAVES	34
HOLIDAYS.....	34
VACATIONS.....	33
SICK LEAVE	36
OTHER PAID LEAVES	37
ELECTION DAY	37
SCHOOL VISIT LEAVE	37
FUNERAL (BEREAVEMENT) LEAVE	37
UNPAID LEAVES.....	37
FAMILY / MEDICAL LEAVE OF ABSENCE.....	38
INJURED SERVICE MEMBER LEAVE.....	40
SMALL NECESSITIES LEAVE ACT - MASSACHUSETTS	40
PREGNANCY DISABILITY LEAVE OF ABSENCE	41
MILITARY VISITATION LEAVE	42
MILITARY LEAVE OF ABSENCE	43
MILITARY RESERVES OR NATIONAL GUARD LEAVE OF ABSENCE	43
DISCRETIONARY PERSONAL LEAVE OF ABSENCE	44
INSURANCE PREMIUM PAYMENT DURING AN UNPAID LEAVE OF ABSENCE.....	44
SEPARATION OF EMPLOYMENT	45
TERMINATION	45
INSURANCE CONVERSION PRIVILEGES	45
EXIT INTERVIEWS	45
RETURN OF COMPANY PROPERTY	45
FORMER EMPLOYEES	45
REINSTATEMENT OF BENEFITS (BRIDGING)	46
POST-EMPLOYMENT INQUIRIES.....	46

What You Can Expect From KES

KES believes in creating a mutually rewarding work experience. In pursuit of this goal, KES has created the following employee relations objectives:

- Provide an exciting, challenging, and rewarding workplace and experience.
- Select people on the basis of skill, training, ability, attitude, and character without discrimination with regard to age, sex, color, race, creed, national origin, religious persuasion, marital status, political belief, or a disability that does not prohibit performance of essential job functions.
- Review compensation levels, employee benefits and working conditions regularly with the objective of being competitive in these areas consistent with sound business practices.
- Provide eligible employees with competitive health benefits.
- Maintain mutual respect in our working relationship.
- Provide a safe environment for employees.
- Promote employees on the basis of their ability and merit.
- Promote an atmosphere in keeping with KES' vision, mission, and goals.

What KES Expects From You

KES 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 KES serves, and how you accept direction can affect the success of your department. In turn, the performance of one department can impact the entire service offered by KES. Consequently, whatever your position, you have an important assignment: perform every task to the very best of your ability.

You are encouraged to grasp opportunities for personal development offered to you. This manual offers insight on how you can perform positively and to the best of your ability to meet and exceed KES expectations.

We strongly believe you should have the right to make your own choices in matters that concern and control your life. We believe in direct access to management. We are dedicated to making KES a Company where you can approach your manager, or any member of management, to discuss any problem or question. We expect you to voice your opinions and contribute your suggestions to improve the quality of KES. We're all human, so please communicate with each other and with management.

Remember, you help create the pleasant and safe working conditions that KES intends for you. The result will be better performance for the Company overall, and personal satisfaction for you.

Handbook Introduction

This Employee Handbook (“Handbook”) is designed to summarize Koam Engineering Systems, Inc.’s (“KES” or the “Company”) personnel policies and benefits and to acquaint employees with many of the rules concerning employment with KES. This Handbook applies to all nonprevailing wage employees, and compliance with KES’ policies is a condition of employment. This Handbook supersedes all previous employment policies, written and oral, express and implied. KES reserves the right to modify, rescind, delete or add to the provisions of this Handbook from time to time in its sole and absolute discretion. KES will notify employees of any significant changes that affect them. This Employee Handbook is not a binding contract between KES and its employees, nor is it intended to alter the at-will employment relationship between KES and its employees. KES reserves the right to interpret the policies in this handbook and to deviate from them when, in its discretion, it determines it is appropriate.

At-Will Employment

It is important that you understand the nature of the employment relationship you have with KES. As an employee of the Company, your employment is at-will. Employment-at-will is defined as an employment relationship, of an unspecified period of time, which may be terminated by either party at any time, with or without reason or notice. This means that just as you are free to resign at any time with or without reason or notice, the employer is free to terminate the employment relationship at any time, with or without reason or notice. The at-will nature of your employment may not be amended orally and may only be modified or changed by a written agreement signed by the CEO/Chairman of the board.

No employee other than the CEO/Chairman of the Board, Chief Operating Officer or, Director of Administration & Finance of KES can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy.

Equal Employment Opportunity

KES is an equal employment opportunity employer. Employment decisions are based on merit and business needs, and not on race, color, citizenship status, national origin, ancestry, gender identity, sexual orientation, age, religion, creed, physical or mental disability, genetic characteristic, marital status, registered domestic partner status, veteran status, medical condition, political affiliation, or any other factor protected by law. It is also unlawful to discriminate based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. Discrimination can also include failing to reasonably accommodate religious practices. KES complies with the law regarding reasonable accommodation for handicapped and disabled employees.

KES' CEO has issued the following policy stating KES' views on this matter:

It is the policy of KES to comply with all the relevant and applicable provisions of the Americans with Disabilities Act (ADA). KES will not discriminate against any qualified employee or job applicant with respect to any terms, privileges, or conditions of employment because of a person's physical or mental disability. KES will also make reasonable accommodation wherever necessary for all employees or applicants with disabilities, provided that the individual is otherwise qualified to safely perform the essential duties and assignments connected with the job and provided that any accommodations made do not impose an undue hardship on KES.

Equal employment opportunity notices are posted near employee gathering places as required by law. These notices summarize the rights of employees to equal opportunity in employment and list the names and addresses of the various government agencies that may be contacted in the event that any person believes or she has been discriminated against.

Management is primarily responsible for seeing that KES' equal employment opportunity policies are implemented, but all members of the staff share in the responsibility for assuring that by their personal actions the policies are effective and apply uniformly to everyone.

An employee should report any instance of discrimination to his or her supervisor, a member of management or Human Resources regardless of who is the subject of discrimination. An investigation will be conducted following a complaint of discrimination. Any manager, supervisor or employee who retaliates against the accuser or those involved in the investigation will be disciplined, up to and including discharge from employment. Any employee, including manager, involved in discriminatory practices will be subject to disciplinary action, up to and including immediate termination of employment.

Introductory Period

Your first ninety (90) days of employment at KES are considered an Introductory Period, and during that period you will be eligible for benefits described in this Handbook unless otherwise required by law. This Introductory Period will be a time for getting to know your fellow employees, your project lead and the tasks involved in your job position, as well as becoming familiar with KES' products and services. Your project lead will work closely with you to help you understand the needs and processes of your job.

This Introductory Period is a “getting acquainted” time for both you, as an employee, and KES, as an employer. During this Introductory Period, KES will evaluate your suitability for employment, and you can evaluate KES as well. Please understand, however, that completion of the Introductory Period does not guarantee continued employment, as employment is always at-will. You are free to terminate your employment at any time, with or without reason, and KES may choose to terminate your employment at any time, with or without reason.

A former employee who has been rehired after a separation from KES of more than one (1) year is considered an introductory employee during their first ninety (90) days following rehire.

New Employee Orientation

On your first working day, you will be asked to complete employment paperwork. Depending on your department's workload, your project lead will introduce you to your co-workers and office layout. Please feel free to ask your colleagues any questions not answered during your orientation.

EMPLOYEE CLASSIFICATIONS

The following terms are used to describe employees and their status:

Regular Full-Time Employees

An employee who has successfully completed their introductory period (see the Introductory Period Policy for a specific definition) and who works at least 40 hours per week is considered a full-time employee.

Unless otherwise specified, the benefits described in this Handbook apply only to full-time employees.

If you were a full-time employee and were laid off, you will be considered a full-time employee upon return to work, provided that you were not laid off for longer than one (1) year.

Regular Part-Time Employees

An employee who works less than 40 hours per week is considered a part-time employee. If you are a part-time employee, please understand that you are not eligible for benefits unless explicitly described in this Handbook, or to the extent required by law.

Temporary Employees

From time to time, KES may hire temporary workers for specific periods of time or for the completion of a specific project. An employee hired under these conditions will be considered a temporary employee. The job assignment, work schedule and duration of the position will be determined on an individual basis.

Normally, a temporary position will not exceed six (6) months in duration, unless specifically extended by a written agreement. Summer employees, interns and seasonal employees are considered temporary employees.

A temporary employee does not become a regular employee by virtue of being employed longer than the agreed upon specified period. Any changes to the terms of employment must be done so in writing and signed by the CEO or VP, Human Resources of KES.

Temporary workers are not eligible for benefits described in this Handbook, except as granted on occasion, or to the extent required by law.

Non-Exempt and Exempt Employees

At the time you are hired or when changes in status occur, you will be notified of either your “exempt” or “non-exempt” classification. Regardless of your status, you are employed at will and the employment relationship can be terminated by KES or the employee at any time, with or without cause.

Exempt Employees - Employees who are generally managers, executives, professional staff, technical staff, outside sales representatives, officers, directors, owners and others whose duties and responsibilities allow them to be “exempt” from overtime pay provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws.

Nonexempt Employees - All employees who are covered by the federal and state minimum wage and overtime laws are considered nonexempt. Employees working in nonexempt jobs are entitled to be paid at least the minimum wage per hour and a premium for overtime.

STANDARDS OF CONDUCT AND EMPLOYEE PERFORMANCE

Open Door Policy

KES believes that open communication is crucial to the success of any Company. Therefore, we believe in an open door policy. Employees are encouraged to bring any questions or concerns relating to their job or feelings of well being to the attention of their immediate manager or any of the management staff (i.e. Human Resources, Chief Operating Officer etc.). KES will make every reasonable effort to assist the employee in resolving issues that may arise. Employees are free to use this policy without fear of retaliation.

KES encourages you to discuss any issue you may have with a co-worker directly with that person. If a resolution is not reached, please arrange a meeting with your manager to discuss any concern, problem, or issue that arises during the course of your employment. Please remember it is counterproductive to a harmonious workplace for employees to create or repeat corporate rumors or office gossip. It is more constructive for an employee to consult his/her project lead immediately with any questions.

Conduct and Ethics

Employees are expected to use good judgment, adhere to high ethical standards and avoid situations that create an actual or perceived conflict between their personal interests and those of the organization. The Company requires that the transactions employees participate in are ethical and within the law, both in letter and in spirit.

The Company recognizes that different organizations have different codes of ethics. However, just because a certain action may be acceptable by others outside of the Company as “standard practice,” that is by no means sufficient reason to assume that such practice is acceptable at our organization. There is no way to develop a comprehensive, detailed set of rules to cover every business situation. The tenets in this policy outline some basic guidelines for ethical behavior at the Company. Whenever employees are in doubt, they should consult with management.

Conflicts of interests or unethical behavior may take many forms including, but not limited to, the acceptance of gifts from competitors, vendors, potential vendors, or customers of the organization. Employees are cautioned not to accept any form of remuneration or non-business related entertainment, nor may employees sell to third parties any information, products, or materials acquired from the organization. Employees may engage in outside business activities, provided such activities do not adversely affect the organization or the employee’s job performance and the employee does not work for a competitor, vendor, or customer. Employees are prohibited from engaging in financial participation, outside employment or any other business undertaking that is competitive with, or prejudicial to, the best interests of the Company. Employees may not use proprietary and/or confidential information for personal gain or to the organization’s detriment, nor may they use assets or labor for personal use.

If an employee or someone with whom the employee has a close personal relationship has a financial or employment relationship with a competitor, vendor, potential vendor, or customer of the organization, the employee must disclose this fact in writing to management. The organization will determine what course of action must be taken to resolve any conflict it believes may exist. If the conflict is severe enough, the Company may be forced to ask the employee to tender his/her resignation. The Company has sole discretion to determine whether such a conflict of interest exists.

Employees are encouraged to seek assistance from management with any legal or ethical concerns. However, the Company realizes this may not always be possible. As a result, employees may contact the CEO to report anything that they cannot discuss with management.

General Employee Safety

KES is committed to the safety and health of all employees and recognizes the need to comply with regulations governing injury and accident prevention and employee safety. Maintaining a safe work environment, however, requires the continuous cooperation of all employees.

KES will maintain safety and health practices consistent with the needs of our industry. If you are ever in doubt about how to safely perform a job, it is your responsibility to ask your 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. Therefore, it is a requirement that each project lead make the safety of employees an integral part of her/his regular management functions. It is the responsibility of each employee to accept and follow established safety regulations and procedures.

KES strongly encourages you to communicate with your manager regarding safety issues. For additional information regarding safety at KES please refer to safety policies and procedures provided under separate cover.

Entering and Leaving the Premises

At the time you are hired, you will be advised about the proper entrances and exits for our employees, as well as unauthorized areas, if any. Our insurance Company prohibits unescorted or unauthorized visitors in our facilities. If you are expecting visitors, such as clients, customers or friends, please notify your manager. You are expected to abide by these rules at all times. Failure to do so will lead to disciplinary action.

Whistleblower Anti-Retaliation Protections

The Company or any officer employee, contractor, subcontractor, or agent of such Company may not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee in terms and conditions of employment because of any lawful act done by the employee (1) to provide information, cause information to be

provided, or otherwise assist in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of mail, wire, bank or securities fraud laws, any rule or regulation of the Securities and Exchange Commission, or any provision of Federal law relating to fraud against shareholders, when the information or assistance is provided to or the investigation is conducted by a Federal regulatory or law enforcement agency; any Member of Congress or committee of Congress; or a person with supervisory authority over the employee (or such other person working for the employer who has the authority to investigate, discover, or terminate misconduct); or (2) to file, cause to be filed, testify, participate in, or otherwise assist in a proceeding filed or about to be filed relating to an alleged violation of such laws.

Confidential Information

Upon accepting employment with KES, you were asked to sign a Proprietary Information and Inventions Agreement, which generally provides that you will not disclose or use any KES confidential information, either during or after your employment. We sincerely hope that our relationship will be long-term and mutually rewarding. However, your employment with KES assumes an obligation to maintain confidentiality, even after you leave our employ.

Additionally, our customers and suppliers entrust KES with important information relating to their businesses. The nature of this relationship requires maintenance of confidentiality. In safeguarding the information received, KES earns the respect and further trust of our customers and suppliers.

If you are questioned by someone outside the Company or your department 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 project lead.

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

Note certain projects in which KES is engaged by a government contract may require KES employees to sign a confidentiality agreement before starting on that particular project.

Attendance

KES would like you to be ready to work at the beginning of your assigned daily work hours, and to reasonably complete your projects by the end of your assigned work hours. Please let your manager know if you will be away from your work station 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. KES is aware that emergencies, illnesses, or pressing personal business that cannot be scheduled outside your work hours may arise. Sick days or vacation days have been provided for this purpose.

If you are unable to report to work, or if you will arrive late, please contact your manager immediately. If you know in advance that you will need to be absent, please request this time off directly from your manager.

When you call in to inform KES of an unexpected absence or late arrival, simply ask for your manager. If you're arriving to work late, please let your manager know when you expect to arrive for work. 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.

Absence from work for three (3) consecutive days without notifying your manager or the personnel administrator will be considered a voluntary resignation.

If you are absent because of an illness for three (3) or more successive days, your manager may request that you submit written documentation from your doctor stating you are able to resume normal work duties before you will be allowed to return to work. If you are absent five (5) or more days because of an illness or injury, you could be eligible for the State disability program.

Your manager will make a note of any absence or lateness, and their reasons, in your personnel file. Be aware that excessive absences, lateness or leaving early may lead to disciplinary action, including possible dismissal.

Customer Relations

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

Below are several things you can do to help give customers a good impression of KES. 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.

These policies apply to all areas of employment, including recruitment, hiring, training and development, promotion, transfer, termination, layoff, compensation benefits, social and recreational programs, and all other conditions and privileges of employment in accordance with applicable federal, state, and local laws.

Anti-Harassment Policy

KES is committed to providing a work environment free of sexual or any form of unlawful harassment or discrimination. In furtherance of this commitment, KES provides harassment and discrimination training to its employees. All supervisors are required, as a condition of employment in such position, to complete at least two hours of sexual harassment training every two years. New supervisors must complete the sexual harassment training within six months of assuming a supervisory position.

Harassment or unlawful discrimination against individuals on the basis of race, national origin, religion, sex, sexual orientation, disability or any other classification protected by state or federal laws is illegal and prohibited by KES policy. Such conduct by or towards any employee, contract worker, customer, vendor or anyone else who does business with the Company will not be tolerated. Any employee or contract worker who violates this policy will be subject to disciplinary action, up to and including termination of his/her employment or engagement. To the extent a customer, vendor or other person with whom the Company does business engages in unlawful harassment or discrimination, the Company will take appropriate corrective action.

Prohibited Conduct

Sexual or other unlawful harassment or discrimination includes any verbal, physical or visual conduct based on sex, race, age, national origin, disability or any other legally protected basis if:

- i. submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment or engagement;
- ii. submission to or rejection of such conduct by an individual is used as a basis for decisions concerning that individual's employment or engagement; or
- iii. it creates a hostile or offensive work environment.

Sexual harassment includes unwelcome sexual advances, requests for sexual favors and lewd, vulgar or obscene remarks, jokes, posters or cartoons, and any unwelcome touching, pinching or other physical contact. Other forms of unlawful harassment or discrimination may include racial epithets, slurs and derogatory remarks, stereotypes,

jokes, posters or cartoons based on race, national origin, age, disability, marital status or other legally protected categories.

Complaint Procedure

Employees or contract workers who feel that they have been harassed or discriminated against, or who witness any harassment or discrimination by an employee, contract worker, customer, vendor or anyone else who does business with KES, should immediately report such conduct to their supervisor, any other member of management or Human Resources.

Do not allow an inappropriate situation to continue by not reporting it, regardless of who is creating the situation. No employee, contract worker, customer, vendor or other person who does business with this organization is exempt from the prohibitions in this policy. In response to every complaint, KES will conduct an investigation and, if improper conduct is found, take appropriate corrective action.

To the extent that an employee or contract worker is not satisfied with KES's handling of a harassment or discrimination complaint, he or she may also contact the appropriate state or federal enforcement agency for legal relief. In California, the Department of Fair Employment and Housing can be contacted by consulting the government agency listings in the telephone book. The Department of Fair Employment and Housing will, in appropriate cases, prepare and investigate complaints of harassment or discrimination; after a hearing, the Fair Employment and Housing Commission may award damages to individuals actually injured as a result of such conduct, as well as other remedies. In Massachusetts, the Massachusetts Commission Against Discrimination (MCAD) can be contacted as well. In Washington, you can file with the Washington State Human Rights Commission.

Retaliation Prohibited

Employees and contract workers are also protected by law from retaliation for opposing or reporting unlawful harassment or discrimination or for otherwise participating in processes connected with an investigation, proceeding or hearing conducted by KES or a government agency with respect to such complaints when done so in a truthful, good-faith manner. KES will take disciplinary action up to and including the immediate termination of any employee who retaliates against another employee or contract worker for engaging in any of these protected activities. Contract workers will be subject to termination of their engagement with KES for engaging in retaliation.

Please contact a member of the Human Resources if you have any questions about this policy or require further information on the subject of sexual or other harassment or discrimination.

Searches

To protect KES property and to ensure the safety of all employees, KES reserves the right to inspect and search any employee's office, desk, drawers, cabinets, files, locker, equipment, including computers, email and voice mail, Company vehicles, and any area on our premises. In this regard, it should be noted that all offices, desks, file drawers, cabinets, lockers, and other Company equipment and facilities are the property of KES, and are intended for business use. You should have no expectation of privacy with respect to items brought onto Company property and/or stored in Company facilities. Inspection may be conducted at any time, without notice, at the discretion of Company.

In addition, when KES has a reasonable suspicion that a Company policy is being violated that necessitates a search, you may be required to submit to reasonable searches of your personal vehicles, parcels, purses, handbags, backpacks, brief cases, lunch boxes or any other possessions or articles brought on to the Company's property.

Persons entering the premises who refuse to cooperate in an inspection conducted pursuant to this policy may not be permitted to enter the premises. All employees must cooperate in an inspection; failure to do so is insubordination and will result in disciplinary action, up to and including discharge. Employees found to be in violation of any of the Company's policies will be subject to disciplinary action, up to and including discharge.

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 KES and to your fellow employees to adhere to certain rules of behavior and conduct. The purpose of these rules is not to restrict your rights, but rather to be certain that you understand what conduct is expected and necessary. When each person is aware that she/he can fully depend upon fellow workers to follow the rules of conduct, our organization will be a better place to work for everyone.

Unacceptable Activities. Generally speaking, we expect each person to act in a mature and responsible way at all times. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed below, please see your project lead and human resource representative for an explanation.

Note that the following list of Unacceptable Activities is not all inclusive. It is not possible to provide an exhaustive list of all impermissible conduct that can result in disciplinary action, up to and including termination of employment. Nothing in this list alters the at-will nature of your employment; either you or KES may terminate the employment relationship with or without reason, and in the absence of any violation of these rules.

1. Theft.
2. Falsification of KES' records.
3. Failure to follow safety practices.
4. Breach of Confidentiality Agreement.
5. Threat of, or the act of, doing bodily harm.
6. Willful or negligent destruction of property.
7. Use and/or possession of intoxicants, drugs or narcotics.
8. Violation of any Company rule; any action that is detrimental to KES' efforts to operate profitably.
9. Violation of security or safety rules or failure to observe safety rules or KES safety practices; failure to wear required safety equipment; tampering with KES equipment or safety equipment.
10. Negligence or any careless action which endangers the life or safety of another person.
11. Being intoxicated or under the influence of a controlled substance while at work; use, possession or sale of a controlled substance in any quantity while on Company premises, except medications prescribed by a physician which do not impair work performance.
12. Unauthorized possession of dangerous or illegal firearms, weapons or explosives on Company property or while on duty.
13. Engaging in criminal conduct or acts of violence or making threats of violence toward anyone on Company premises or when representing KES; fighting, or provoking a fight on Company property, or negligent damage of property.
14. Insubordination or refusing to obey instructions properly issued by your manager pertaining to your work; refusal to help out on a special assignment.
15. Threatening, intimidating or coercing fellow employees on or off the premises at any time, for any purpose.
16. 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.
17. 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 profit.
18. 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 KES; alteration of Company records or other Company documents.
 19. Violating the non-disclosure agreement; giving confidential or proprietary KES information to competitors or other organizations or to unauthorized KES employees; working for a competing business while a KES employee; breach of confidentiality of personnel information.
 20. Spreading malicious gossip and/or rumors; engaging in behavior which creates discord and lack of harmony; interfering with another employee on the job; restricting work output or encouraging others to do the same.
 21. Immoral conduct or indecency on Company property.
 22. Conducting a lottery or gambling on Company premises.
 23. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your project lead.
 24. Any act of harassment, sexual, racial or other; telling sexist or racist jokes; making racial or ethnic slurs.
 25. Leaving work before the end of a workday or not being ready to work at the start of a workday without approval of your project lead; stopping work before time specified for such purposes.
 26. Sleeping or loitering during working hours.
 27. Excessive use of Company telephone for personal calls.
 28. Smoking in restricted areas or at non-designated times, as specified by department rules.
 29. Creating or contributing to unsanitary conditions.
 30. Posting, removing or altering notices on any bulletin board on Company property without the permission of an officer of KES.
 31. Failure to report an absence or late arrival; excessive absence or lateness.
 32. 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.

33. Speeding or careless driving of Company vehicles.
34. Failure to immediately report damage to, or an accident involving, Company equipment.
35. Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on Company premises.
36. Failure to use your timesheet; alteration of your own timesheet or records or attendance documents; punching or altering another employee's timesheet or records, or causing someone to alter your timesheet or records.

Weapons

KES believes it is important to establish a clear policy that addresses weapons in the workplace. Specifically, KES prohibits all persons who enter Company property or the customers property from carrying a handgun, firearm, knife, or other prohibited 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 KES to carry a weapon on the property.

Any employee disregarding this policy will be subject to 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.

Easily accessible trash receptacles and recycling containers are located throughout the building. 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 facilities representative immediately.

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 KES. If you find that a machine is not

working properly or in any way appears unsafe, please notify your manager immediately so that repairs or adjustments may be made. Under no circumstances should you start or operate a machine you deem unsafe, nor should you adjust or modify the safeguards provided.

Do not attempt to use any machine or equipment you do not know how to operate, or if you have not completed training on the proper use of the machine or equipment.

Smoking

Smoke only in designated smoking areas. Please be courteous and concerned about the needs of your fellow employees and others. Please do not smoke in restricted areas.

Please remember to conform to our customer's smoking policies when working at a customer's site.

All employees are expected to abide by this policy while at work.

Expense Reimbursement

You must have your manager's written authorization (usually by way of a requisition or purchase order) prior to incurring an expense on behalf of KES. To be reimbursed for all authorized expenses, you must submit an expense report or voucher accompanied by receipts and it must be approved by your manager. Please submit your expense report or voucher each week, as you incur authorized reimbursable expenses.

If you are asked to conduct Company business using your personal vehicle, you will be reimbursed in accordance with IRS regulations. Please submit this expense on your weekly expense report or voucher.

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 KES logo or sales information.

Personal Use of Company Property

In some instances, employees may be allowed to borrow certain KES 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 KES is not liable for personal injury incurred during the use of Company property for personal projects. As a KES employee, you accept full responsibility for any and 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.

Pets at Work

No pets are allowed at the place.

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 during working 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 KES are prohibited from soliciting or distributing literature on Company property or from being on KES property.

Computer Software (Unauthorized Copying)

KES does not condone the illegal duplication of software. The copyright law is clear. The copyright holder is given certain exclusive rights, including the right to make and distribute copies. Title 17 of the U.S. Code states that “it is illegal to make or distribute copies of copyrighted material without authorization” (Section 106). The only exception is the users’ right to make a backup copy for archival purposes (Section 117).

The law protects the exclusive rights of the copyright holder and does not give users the right to copy software unless a backup copy is not provided by the manufacturer. Unauthorized duplication of software is a federal crime. Penalties include fines up to and including \$250,000, and jail terms of up to five (5) years.

Even the users of unlawful copies suffer from their own illegal actions. They receive no documentation, no customer support and no information about product updates.

1. KES licenses the use of computer software from a variety of outside companies. KES 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, KES employees shall use the software only in accordance with the software publisher’s license agreement.
3. KES employees learning of any misuse of software or related documentation within the Company must notify their human resource representative or KES legal counsel immediately.

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. KES employees who make, acquire or use unauthorized copies of computer software shall be disciplined as appropriate under the circumstances. Such discipline may include termination.

Computers, Electronic Mail, and Voice Mail Usage Policy

At KES, we use electronic forms of communication and information exchange. Employees of KES have access to computers, e-mail, instant messages, telephones, cellular phones, voicemail, fax machines, external electronic bulletin boards, wire services, on-line services, the Internet and the World Wide Web (hereafter collectively referred to as “electronic communications system”). The electronic communications system provided or paid for by KES and any information stored on it is company property and will be treated as such. The electronic communications system is provided for the purpose of facilitating KES’ business.

The following rules apply to all electronic communications that are: (1) accessed on or from KES premises; (2) accessed using KES computer or telecommunications equipment, or via company-paid access methods; and/or (3) used in a manner which identifies the individual with KES. The following list is not exhaustive and KES may implement additional rules from time to time.

- KES’ electronic communications system may not be used for transmitting, retrieving, viewing, printing or storing any communications of a discriminatory or harassing nature, or which are derogatory to any individual or group, or which are obscene or X-rated communications, or are of a defamatory or threatening nature, or for “chain letters,” or for any other purpose that is illegal or against KES policy or contrary to KES’ interests.
- While the electronic communications system is primarily for KES’ business use, limited, occasional or incidental use of the electronic communications system (e.g., sending or receiving e-mail) for personal, nonbusiness purposes is permitted - as is the case with personal phone calls. However, you need to demonstrate a sense of responsibility and may not abuse the privilege.
- You should have no expectation of privacy in using KES’ electronic communications system. KES may need to monitor, access or review electronic communications for a number of business reasons and it reserves the right to do so. All such information may be used and disclosed to others, in accordance with business needs, at the company’s discretion. You should not assume any electronic communications are private or confidential and should transmit sensitive information in other ways.

- If you use any security measure on a school-supplied computer, you must provide KES with a hard copy record (to be maintained in a secure location) of all your passwords for KES use if required.
- Any employee who abuses the privilege of KES-facilitated access to electronic media and services will be subject to corrective action, which may include termination of employment if, in KES' discretion, the situation warrants it. He or she may also risk having the privilege removed for him/herself and possibly others. If you have any questions regarding the proper use of the electronic communications system, please contact Human Resources.
- You must respect the confidentiality of other people's electronic communications and may not attempt to breach computer or network security measures, except by explicit direction of KES management.
- Anyone obtaining electronic access to other companies' or individuals' materials must respect all copyrights. To avoid viruses and potential copyright violations, no one may download any new software without the prior authorization from Human Resources.
- All communications sent by you via the electronic communications system must comply with this and other KES policies, including the Anti-Harassment, Solicitations and Confidentiality policies.

This policy can not be modified except by written communication by the CEO.

Blogging, Internet Postings, and Social Media

KES recognizes the widespread use and availability of internet-based forums for expression of personal views and beliefs. Due to the wide accessibility of the internet, KES desires to ensure that the content posted by its employees does not harm the Company's reputation or subject it to potential civil liability. Employees recognize that the content posted on the internet or other forums, although personal to the employee, may be construed by others as representing KES' views, values, and principles. KES therefore reserves the right to monitor all such communications, regardless of whether the content is posted via Company or personal property, in order to protect its reputation and interests, and those of our clients and customers. The employee recognizes that anything posted on the internet, whether on a personal blog, a social media webpage or any other forum, even that which the employee believes is protected by passwords or web-based privacy and security settings, may potentially be viewed, reposted, transferred, transmitted, or shared by anyone. Therefore, employees do not maintain any expectation of privacy in content posted on the internet, whether posted in a private or public forum. Employees who choose to post content on the internet or other public or private internet-based forums must abide by the following conditions:

1. Employees are prohibited from using KES property to post blogs or other internet or social media content.

2. Employees are prohibited from blogging or posting any other internet or social media content during work hours.
3. Employees may not post private or confidential information regarding KES, its employees, or its clients to the internet or in any public or private internet-based forum.
4. Employees may not post content which reflects negatively on, or has the potential to harm or disparage the KES' reputation or that of its clients.
5. Employees may not post content which may be construed as disparaging, harassing, or discriminatory in nature against any employee or client of KES.
6. As with all communications, employees must treat KES, and its competitors, clients, and employees with respect at all times and refrain from making defamatory statements.
7. Employees are required to state that any comment or view expressed in a blog or other internet based communication is the employee's own personal view and not that of KES.

The meaning of posted content may often be subjective. However KES, in its sole discretion, has the authority to determine whether or not the posted content violates this section. Nothing in this section prohibits, restricts, or discourages an employee from reporting or discussing any content protected by California's Fair Employment and Housing Act, Title VII of the U.S. Civil Rights Act of 1964, the National Labor Relations Act, or any other applicable law.

Dress Code and Personal Appearance

Please understand that you are expected to dress and groom yourself in accordance with accepted social and business standards, particularly if your job involves dealing with customers or visitors in person.

A neat, tasteful appearance contributes to the positive impression you make on our customers. You are expected to be suitably attired and groomed during working hours or when representing KES. A good, clean appearance bolsters your own poise and self-confidence and greatly enhances our Company image. When working at a customer's site, please dress appropriately according to their corporate culture.

Personal appearance should be a matter of concern for each employee. If your manager feels your attire and/or grooming is out of place, you may be asked to leave your workplace until you are properly attired and/or groomed. Employees who violate dress code standards may be subject to appropriate disciplinary action.

Keep in mind the discomfort your project lead would feel if she/he had to address this issue with you.

Drug-Free Workplace Policy

KES is a community in which responsibilities and freedoms are governed by policies and codes of behavior, including penalties for violations of these standards as stated in this Handbook. KES has a standard of conduct which prohibits the unlawful possession, use, or distribution of illicit drugs and alcohol by employees on KES' site and/or client sites or as a part of KES' activities. KES will impose disciplinary sanctions on employees ranging from educational and rehabilitation efforts up to and including expulsion or termination of employment and referral for prosecution for violations of the standards of conduct. Each situation will be looked at on a case-by-case basis.

It is the goal of KES to maintain a drug-free workplace. To that end, and in the spirit of the Drug-Free Workplace Act of 1988, KES has adopted the following policy and procedure:

1. The unlawful manufacture, possession, distribution, or use of controlled substances is prohibited in the workplace.
2. Employees who violate this prohibition are subject to corrective or disciplinary action as deemed appropriate, up to and including termination.
3. As an on-going condition of employment, employees are required to abide by this prohibition and to notify, in writing and within five (5) days of the violation, Human Resources of any criminal drug statute conviction they receive.
4. If an employee receives such a conviction KES shall take appropriate personnel action against the employee, up to and including termination.
5. KES reserves the right to search and inspect for the maintenance of a safe workplace. Tests may be required under the following circumstances:
 - (a) During pre-employment examinations;
 - (b) When an employee's manager has reason to believe that an employee on Company property is using or under the influence of prohibited drugs, alcohol, and substances, or that there has been a violation of this policy.
 - (c) When an employee, or other person, is found in possession of suspected illegal or prohibited drugs and substances, or when any of these drugs and substances are found in an area controlled or used exclusively by said employee or other person.
 - (d) Following an on-the-job injury requiring treatment from a physician or following a serious or potentially serious accident or incident, including near misses, in which safety precautions were violated, unsafe instructions or orders were given, vehicles/equipment/property was

damaged, or unusually careless acts were performed. All persons involved and within the immediate vicinity of the incident may be tested.

All persons shall have the opportunity, prior to testing, to list all prescription and non-prescription drugs they have used in the last thirty (30) days and to explain the circumstances surrounding the use of such drugs. All records containing medical information will be maintained in accordance with applicable law.

HOURS OF WORK AND PAYROLL PRACTICES

Business Hours

Our regular operating hours are from 8:00 a.m. to 5:00 p.m. Monday through Friday. The normal workweek consists of five (5) days, each eight (8) hours long, Monday through Friday, unless otherwise specified in the DOD contract.

Your particular hours of work and the scheduling of your meal period will be determined and assigned by your manager. Most employees are assigned to work a forty (40) hour workweek. You are required to take a 30 minute meal period. Should you have any questions concerning your work schedule, please ask your manager.

Payroll Practices

Pay Period and Hours. Our payroll work week begins on Friday at 12:00 p.m. and ends on the following Friday at 11:59 a.m. The defined workday is 12:00 a.m. to 11:59 p.m.

Pay Cycle. Bi-Weekly Pay Cycle - Payday is normally on every other Friday for services performed during the two (2) week period ending the previous Friday at 11:59 p.m. The bi-weekly pay schedule is made up of twenty-six (26) pay periods per year. Changes will be made and announced in advance whenever KES holidays or closings interfere with the normal pay schedule.

Paycheck Distribution. Paychecks will either be available for pick up from the corporate office or may be mailed to your home. It is the discretion of the employee to determine which method of distribution works best to for them.

Direct Payroll Deposit. Direct payroll deposit is the automatic deposit of your pay into the financial institution accounts of your choice. In addition, it may be possible for you to authorize KES to make additional deductions from your paycheck, such as for Christmas Clubs, credit union loan payments, or payroll savings plans. Contact Human Resources for details and the necessary authorization forms.

Payroll Advance. In emergency situations, KES may grant you an advance on your next payroll. Please see your human resource for further instructions.

Error in Pay. Every effort is made to avoid errors in your paycheck. If you believe an error has been made, please inform Human Resources immediately. He/she will take the necessary steps to research the problem and to assure that any necessary correction is made promptly.

Wage Garnishments. We hope you will manage your financial affairs so that we will not be obligated to execute any court-ordered wage garnishments. However, when court-ordered deductions are to be taken from your paycheck, you will be notified. KES acts in accordance with the federal Consumer Credit Protection Act, which places restrictions on the total amount that may be garnished from your paycheck.

Compensatory Time Off. KES does not offer compensatory time off, (“comp time”), to any KES employee in lieu of overtime pay for overtime hours worked.

Company and Department Meetings. On occasion, we may request that you attend a Company sponsored meeting. If this is scheduled during your regular working hours, your attendance is required. If you are a non-exempt employee, and attend a meeting held during your non-working hours, you will be paid for the time spent at the meeting.

Makeup Time. Nonexempt employees may request to make up lost time due to personal obligations, without being paid overtime, provided no more than 11 hours are worked in a workday or 40 hours in a workweek, and the makeup hours are worked in the same workweek as the missed hours. Use of makeup time in lieu of overtime must be approved by management. The request for makeup time must be requested by the employee, who must submit a signed written request for makeup time for management approval before working the makeup time.

Overtime

Nonexempt employees may be required to work beyond their regularly scheduled workday whenever it is deemed necessary or appropriate by their supervisor or KES management. KES will attempt to provide reasonable advance notice, but that may not always be possible. Employees are expected to cooperate with such requests. Nonexempt employees may not work overtime without the prior approval of their supervisor. Employees who fail to comply with this policy may be subject to disciplinary action up to and including termination. Exempt employees are not eligible for overtime pay.

Calculation of Overtime: Compensation for authorized overtime will be paid to nonexempt employees in accordance with applicable state and federal laws. In calculating eligibility for overtime compensation, only hours actually worked will be included.

California

All nonexempt employees in California will be paid a premium for overtime hours as follows:

- One and one-half times their regular rate of pay for all hours worked in excess of 8 per workday, up to 12, or in excess of 40 in a workweek;
- One and one-half times their regular rate of pay for the first 8 hours on the seventh consecutive day of work in a workweek; and
- Double the regular rate of pay for all hours worked in excess of 12 in a workday and after 8 hours on the seventh consecutive day of work in a workweek.

Massachusetts, Virginia and Washington

All nonexempt employees in Massachusetts, Virginia and Washington states will be paid premium overtime hours as follows:

- One and one-half times their regular rate of pay for all hours worked in excess of 40 in a single workweek.

Time Records

Nonexempt employees are required to keep an accurate and complete record of their attendance and hours worked. Time cards are official business records and may not be altered without your supervisor's approval and may not be falsified in any way.

The following guidelines pertain to your time card:

- (1) All time worked must be accurately and completely recorded on the time card on a daily basis. The start and end of the workday as well as the start and end of the meal period and any personal time off must be recorded.
- (2) Coworkers may not record time for, or alter the time card of, another employee.
- (3) All time cards must be signed, in ink, by both the employee and his/her immediate supervisor attesting to the accuracy of the time card.
- (4) Nonexempt employees must receive prior approval from their supervisor before working overtime.

Meal and Break Periods—Nonexempt employees are provided with one, ten (10) minute paid break for each four hours of work or major portion thereof. Normally, if you work an eight hour shift your breaks will be scheduled at two different intervals, one prior to your meal period and one after your meal period. These breaks should be scheduled with your manager. If you work in a department where breaks are not directly assigned, please coordinate with your co-workers to maintain adequate coverage at all times.

If you work longer than five (5) hours, you will be provided an unpaid meal period of 30-60 minutes, unless six hours of work will complete the day's work and the employee voluntarily elects to forgo the meal period. This election must be in writing. The time when meal periods are scheduled varies among departments, depending on the needs of each department. Best efforts will be used to schedule the start of your meal break before the end of the fifth hour of work. You are requested not to perform any work during your regularly scheduled meal period. If you do any work during your meal break, you must report that fact to HR the same day with a description of the work done and the amount of time. It is important to return to work on time at the end of your meal period. An employee who works in excess of eight hours per workday may voluntarily waive his or her right to a second meal period. This waiver must be in writing and voluntarily signed by both the employee and the manager.

If, for any reason, you are unable to take your required meal and/or rest periods, you are to report it to the Human Resources Representative no later than the end of the day.

EMPLOYEE BENEFITS

KES is committed to sponsoring a comprehensive benefits program for all eligible employees. In addition to receiving an equitable salary and having an equal opportunity for professional development and advancement, you may be eligible to enjoy other benefits which will enhance your job satisfaction. We are certain you will agree the benefits program described in this Handbook represents a very large investment by KES.

A good benefits program is a solid investment in KES' employees. KES will periodically review the benefits program and will make modifications as appropriate to the Company's condition. KES reserves the right to modify, add or delete the benefits it offers.

Eligibility for Benefits

If you are a full-time employee, you will enjoy all of the benefits described in this Handbook as soon as you meet the eligibility requirements for each particular benefit. Coverage's are available to you and your dependents as defined in the benefit summary plan descriptions.

If you are a part-time employee, you will enjoy only those benefits specifically required by law, provided that you meet the minimum requirements set forth by law and in the benefit plan(s).

Temporary and Service Center employees are not eligible for benefits except as otherwise mandated by federal or state law.

Insurance Coverage

Group Insurance. KES is dedicated to the health and well-being of both you and your family. A comprehensive, quality insurance program is available to you and your family. You become eligible for coverage on the 1st of the month following your date of hire.

The following coverage is provided, as defined and limited in the literature provided by KES' insurance carriers:

- Medical Care Coverage
- Dental Care Coverage
- Vision Care
- Group Term Life Insurance / Accidental Death and Dismemberment Insurance

Upon enrolling, you will obtain summary plan descriptions describing your benefits in detail. To the extent there are any conflicts between the summaries contained in this Handbook and the official plan documents, the provisions of the official plan documents will control. KES reserves the right to modify or discontinue any of its employee

benefits or plans on a prospective basis at any time. You will be notified of any changes in benefits that affect you.

Currently, KES pays for 80 percent of the cost for employee coverage and makes a 80 percent contribution toward the cost of the premiums for your eligible dependents. Part-time employees working a minimum of 20 hours a week will receive a pro-rated contribution towards the cost of their premiums.

Applicable employee contributions will be automatically deducted from your paycheck.

Government Required Coverage

Workers' Compensation

All employees are entitled to Workers' Compensation benefits. This coverage is automatic and immediate and protects you from an on-the-job injury. An on-the-job injury is defined as an accidental injury suffered in the course of your work, or an illness which is directly related to performing your assigned job duties. This job-injury insurance is paid for by KES. If you cannot work due to a job-related injury or illness, Workers' Compensation insurance pays your medical bills and provides a portion of your income until you can return to work.

All injuries or illnesses arising out of the scope of your employment must be reported to Human Resources immediately. Prompt reporting is the key to prompt benefits. Benefits are automatic, but nothing can happen until your employer knows about the injury. Insure your right to benefits by reporting every injury, no matter how slight.

Although KES will pay for the time lost because of a work-related accident during the remainder of the normal workday in which the accident occurs, Workers' Compensation payments for lost wages aren't made for the first three (3) days you're unable to work (including weekends). However, if you're hospitalized or off work more than three (3) weeks, payments will be made even for the first three (3) days.

Employees returning to work after being absent due to a work-related injury must report to the Human Resources Department prior to beginning work and must bring a doctor's clearance for returning to work.

Unemployment Compensation

Depending upon the circumstances, employees may be eligible for Unemployment Compensation upon termination of employment with KES. Eligibility for Unemployment Compensation is determined by the Division of Unemployment Insurance of the State Department of Labor.

Unemployment compensation is designed to provide you with a temporary income when you are out of work through no fault of your own. For your claim to be valid, you must have a minimum amount of earnings determined by the State, and you must be willing

and able to work. You should apply for benefits through the local State Unemployment Office as soon as you become unemployed.

Social Security

The United States Government operates a system of mandated insurance known as Social Security. As a wage earner, you are required by law to contribute a set amount of your weekly wages to the trust fund from which benefits are paid. As your employer, KES is required to deduct this amount from each paycheck you receive. In addition, KES matches your contribution dollar for dollar, thereby paying one-half of the cost of your Social Security benefits.

Your Social Security number is used to record your earnings. Employees are encouraged to protect your Social Security record by ensuring 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.

State Disability Insurance (SDI)

A portion of each employee's earning is set aside by the State of California to provide benefits for employees who are unable to work because of a personal illness or injury (non-work related).

Family Temporary Disability Insurance

California has established a mandatory program that provides benefits to eligible employees who are unable to work because of the need to care for qualified family members who are ill or injured or to bond with a new child. The benefits are called Family Temporary Disability Insurance "FTDI" benefits. Based on California law, the costs of this program are paid by employees who must make contributions through legally required payroll taxes. The law requires that these taxes be automatically withheld from each employee's wages every pay period. Eligible employees must apply directly with the California Employment Development Department to receive benefits. The Company does not distribute FTDI benefits to employees.

Whenever employees can foresee the need for the time off, they must also provide advance notice to the Company in writing and request time off. Even though the state provides FTDI benefits to employees when time off is taken, this does not mean employees have a right to time off under the FTDI program or job guarantee. Employees must receive approval before taking time off for this or any other reason.

For more information, please contact the Human Resources Representative.

Retirement Plan

KES offers a 401(k) plan to all employees. Employees may enroll into the 401(k) plan upon date of hire or at anytime thereafter.

The details regarding KES and employee contributions, vesting, administration, and investments are provided in the Summary Plan Description, which was given to you during your new employee orientation.

Other Benefits

Education Assistance

KES feels an individual who possesses a desire to continue their education, in addition to performing their job, shows a commitment to improving themselves and their position within the company. To encourage and reward these individuals, KES offers an Education Assistance benefit.

Full-time and part-time professional service employees working at least 20 hours per week may be eligible for the education assistance benefit. Courses should provide an employee with skills; knowledge and competencies that can be applied to their current position or one to which an employee may reasonably be promoted.

Each fiscal year (1 July to 30 June), KES will allocate money towards the Education Assistance program. At the beginning of each fiscal year employees interested in taking advantage of this benefit should submit their approved educational program. The educational program requires approval from your immediate manager, HR approval and then final management approval. The Education Assistance funds will then be equally divided between the approved participants not to exceed the total allocated budget for the program or \$2,500 for undergraduate programs per year and \$5,000 for graduate programs whichever is less (this is pro-rated for part-time employees). Funds may be used for: fees for registration, tuition, books, and additional lab fees.

In order to qualify for this Education Assistance the following criteria must be met:

- 1) You must be a full-time or part-time professional services employee working at least 20 hours per week. The benefit will be prorated for part time employees based on the average number of hours worked per week. Employees working at least 30 hours will receive 75% of the benefit and employees working between 20 to 29 hours per week will receive 50% of the benefit.
- 2) Before you are eligible for the Education Assistance benefit you must have at least three months of service with KES, Inc.

- 3) The course/program must be job related, with course work that is designed to enhance skills in their area(s) of responsibility for KES, or otherwise improve their effectiveness as an employee of KES.
- 4) The course/program must be taken at an accredited educational institute. The following do not qualify for education assistance: short (non-credit) courses, review courses and examinations for trade or professional licenses or certifications; college/university entrance exams; review programs for entrance exams; or courses at non-accredited institutions. KES management reserves the right to final approval of all educational programs.
- 5) All courses/programs must be approved by your manager prior to submission to HR.
- 6) Submit your approved Educational Program to Human Resources for final approval. All applications must be submitted prior to 1 June of each year in order to be considered for approval on 1 July. Additional applications may be submitted during the year. Approvals of applications received after 1 July will depend on the projection of funds available for the Educational Assistance program.
- 7) KES will notify you how much money has been approved for your educational program.
- 8) Once the course is completed, submit certified transcript of grades with receipts for expenses. You must receive an A or a B in the class to be eligible for reimbursement. Classes with a C or less are not eligible for reimbursement.
- 9) Courses must be completed prior to 30 June of each year in order to qualify for reimbursement of approved Educational Assistance funds for the current fiscal year. Classes ending after 30 June would be part of the next fiscal year education program. Unused funds cannot be carried over into the next KES fiscal year.
- 10) You must complete an additional six months of service with KES, Inc. upon receiving a tuition assistance payment. In the event you voluntarily resign from KES, Inc. within six months of receiving a tuition assistance payment you will be required to re-pay KES, Inc. the tuition assistance in full.

Employee Referral Program

Open positions will be posted on the company website. You are encouraged to recommend and refer qualified candidates for employment with KES. If you know of someone who would like to work here, we will be glad to consider them for employment. You can get an Employee Referral Form from the Human Resources Department.

Should your candidate be hired by KES for an exempt full-time regular position, and if that person satisfactorily completes six months of employment, you will receive a

\$1,000.00 bonus for the referral. This bonus entitlement does not apply to individuals who are normally responsible for recruiting and hiring functions.

LEAVES

Both paid and unpaid time off may be granted to eligible employees, according to the following leave policies. Please consult with Human Resources for further information.

Paid Leaves

In the interest of maintaining a healthy balance between work and home, KES offers eligible regular full-time employees and part-time employees on a pro-rated basis paid time off.

Holidays

Recognized Holidays

Regular full-time employees and part-time employees on a pro-rated basis are eligible for holiday pay. The following holidays are recognized by KES as paid holidays:

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

You may take time off to observe your religious holidays. If available, a full day of unused vacation leave may be used for this purpose, otherwise you won't be paid for this time off. Please schedule the time off in advance with your manager.

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.

If a holiday occurs during your scheduled vacation, you are eligible for the holiday pay.

You are not eligible to receive holiday pay when you are on an unpaid leave of absence.

Vacations

Vacation is a time for you to rest, relax, and pursue special interests. KES has provided paid vacation as one of the many ways in which we show our appreciation for your work, knowledge, skills, and talents; all of which contribute to make KES a leader in its field.

Regular full-time employees and part-time employees working a minimum of twenty (20) hours per week are eligible to accrue paid vacation on a pro-rated basis. Vacation hours begin accruing on your hire date.

Regular full-time employees accrue vacation for each month of service. The vacation accrual rate is based on length of employment, as follows:

Years of Employment	Per Pay Cycle Accrual (In Hours)	Total Accrual Per Year (In Days)
Less than ten (10) years	4.62 Hours	3 weeks
More than ten (10) years	6.15 hours	4 weeks

KES will always try to let you use your vacation time as desired, but vacations cannot interfere with your department's operation. Therefore, your vacation must be approved by your project lead at least two (2) weeks in advance. If any conflicts arise in vacation requests, preference will be given to the employee with the longest length of continuous service.

Normally, only accrued vacation may be taken. You may not receive advance vacation pay (for vacation time taken in excess of your vacation accrual balance) without written authorization from Human Resources. Such authorization is at the discretion of Human Resources, and must be granted in advance of your vacation. Any amount of advanced vacation paid but not yet accrued at the time of termination of employment will be deducted from your final paycheck.

Exempt employees must use vacation in four (4) hours or full day increments, unless otherwise authorized in writing; and nonexempt employees may use vacation in one (1) hour increments. Specific vacation dates must be approved by your manager. Your manager has the responsibility to maintain adequate staffing levels and has the authority to limit the approval of vacation requests in order to meet operational needs. Requests will normally be granted as long as your absence will not seriously affect KES' operations. Usually, only one employee may be out on a vacation day in a department at any one time.

If you are on an approved leave of absence for less than thirty (30) days, your vacation eligibility will not be affected. If your approved leave of absence extends beyond thirty (30) days, vacation time will not continue to accrue.

If you have unused vacation days upon the termination of your employment with KES, you will be paid for that time at your regular base rate.

Employees are encouraged to use their vacation to take regular time off each year. If they do not, vacation will accrue until the employee has reached a maximum one and three-fourths (1.75) times the annual accrual rate. At this point, no further vacation will be accrued until the employee uses vacation hours equal to the amount accruable during one month. Employees also have the option to sell back up to one week's vacation per year. Only vacation hours actually accrued may be sold and must be in a full week (40

hours) increment. The employee must also have a minimum of two weeks (80 hours) vacation time left on the books.

Exceptions to this policy may be made in unusual circumstances. Each case will be viewed on an individual basis by management.

Sick Leave

Regular full-time employees and part-time employees working a minimum of twenty (20) hours per week are eligible to accrue paid sick leave on a pro-rated basis. Sick leave hours begin accruing on your hire date.

Years of Employment	Per Pay Cycle Accrual (In Hours)	Total Accrual Per Year (In Days)
Regardless of the Number of years	1.54 hours	5 days

Full time employees are eligible to accrue sick leave at the rate of 3.33 hours per month of continuous service, up to five (5) days per year.

If you are a non-exempt employee, you may use your sick leave in units of no less than one (1) hour at any one time. Please let your project lead know that you will be absent from work due to illness as early as possible. Normally, only accrued sick leave may be taken. You may not receive advance sick pay (for sick time in excess of your sick accrual balance) without written authorization from Human Resources. Such authorization is at the discretion of Human Resources, and must be granted in advance. Any amount of advanced sick paid but not yet accrued at the time of termination of employment will be deducted from your final paycheck.

In addition to utilizing sick leave in the event of your own illness, sick leave may also be used for the purpose of visiting doctors, dentists or other recognized practitioners. Sick leave may also be used for the purpose of tending to a serious illness suffered by a member of your immediate family, in the event the illness requires your personal time and attention. For purposes of this policy, immediate family includes spouse, registered domestic partner, child, or parent.

KES requires a doctor's certificate verifying the necessity for absence(s) and the specific illness, injury, or other disability to which the absence is attributed if the absence is due to sickness for three or more consecutive days.

If you are on an approved leave of absence for less than thirty (30) days, your sick leave eligibility will not be affected. Any accrued sick leave will be paid at the time the leave begins. Should the leave extend beyond thirty (30) days, sick leave will not continue to accrue.

In the event of an illness or injury which is covered by workers' compensation insurance, this Sick Leave Policy will not apply, but will defer to state statutes.

Sick leave may be carried over and accumulated from year to year, up to a maximum of twenty (20) days. At the time of termination of employment, any unused sick leave will not be paid.

Other Paid Leaves

Election Day. We encourage you to exercise your voting privileges in local, state, and national elections. Employees who are unable to vote during non-work hours may arrange in advance to take up to two hours off work with pay to vote in a public election. In order to qualify, employees must notify their project lead at least two (2) days in advance.

School Visit Leave. KES recognizes the value of parental involvement in children's education. Full-time employees who are parents, guardians, or custodians of children in licensed daycare facilities or kindergarten through grade 12 may receive up to 40 hours of unpaid parental leave for school visits each year, not to exceed 8 hours in a calendar month. Part-time employees are allowed a proportional number of hours. Employees seeking such leave must provide their immediate manager with reasonable advance notice of the need for parental leave for school visits. Upon return from the leave, employees must provide documentation to Human Resources from the school verifying the date and time of the visit. Accrued but unused vacation may be substituted for the unpaid portion of this leave.

Funeral (Bereavement) Leave. Up to three (3) working days of leave with pay (not charged to other leave time) shall be granted to regular, full-time employees upon request to make arrangements for and attend funeral services of the employee's spouse, child, parent, parent-in-law, grandparent, grandparent-in-law, granddaughter, grandson, daughter-in-law, son-in-law, step-parent, domestic partner, brother, sister, brother-in-law, sister-in-law, daughter or son of the employee's spouse or registered domestic partner, and any relative living in the household of the employee or domestic partner.

With your manager's approval, you may take up to one full day without pay to attend funerals of other relatives and friends. If you prefer, accrued vacation may be used for this purpose. Funeral leave pay will only be made to employees for actual time spent away from work for the funeral or its arrangements. For example, if the death occurs at a time when work is not scheduled, payment will not be made. If a holiday or part of your vacation occurs on any of the days of absence, you may not receive holiday or vacation pay in addition to paid funeral leave.

Unpaid Leaves

While regular attendance is crucial to maintain business operations, KES recognizes that, for a variety of reasons, employees may need time off from work. KES has available a number of types of leaves of absence. Some are governed by law and others are discretionary. For all planned leaves, however, you must submit a request at least 30 days in advance; in case of an emergency, the request should be made as soon as you

become aware of the need for leave. All leaves must have the approval of KES management.

All requests for a leave of absence will be considered in light of their effect on KES and its work requirements, as determined by KES management, which reserves the right to approve or deny such requests in its sole discretion, unless otherwise required by law. For disability-related leave requests, KES will engage in an interactive process with you to determine if a leave is the most appropriate accommodation. You must provide a certification from your health care provider or authorize the health care provider to release the required information to KES to support a leave for medical reasons. Failure to provide the required certification and/or authorization to KES in a timely manner will result in delay or denial of leave. If you fail to return to work on the first workday following the expiration of an authorized leave, you will be deemed to have voluntarily resigned from KES and will be taken off the payroll. Should you require an extension of leave, you must request such extension and have it approved before the expiration of the currently approved leave.

While KES will make a reasonable effort to return you to your former position or a comparable position following an approved leave of absence, there is no guarantee that you will be reinstated to your position, or any position, except as required by law.

All leaves are unpaid. Except as specified below: (1) employees who are on leaves of absence will continue to accrue vacation and sick leave for up to 30 days, after which no further vacation or sick leave will accrue during leave; (2) employees must use any accrued vacation and, if applicable, sick leave upon request; and (3) group health insurance coverage will be continued during your leave of absence up to 30 days; group health coverage may be extended depending on reason for leave. Use of vacation and/or paid sick leave during an otherwise unpaid leave will not extend the period of an approved leave of absence.

Holidays that fall during a leave of absence will not be paid.

Family / Medical Leave of Absence

Eligible employees may request a family and medical leave of absence under the circumstances described below. Eligible employees are those who have been employed by KES for at least 12 months (not necessarily consecutive), have worked at least 1,250 hours during the 12 months immediately prior to the family and medical leave of absence and are employed at a worksite where there are 50 or more employees of KES within 75 miles.

You must request a planned family and medical leave at least 30 days before the leave begins. If the need for the leave is not foreseeable, you must request the leave as soon as you become aware of the need for leave but no later than two (2) business days after return from leave. You should use the request form, available upon request from Human Resources. Failure to comply with this requirement may result in a delay of the start of the leave.

A family and medical leave may be taken for the following reasons:

- the birth of an employee's child or the placement of a child with the employee for foster care or adoption, so long as the leave is completed within 12 months of the birth or placement of the child;
- the care of the employee's spouse or registered domestic partner, child or parent with a "serious health condition"; or
- the "serious health condition" of the employee.

A "serious health condition" is one that requires inpatient care in a hospital or other medical care facility or continuing treatment or supervision by a health care provider. You may take a leave under paragraph (2) above only if due to a serious health condition, your spouse or domestic partner, child or parent requires your care or assistance as certified in writing by the family member's health care provider. If you're seeking a leave under paragraph (3) above, you must provide KES with a medical certification from your health care provider establishing eligibility for the leave, and must provide KES with a release to return to work from the health care provider before returning to work. You must provide the required medical certification and/or authorization to release the required information to KES in a timely manner to avoid a delay or denial of leave. Obtain appropriate forms from Human Resources.

Family and medical leave may be taken for up to 12 workweeks during the designated 12-month period. The 12-month period will be calculated based on a "rolling" 12-month period measured backward from the date the employee uses any family and medical leave. All time off that qualifies as family and medical leave will be counted against your state and federal family and medical leave entitlement to the fullest extent permitted by law.

You may use any accrued vacation that you have earned during family and medical leave. Paid sick leave must be used during leave under sections (2) or (3) above.

During a family and medical leave, group health benefits will be maintained for up to 12 workweeks as if you were continuously employed. However, you must continue to pay your share of applicable premiums (for yourself and any dependents) during the leave.

If you do not return to work on the first workday following the expiration of an approved family and medical leave, and have not requested an extension of the agreed upon leave in advance, with appropriate documentation, you will be deemed to have resigned from your employment. Upon returning from such a leave you will normally be reinstated to your original or an equivalent position and will receive pay and benefits equivalent to those you received prior to the leave, as required by law. In certain circumstances, "key" employees may not be eligible for reinstatement following a family and medical leave. KES will provide written notice to any "key" employee who is not eligible for reinstatement.

If you have any questions concerning, or would like to submit a request for a family and medical leaves of absence, please contact the Human Resources Department.

Injured Service Member Leave

Employees who are eligible for Family and Medical Leave (“FMLA”) may also request leave if their spouse, child, parent, or “next of kin” meets the definition of an injured or recovering “covered service member.”

Next of kin is defined as the closest blood relative of an injured or recovering covered service member.

Covered service member is defined as any member of the Armed Forces, including the National Guard or Reserves, who is undergoing medical treatment, recuperation or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list for a serious injury or illness incurred on active military duty that renders him or her unfit to perform the duties of his or her office, grade, rank or rating.

If the need for this leave is foreseeable based on planned medical treatment, employees must provide 30 days prior notice. If the need for the leave is not foreseeable, employees must request the leave as soon as practicable (typically within 1 to 2 business days of learning of the need for leave).

Employees should use the Request for Leave of Absence form, available upon request from Human Resources. Failure to comply with this requirement may result in a delay of the start of the leave.

An employee seeking a leave under this policy must provide KES with a medical certification from the injured service member’s health care provider establishing eligibility for leave. When leave is requested, KES will notify the employee of the requirement for medical certification and when it is due. Failure to provide the requested medical certification in a timely manner may result in denial of leave until it is provided. Appropriate certification forms can be obtained from Human Resources.

Injured Service Member Family Leave is a type of FMLA leave and may be taken for up to 26 workweeks in a 12-month period. The 12-month period is calculated in the same manner as under the Family and Medical Leave policy, and any other FMLA leave taken during the same 12-month period will be counted against the employee’s leave entitlement under this policy. All time off that qualifies as Injured Service Member Family Leave or traditional FMLA leave will be counted against employees’ statutory family and medical leave entitlements to the fullest extent permitted by law.

If spouses are both employed by KES, the spouses are permitted to take only a combined total of 26 weeks of Injured Service Member Family leave, or any combination of such leave and traditional FMLA leave, in a 12-month period.

Injured Service Member Family Leave is unpaid leave; however, while on leave, an employee may use any accrued vacation that he or she has earned.

During an Injured Service Member Family Leave, group health benefits will be maintained for up to 26 weeks as if the employee were continuously employed. Employees must continue to pay their share of applicable premiums (for the employee and any dependents) during the leave.

Employees who do not return to work on the first workday following the expiration of an approved Injured Service Member Family Leave, and who have not requested an extension of the agreed upon leave in advance, with appropriate documentation, will be deemed to have resigned from their employment. Employees returning from such a leave will normally be reinstated to their original or an equivalent position and will receive pay and benefits equivalent to those they received prior to the leave, as required by law. In certain circumstances, “key” employees may not be eligible for reinstatement following an Injured Service Member Family Leave. KES will provide written notice to any “key” employee who is not eligible for reinstatement.

If you have any questions concerning, or would like to submit a request for an Injured Service Member Family Leave, please contact the Human Resources Department.

Small Necessities Leave Act—Massachusetts Employees

Under Massachusetts law, employees who are eligible for Family and Medical Leave are also entitled to 24 hours unpaid Small Necessities leave during a twelve-month period. Leave may be taken for the following reasons:

- To participate in school activities directly related to the educational advancement of a son or daughter of the employee, such as parent-teacher conferences or interviewing for a new school;
- To accompany the son or daughter of the employee to routine medical or dental appointment, such as check-ups or vaccinations;
- To accompany an elderly relative of the employee to routine medical or dental appointments and for other professional services related to the elders’ care, such as interviewing at nursing or group homes. (An elderly relative is defined as one who is 60 years of age and related by blood or marriage.)

Employees are required to use available vacation time while out on leave. If you have no vacation time available, the time will be unpaid.

Time must be requested off in advance, at least seven (7) days for foreseeable leave and as much notice as practicable for unforeseeable leave.

Pregnancy Disability Leave of Absence

If you are disabled on account of pregnancy, childbirth, recovery, or a related medical condition, you may request an unpaid leave of absence. Such leave will be granted for the period of disability, for up to a maximum of four months (17 1/3 weeks). Time off

may be requested for prenatal care, severe morning sickness, doctor-ordered bed rest, childbirth recovery from childbirth, loss or end of pregnancy and post partum.

Leave provided for pregnancy disability is treated separately from leaves required by the state family and medical leave law. However, the first 12 workweeks of a pregnancy disability leave will be treated concurrently as a leave pursuant to the federal Family and Medical Leave Act of 1993 for all eligible employees. See Family and Medical Leave Policy.

If you wish to take a pregnancy disability leave, you must notify Human Resources of the date the leave is expected to commence and the estimated duration of the leave. Notice should be given as indicated above. You must also provide a medical certification of disability or authorization to release the required information to KES. Failure to provide the required medical certification and/or authorization to release the required information to KES in a timely manner will result in delay or denial of leave. Before returning to work, you must provide a medical certification that you are able to resume your original job duties. Obtain appropriate forms from Human Resources.

If you return to work immediately following the expiration of an approved pregnancy disability leave, you will generally be reemployed in your former position or a comparable job, as required by law.

Pregnancy disability leave is unpaid. However, except when you are concurrently on family and medical leave under federal law, you may utilize any accrued vacation time must use all accrued paid sick time during pregnancy disability leave. Such benefits, if used, will supplement any state disability insurance benefits you receive and will not extend the period of the approved leave. During your pregnancy disability leave, group health benefits will be maintained for up to four (4) months, during a 12-month period, as if you were continuously employed. However, you must continue to pay your share of applicable premiums (for yourself and any dependents) during the leave. When you are concurrently on a family and medical leave under federal law, you must follow the rules set forth in the Family and Medical Leave Policy regarding use of vacation and paid sick time.

Employees who are affected by pregnancy may also be eligible to transfer to a less strenuous or hazardous position or duties provided certain prerequisites are met. Reasonable accommodations may be requested with the advice of the employee's health care provider. In addition, lactation accommodation is also available, upon request. For more information on pregnancy disability leave or transfer and its effect on the terms, conditions or benefits of employment, please contact Human Resources.

Military Visitation Leave

Employees who work an average of at least 20 hours per week may take up to 10 days of unpaid leave when a spouse or domestic partner returns on leave from military duty under certain circumstances. To qualify for leave, the military spouse or domestic partner (the "military member") must be a member of the Armed Forces of the United States, the

National Guard or Reserves, who is returning from deployment during a period of military conflict. If the military member is in one of the Armed Forces of the United States, then the member must also have been deployed to an area designated as a combat theater or combat zone by the President of the United States. In addition, employees must provide notice of the intention to take leave within 2 business days of receiving official notice that the military member will be returning on leave and provide written documentation certifying that the military member will be on leave from deployment.

This time off is unpaid; however, employees may use any accrued vacation during this leave. This leave does not affect any other leave-of-absence rights employees may otherwise have under other state or federal laws. Additionally, employees who take this leave are protected by law from retaliation for requesting or taking this leave.

Military Leave of Absence

If you are a full-time employee and are inducted into the U.S. Armed Forces, you will be eligible for re-employment after completing military service, provided:

1. You show your orders to Human Resources as soon as you receive them.
2. You satisfactorily complete your active duty service.
3. You enter the military service directly from your employment with KES.
4. You apply for and are available for re-employment within ninety (90) days after discharge from active duty. If you are returning from up to six (6) months of active duty for training, you must apply within thirty (30) days after discharge.

Military Reserves or National Guard Leave of Absence

An employee who is a member of the National Guard or of a reserve component of the Armed Forces shall, upon furnishing a copy of the official orders or instructions, will be granted a military training leave. Training leaves will not, except in an emergency or in the event of extenuating circumstances, exceed two weeks a year, plus reasonable travel time. Upon presentation of a military pay voucher, employees will be reimbursed for the difference between their normal pay and the pay they receive while on military training leave.

All leave of absences requests must be presented in writing on the appropriate form to the employee's manager as far in advance as possible. They should then be forwarded promptly to the Human Resources Department for final approval.

Vacation days, holidays, and sick benefits do not accrue during any period of a leave of absence in excess of 30 calendar days. An employee's life and health plan benefits will remain in effect if the period of leave is 30 days or less. Employees are expected to make arrangements to pay the employee monthly contribution under the employer's health plan while on leave of absence. If the leave of absence is 31 days or more the employee may elect to continue the health plan coverage through COBRA. This will require the

employee to pay 100% of the health premium. Failure to do so may result in the lapse of coverage.

Discretionary Personal Leave of Absence

In special circumstances, KES may grant a leave for a personal reason, but never for taking employment elsewhere or going into business for yourself. You should request an unpaid personal leave of absence from Human Resources. A personal leave of absence must not interfere with the operations of your department or KES. Human Resources will submit your request to the appropriate member of management for final approval.

A personal leave of absence may be granted for up to twenty (20) days. If your leave is extended for more than twenty (20) days, vacation and other benefits will no longer continue to accrue. Consult your group insurance booklet to determine your insurance coverage during a leave of absence. Failure to return from a leave at the time agreed will result in termination of employment.

Insurance Premium Payment During an Unpaid Leave of Absence

KES will continue to pay its share of insurance premiums for employee coverage and dependent coverage for a maximum of six (6) months while you are on a disability leave of absence. While you are on any other type of unpaid leave of absence from KES, you will be responsible for paying the total premiums for your coverage and that of your dependents. Failure to do so may result in loss of coverage and possible refusal by the insurance carrier to allow your coverage to be reinstated. Please consult with Human Resources to set up a payment schedule.

SEPARATION OF EMPLOYMENT

Termination

KES operates under the principle of at-will employment. This means that neither you nor KES has entered into a contract regarding the duration of your employment. You are free to terminate your employment with KES at any time, with or without reason. Likewise, KES has the right to terminate your employment, or otherwise discipline, transfer, or demote you at any time, with or without reason, at the discretion of KES.

Any unused Vacation time will be paid out at the time of employment termination.

Insurance Conversion Privileges

According to the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, in the event of your termination of employment with KES or loss of eligibility to remain covered under our group health insurance program, you and your eligible dependents may have the right to continued coverage under our health insurance program for a limited period of time at your own expense.

At your exit interview or upon termination, you will learn how you can continue your insurance coverage and any other benefits you currently have as an employee who is eligible for continuation. Consult human resource representative for additional details.

Exit Interviews

In a termination situation, KES management would like to conduct an exit interview to discuss your reasons for leaving and any other impressions that you may have about KES. During the exit interview, you can provide insights into areas for improvement that KES can make. Every attempt will be made to keep all information confidential.

Return of Company Property

Any KES property issued to you, such as computer equipment, keys, parking passes, security badges or Company credit card must be returned to KES at the time of your termination. You will be responsible for any lost or damaged items.

Former Employees

Depending on the circumstances, KES may consider a former employee for re-employment. Such applicants are subject to KES' usual pre-employment procedures. To be considered, an applicant must have been in good standing at the time of their previous termination of employment with KES.

Reinstatement of Benefits (Bridging)

If you were an employee of KES with at least twelve (12) months of continuous employment, and were rehired within twelve (12) months of your termination date, you will be eligible to continue your benefits at the level you enjoyed at the time of your termination of previous employment with KES.

Post-Employment Inquiries

KES does not respond to oral requests for references. In the event your employment with KES is terminated, either voluntarily or involuntarily, Human Resources may be able to provide a reference to potential employers only if you have completed and signed a release form.

As an employee of KES, do not under any circumstances respond to any requests for information regarding another employee unless it is part of your assigned job responsibilities. If it is not, please forward the information request to Human Resources.

**AT-WILL EMPLOYMENT AGREEMENT AND
ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK**

I acknowledge that I have received a copy of KES' Employee Handbook, which contains important information on KES' policies, procedures and benefits, including the policies on Anti-Harassment, Drug Free Workplace and Confidentiality. I understand that I am responsible for familiarizing myself with the policies in this handbook and agree to comply with all rules applicable to me.

I understand and agree that the policies described in the handbook are intended as a guide only and do not constitute a contract of employment. I specifically understand and agree that the employment relationship between KES and me is at-will and can be terminated by KES or me at any time, with or without cause or notice. Furthermore, KES has the right to modify or alter my position, or impose any form of discipline it deems appropriate at any time. Nothing in this handbook is intended to modify KES' policy of at-will employment. The at-will employment relationship may not be modified except by a specific written agreement signed by me and the CEO. This is the entire agreement between KES and me regarding this subject. All prior or contemporaneous inconsistent agreements are superseded.

I understand that KES reserves the right to make changes to its policies, procedures or benefits at any time at its discretion. However, the at-will employment agreement can be modified only in the manner specified above. I further understand that KES reserves the right to interpret its policies or to vary its procedures as it deems necessary or appropriate.

I have received KES Employee Handbook issued. I have read (or will read) and agree to abide by the policies and procedures contained in the handbook.

Dated: _____

Employee Signature

Print Employee Name