

Santa Barbara Applied Research, Inc.

EMPLOYEE HANDBOOK



This document provides a general description of guidelines for employees of Santa Barbara Applied Research, Inc. It should be noted that different provisions may apply to some employees dependent upon the contract that covers their work.

The guidelines for the specific benefits and provisions on these contracts are summarized in a separate benefit summary provided with your handbook.

Table of Contents

Topic	Page
WELCOME TO SANTA BARBARA APPLIED RESEARCH, INC.	1
INTRODUCTION	2
YOUR JOB AND OPPORTUNITIES	3
NATURE OF EMPLOYMENT	3
EQUAL EMPLOYMENT OPPORTUNITY	3
HARASSMENT	3
IMMIGRATION LAW COMPLIANCE	3
HIRING OF EMPLOYEES	4
OUTSIDE EMPLOYMENT	4
NON-DISCLOSURE	5
SEVERANCE PAY	5
EMPLOYEE REFERRAL BONUS PROGRAM	5
EMPLOYEE CLASSIFICATIONS	6
POSITION DESCRIPTIONS	6
EMPLOYMENT APPLICATIONS	6
EMPLOYEE'S RIGHT TO ACCESS PERSONNEL FILES	6
EMPLOYEE DATA CHANGES	7
PROMOTIONS	7
PERFORMANCE EVALUATIONS	7
PERFORMANCE RECOGNITION	7
BENEFITS PROGRAM	8
GENERAL	8
INSURANCE PLANS	8
CONSOLIDATED OMNIBUS RECONCILIATION ACT (COBRA)	8
RETIREMENT & INVESTMENT PLAN	8
OPTIONAL BENEFITS	8
HOLIDAYS	9
VACATION	10
SICK /PERSONAL LEAVE	10
BEREAVEMENT LEAVE	10
MILITARY LEAVE	10
PREGNANCY DISABILITY, LEAVE, AND FAMILY MEDICAL LEAVE	11
WORKER'S COMPENSATION	11
WORKING TOGETHER	12
STANDARDS OF CONDUCT	12
BUSINESS ETHICS AND CONFLICTS OF INTEREST	12
OPEN DOOR POLICY – PROBLEM SOLVING PROCEDURE	12
RULES OF CONDUCT	12
DISCIPLINARY PROCEDURES	14
RESIGNATION	14
PERSONAL APPEARANCE	14
CHANGES IN PERSONAL DATA	14
SMOKE-FREE WORKPLACE	14
DRUG AND ALCOHOL ABUSE	14
OUTSIDE EMPLOYMENT	15
SAFETY	16

SBAR'S QUALITY PROGRAM	17
ADHERENCE TO COMPANY WORK INSTRUCTIONS	17
QUALITY IMPROVEMENT PROGRAM	17
SECURITY AND CONFIDENTIALITY	18
SECURITY OVERVIEW	18
SECURITY CLEARANCES AND NATIONAL AGENCY CHECKS (NACs)	18
GOVERNMENT CLASSIFIED INFORMATION	18
COMPANY PROPRIETARY INFORMATION	18
EMPLOYEE FILES	19
COMPUTER AND ELECTRONIC DATA SECURITY	19
USE OF COMPANY AND GOVERNMENT COMPUTERS	19
PASSWORD SECURITY	19
USE OF UNAUTHORIZED SOFTWARE	19
DOWNLOADING SOFTWARE FROM THE WEB	20
DATA BACKUPS	20
ANTI-VIRUS PROTECTION	20
VIRUS AND MALICIOUS CODE INFECTIONS	20
REPORTING INFECTIONS	20
INADVERTENT CONTAMINATION	20
VOICE MAIL, E-MAIL, AND INTERNET POLICY	20
YOUR HOURS, ATTENDANCE AND PAY	22
GENERAL WORK HOURS	22
OVERTIME	22
ATTENDANCE	22
PAYCHECKS AND PAYDAYS	22
PAYROLL DEDUCTIONS	23
WAGE GARNISHMENTS	23
GENERAL POLICY	24
PERSONAL PROPERTY	24
COMPANY PROPERTY	24
UNAUTHORIZED VISITORS	24
BUSINESS TRAVEL	24
EXPENSE REPORTS AND DOCUMENTATION	24
OTHER IMPORTANT DOCUMENTS	25
DOD HOTLINE	26
EMPLOYEE REPORTING REQUIREMENTS	26

WELCOME TO SANTA BARBARA APPLIED RESEARCH, INC.

We are pleased that you have chosen to join SBAR and the hundreds of dedicated people who make SBAR the outstanding company that it is.

SBAR strives to earn and maintain a reputation as a good place to work. This reputation is based upon challenging work, fair treatment of every employee, and the respect for the dignity of the individual. You are a part of a team and your contribution is important not only for your success, but the success of those with whom you work, the company as a whole, and our customers.

We welcome you to SBAR and sincerely hope that you will enjoy your association with "Team SBAR".



**Grace Vaswani
President/CEO**

INTRODUCTION

This handbook is designed to acquaint you with Santa Barbara Applied Research, Inc. (SBAR) and provide you with information about working conditions, employee benefits, and some of the policies affecting your employment. You should read, understand, and comply with all provisions of the handbook, since it outlines the programs developed by SBAR to benefit its employees and describes many of your responsibilities as an employee. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

The provisions of this handbook have been developed and are maintained and administered at the discretion of management and, except for its policy of employment-at-will, may be amended or canceled at any time, at SBAR's sole discretion. SBAR has sole and absolute authority to interpret and apply the provisions of this handbook. Any policy that is declared by the federal or state government to be illegal shall immediately become null and void. The voiding of any one policy for this reason in no way nullifies any other part of this handbook.

This handbook is not a contract and the contents of this handbook do not constitute the terms of a contract of employment. Employment at SBAR is on an at-will basis. This means that the employment relationship may be terminated at any time by either the employee or SBAR, with or without cause or advance notice. Any written or oral statement to the contrary by a supervisor, corporate officer, or other agent of SBAR is invalid and should not be relied upon by any prospective or current employee.

These provisions supersede all existing policies and practices, and may not be amended or added to without the express written approval of the President and Chief Executive Officer of Santa Barbara Applied Research, Inc.

We appreciate the service of those of you who have been with us for some time, and we welcome our new employees. We believe that each employee contributes directly to SBAR's growth and success, and we hope you will take pride in being a member of our team.

YOUR JOB AND OPPORTUNITIES

NATURE OF EMPLOYMENT

Employment with SBAR is voluntarily entered into, and the employee is free to resign at will at any time, with or without cause, for any reason or no reason at all. Similarly, SBAR may terminate the employment relationship at will at any time, with or without notice or cause, for any reason or no reason at all.

Policies set forth in this handbook are not intended to create or imply a contract, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between SBAR and any of its employees. Compliance with the provisions in this handbook does not guarantee employment or continued employment or any particular terms of employment.

EQUAL EMPLOYMENT OPPORTUNITY

SBAR is committed to create a favorable work environment in which all employees can enjoy equal opportunities within the company regardless of race, color, national origin, sex, age, disability, mental impairment, religious affiliation, sexual orientation, veteran, marital status and other characteristics protected by law. We recruit, hire, assign, advance, compensate, develop, train and retain employees solely on the basis of their qualifications and contributions to our business results.

If you have reason to believe that another employee has subjected you to discrimination, you are urged to contact the Human Resources Department.

HARASSMENT

SBAR's policy strictly forbids sexual, ethnic or other harassment whether verbal, physical or environmental. SBAR is committed to taking whatever steps are necessary to assure that all employees are provided a workplace free of all forms of harassment, including discrimination. An employee who feels that he or she may be a victim of harassment should discuss the situation with his or her manager or the Human Resources Department. It is very important that any situation, if it exists, is addressed and eliminated immediately.

IMMIGRATION LAW COMPLIANCE

SBAR is committed to employing only United States citizens and aliens who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed a Form I-9 with SBAR within the past three years, or if their previous I-9 is no longer retained or valid.

Employees with questions or seeking more information on immigration law issues are encouraged to contact the Human Resources Department. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

HIRING OF EMPLOYEES

The employment of relatives in the same area of an organization may cause serious conflicts and problems with perceived or actual favoritism and employee morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried into day-to-day working relationships.

Relatives of persons employed by SBAR may be hired only if they will not be working directly for or supervising a relative or will not be working directly above the relative's immediate superior or directly for the relative's immediate subordinate. SBAR employees cannot be transferred into such a reporting relationship. An employee will not be required to terminate employment if he or she marries a fellow employee.

For purposes of this policy, a relative is defined as spouse, parent, step-parent, child or step-child.

OUTSIDE EMPLOYMENT

Employees may hold outside jobs as long as they meet the performance standards of their job with SBAR, including, without limitation, compliance with SBAR's workplace rules, such as the conflict of interest and non-disclosure rules. All employees will be judged by the same performance standards and will be subject to SBAR's requirements, including scheduling demands, regardless of any outside work requirements.

If SBAR determines that an employee's outside work interferes with performance or the ability to meet the requirements of SBAR as they are modified from time to time, the employee may be asked to terminate either his or her outside employment or his or her position with SBAR. Please note that in such a situation, the employee's termination of his or her outside employment does not alter the at-will nature of employment with SBAR and in no way restricts either the employee's or SBAR's right to terminate the employment relationship at any time and for any reason.

Outside employment that constitutes a conflict of interest is prohibited. SBAR management reserves the right to determine what constitutes a conflict of interest on a case-by-case basis. Employees may not receive any income or material gain from individuals or entities outside SBAR for materials produced or services rendered while performing their jobs at SBAR.

NON-DISCLOSURE

The protection of proprietary business information and trade secrets is vital to the interests and the success of SBAR. Such proprietary information includes, but is not limited to, the following examples:

- Customer lists
- Customer preferences
- Financial information
- Marketing strategies
- Pending projects and proposals
- Personal/private information of other employees, including compensation data
- Research and development strategies
- Technological data

All employees will be required to sign and comply with a non-disclosure agreement as a condition of employment. Disclosure includes distribution of company proprietary information to individuals who are not employed by SBAR as well as to SBAR employees who are not authorized to receive or possess the information. Employees who improperly use or disclose trade secrets or proprietary business information will be subject to disciplinary action, up to and including termination of employment and legal action, even if they do not actually benefit from the disclosure of the information.

SEVERANCE PAY

SBAR does not maintain a severance pay policy or provide severance pay to employees who separate from its employ for any reason. Severance pay should therefore not be expected. However, SBAR reserves the right to make exceptions to this policy at its sole and absolute discretion.

EMPLOYEE REFERRAL BONUS PROGRAM

SBAR encourages all regular full-time employees to bring or refer to management individuals who qualify for a full-time job opening. Of course, applicants for employment are hired only if they meet the requirements of the vacant position.

If the applicant is hired and subsequently works at SBAR at least three months and the referring employee remains a current employee of SBAR, the referring employee is eligible to receive a discretionary bonus.

This policy does not constitute a guarantee of continued employment for either the referring employee or the referred applicant.

Members of management and the Human Resources Department are not eligible to receive an employee referral bonus under this policy.

EMPLOYEE CLASSIFICATIONS

From time to time, you will come across references to different types of employee status and classifications. They are as follows:

Regular Full-time Employees: Employees who regularly work a minimum of 32 hours per week on a continuous basis.

Regular Part-Time Employees: Employees who regularly work less than 32 hours per week on a continuous basis.

Temporary Employees: Persons employed to work for a limited period of time or for a specific project.

Exempt Employees: An individual whose duties are not subject to the hours of work and overtime pay provisions of the Fair Labor Standards Act and applicable state laws.

Non-Exempt Employees: Employees covered by overtime pay and other distinctive provisions of the Fair Labor Standards Act and applicable state laws.

All Employees are hired conditionally on the basis of continuing suitability or need. The employee classifications or anything contained in these policies or procedures do not guarantee employment for any specified length of time. Employment is at the mutual consent of the employee and the Company and can be terminated by either.

POSITION DESCRIPTIONS

SBAR has developed and maintains a written job description for each position within the company. The job descriptions outline the essential functions and general purpose of individual jobs and their major duties and responsibilities. The intent of creating job descriptions is not meant to confine or restrict job responsibility but rather to define a standard to measure performance and to ensure appropriate pay for comparable work performed.

All job descriptions are reviewed periodically to determine their continued accuracy, completeness, compliance with applicable standards of state and federal laws, and to the Company pay and performance evaluation process. If you need further information you can talk to your supervisor or contact Human Resources.

EMPLOYMENT APPLICATIONS

SBAR relies upon the accuracy of information contained in the employment application, as well as the accuracy of other documentation and data presented throughout the hiring process and subsequent employment. Any misrepresentations, falsifications, or material omissions in any of this information, documentation or data may result in SBAR's exclusion of the individual from further consideration for employment or, if the person has been hired, discipline up to and including termination of employment.

EMPLOYEE'S RIGHT TO ACCESS PERSONNEL FILES

SBAR maintains a personnel file on each employee. Employees have the right to access their personnel file in accordance with this policy and applicable laws. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance evaluations and salary increases, and other employment records. Medical records, if applicable, are maintained separately from personnel files.

All personnel files are treated as the property of SBAR. Because these files contain very personal information, access to the information they contain is restricted. Generally, only supervisors and management personnel of SBAR who have a legitimate reason to review information in a file are allowed to do so.

Employees who wish to review their own file should contact the Human Resources Department. With reasonable advance notice, employees may review their own personnel files in SBAR's offices and in the presence of an individual appointed by SBAR to maintain the files. Any employee has a right to a copy of any documents he/she has signed relating to obtaining or holding employment.

EMPLOYEE DATA CHANGES

It is the responsibility of each employee to promptly notify SBAR of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents; individuals to be contacted in the event of an emergency, educational accomplishments, and other such status reports should be accurate and current at all times. If any employee data has changed, promptly submit a completed Personnel Requisition and Change Notice (PRCN) to the Human Resources Department. An employee assumes full responsibility for the inability of SBAR to provide timely distribution of materials due to the employee's failure to notify SBAR of any personnel data changes.

PROMOTIONS

SBAR strives to fill open positions from within. Open positions are posted within the Company and consideration is given to those who qualify according to ability, performance and experience.

PERFORMANCE EVALUATIONS

SBAR employees may be subject to annual performance evaluations. However, the frequencies of performance evaluations may vary depending on your length of service, job position, past performance, changes in job duties or recurring performance problems.

Your performance evaluations may review factors such as the quality and quantity of the work you perform, your knowledge of the job, your initiative, your work attitude and your attitude towards others. The performance evaluation should help you become aware of your progress and areas of improvement. After your review, you, your manager and the next level of supervision will sign your evaluation. After its completion, the evaluation will be forwarded to Human Resources and will become a permanent part of your personnel file. If you would like further information, contact Human Resources.

PERFORMANCE RECOGNITION

SBAR does recognize exceptional performance; therefore, performance recognition awards and night on the town awards are given to employees nominated by their supervisors based on special achievements. Contact Human Resources if you would like additional information.

BENEFITS PROGRAM

GENERAL

SBAR puts a great amount of effort into providing the best and most affordable benefits to its employees. All regular full-time employees are offered a comprehensive benefits package.

The benefits and options available, that SBAR provides vary based upon the organization, contract and Collective Bargaining Agreements. This Handbook cannot account for all the options that may be available to you.

INSURANCE PLANS

However, accompanying your employment offer will be detailed information on the benefits that are available to you, based upon your specific assignment. The following brief outline is meant to give you an idea of the benefits that SBAR has to offer. At SBAR, we believe we offer a very comprehensive and competitive benefits package but we are always open to your comments and suggestions.

Medical Coverage: Employees are offered numerous types of medical insurance coverage; they include HMO's (Health Maintenance Organization), POS (Point of Service) and PPO (Preferred Provider Organizations) plans. Your options under these plans will be defined for you during enrollment.

Dental Coverage: Employees are offered two types of dental coverage; they are an HMO (Health Maintenance Organization) and a PPO (Preferred Provider Organization) plan. Again, your options under these plans will be defined for you during enrollment.

Life & Accidental Death & Dismemberment Insurance: SBAR provides a \$50,000 life and AD&D policy to all regular full-time employees.

CONSOLIDATED OMNIBUS RECONCILIATION ACT (COBRA)

If you should lose your group medical and dental coverage due to termination or reduction in hours, or any other qualifying events you will be given the option to continue the coverage at your expense for yourself and your eligible dependents. Contact Human Resources if you need more information.

The Health Insurance and Portability and Accountability Act of 1996 (HIPAA) allows employees to carry their group medical plan coverage from one employer to the next without having to undergo a health screening or be subject limitations for pre-existing conditions.

RETIREMENT & INVESTMENT PLAN

Under this 401(k) plan employees may defer a percentage of their compensation on a pre-tax basis and invest in any of the available options offered by our investment firm.

An enrollment package will be given to you upon your hire. It will include an enrollment form, investment options as well as a plan description.

OPTIONAL BENEFITS

SBAR offers several optional benefits in which regular full-time employees are eligible to participate. You will be given an enrollment and information package on these benefits on your

date of hire. In addition you are invited to attend the annual orientation conducted by our AFLAC representatives. You should contact Human Resources if you need further information on any of the following plans.

Short-Term Disability: This optional benefit is intended to help offset the loss of pay due to an off duty injury or illness. Short-term disability insurance coverage begins immediately whereas; long-term disability begins after a 90-day waiting period.

Cancer Expense Protection: This optional benefit pays expenses related to cancer treatment not covered by your medical insurance plan, including up to \$300 per day in experimental treatment.

Personal Accident Insurance: This optional benefit is especially beneficial to employees with dependents. It provides specific sums paid to you for particular accidents and helps pick-up costs not covered by your medical insurance plan.

Flexible Spending - Dependent Care: This optional benefit allows you to contribute up to \$5000 per year on a pre-tax basis to pay for eligible dependent care expenses, resulting in significant tax savings.

Flexible Spending – Unreimbursed Medical: This optional benefit allows you to contribute up to \$1000 per year on a pre-tax basis for expenses not covered by your medical insurance plan, resulting in significant tax savings.

Contact Human Resources or discuss with your supervisor if you need further information.

HOLIDAYS

As a general rule, the Company observes the following holidays, and all full-time employees normally scheduled to work will be given the day off with pay.

New Year's Day
Martin Luther King Jr. Day
President's Day
Memorial Day
Independence Day
Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day

Observance of holidays may vary from the standard Company holidays because of specific contract or Collective Bargaining Agreement requirements. You will be informed of any differences in holidays during your initial orientation.

Holidays that fall on a Saturday will be observed the preceding Friday, and Sunday holidays will be observed the following Monday.

Part-time and temporary employees will receive holiday pay prorated to the number of hours that the employee normally works during a given pay period.

VACATION

Regular full-time employees accrue and are eligible to use paid vacation based on the scheduled service length listed below. Part-time employees accrue vacation at a rate of .0385 hours, for each hour worked.

Length of Service	Monthly Credit (Hours)	Annual Vacation (Days)
Hire date – end of 5 th year	6.67	10
Start of 6 th year	10.00	15
Start of 11 th year	13.33	20

The illustration above may vary based upon specific Wage Determination and Collective Bargaining Agreements throughout the company. During enrollment, you will be advised if your operating group is different.

Vacation requests must be submitted to your supervisor for approval at least 10 days in advance. If your request conflicts with another employee's vacation request, preference will be given to the employee with the longer service period.

Contact the Payroll Department for details on maximum annual accrual amounts and payout policies.

SICK /PERSONAL LEAVE

Regular full-time employees are eligible to receive 5 days per calendar year of sick leave. Sick / Personal leave can be accumulated up to 20 days.

All employees who are unable to report to work are required to notify the front office by 8:30 AM or at their earliest opportunity, but no later than two hours after their scheduled start time. Please refer to SBAR's Sick /Personal Leave Policy or contact Human Resources for more information.

BEREAVEMENT LEAVE

Regular full-time employees may take up to three days of bereavement leave with pay due to the death of an immediate family member.

MILITARY LEAVE

If you are a member of the Reserve or National Guard and are called upon to perform periodic training or you enlist or are drafted by the U.S. Armed Forces, you will be granted an unpaid military leave of absence in accordance with federal and/or state legislation for the time required. During the military leave, you are entitled to continuation of benefits, and job reinstatement or re-employment in accordance with federal and state laws.

You should give your supervisor as much advance notice as possible of your intent to be away by providing him or her with a copy of your orders. If you wish, you can use your vacation benefits during this time, but it is not required.

PREGNANCY DISABILITY, LEAVE, AND FAMILY MEDICAL LEAVE.

SBAR adheres to all federal and state laws concerning Pregnancy Disability Leave and Family Medical Leaves of Absence. Contact Human Resources for further information.

WORKER'S COMPENSATION

In the event that you have an on-the-job accident, SBAR does carry worker's compensation insurance that covers the cost for your medical expenses plus compensation for lost wages. SBAR pays the entire cost of this benefit. All injuries, no matter how minor should be immediately reported to your supervisor and your Safety Officer.

In the event of an accident on the job that appears to be very serious and/or life threatening, the employee should be immediately taken to a hospital emergency room. For a less serious injury, an urgent care facility designated by the Company should be used.

WORKING TOGETHER

STANDARDS OF CONDUCT

SBAR expects its employees to use good judgment and act professionally while on and off the job while representing SBAR. Employees should understand that the regard in which others hold SBAR depends on each employee's actions.

Every employee has an obligation to render honest, efficient, and courteous performance of duties. Employees are expected to adhere to all Company policies and procedures and are to report to their supervisor or Human Resources any knowledge of activities to the contrary.

Proper conduct really only requires common sense. We anticipate that few SBAR employees will have problems with SBAR's policies and procedures, but if you require further information please speak to your supervisor or contact Human Resources.

BUSINESS ETHICS AND CONFLICTS OF INTEREST

SBAR expects its employees and representatives to abide by the highest standards of ethical business conduct. SBAR employees dealing with government agencies must understand and follow government ethic rules.

Employees are not allowed to solicit, obtain, accept, or retain any personal benefits from a supplier, vendor, customer, client, etc, or any individual or organization seeking business with the company.

SBAR expects all of its employees to devote their full working time and efforts to the corporation's interest and avoid any activity that may conflict with the corporation's interest. Talk to your supervisor or contact Human Resources if you have any questions in this area.

Violation of this policy will result in disciplinary actions up to and including termination.

OPEN DOOR POLICY – PROBLEM SOLVING PROCEDURE

To help SBAR maintain a positive work environment, the "Employee Problem Solving Procedure", was developed. Occasionally an employee may have a need to discuss matters concerning his or her employment, performance review, disciplinary action, etc. with management. In most cases, your manager will be able to clear up any misunderstandings on a face-to-face basis. However, if the issue remains unresolved or if the complaint involves your manager, you should contact Human Resources or any member of senior management to assist you in bringing your particular issue to a satisfactory resolution.

Employees may use this procedure to resolve a work-related problem or concern without fear of ridicule, retaliation or reprisal. If an employee feels that he/she has experienced retaliation for reporting a problem or raising a concern, report the matter immediately to Human Resources or any other member of senior management including the President or Executive Vice President.

RULES OF CONDUCT

Every employee is under an obligation to adhere to our rules of conduct, which are consistent with good business practice, State and Federal Law. The types of misconduct identified below are prohibited and will not be tolerated by the company. The actions identified below are

examples of misconduct that may lead to disciplinary action. They do not constitute a complete list of all types of conduct that can result in disciplinary action, up to and including discharge.

- Unlawful harassment including sexual harassment.
- Stealing or removing, without permission, Company property or property of another employee, a customer, or a visitor.
- Engaging in acts of violence or threats of violence towards employees.
- Violation of a Company security or safety rule.
- Possession or use of illegal drugs, or being under the influence of drugs or alcohol on company premises.
- Falsification of employment records, employment information or other Company records.
- Unauthorized use of Company equipment, time, materials or facilities.
- Deliberate destruction or damage to any Company property or the property of any employee, a customer or visitor.
- Bringing or possessing firearms, weapons or any other hazardous or dangerous devices on Company or Government property without proper written authorization.
- Breach of confidentiality of personnel information.
- Discussion of salary information.
- Pleading guilty to or being convicted of a crime that indicates the employee is unfit for the job or poses a threat to the health, safety or well being of the Company's employees, or our customers.
- Failure to observe OSHA regulations.
- Insubordination, including, but not limited to, failure or refusal to obey the instructions of a supervisor or the use of abusive or threatening language toward a supervisor.
- Failure to maintain the confidentiality of the Company's proprietary information.
- Unsafe handling of equipment and/or hazardous materials/chemicals.
- Unsatisfactory job performance.
- Smoking in restricted areas or where "No Smoking" sign are posted.
- Failure to observe working schedules including lunch and break periods.
- Reporting work time inaccurately.
- Working unauthorized overtime or refusing to work assigned overtime.
- Excessive tardiness or repeated early departure from work.
- Excessive absenteeism.
- Failure to notify a manager when unable to report to work.
- Convictions for traffic violations or driving under the influence of alcohol or drugs while performing Company business.
- Consumption of illegal substances including alcohol, in a Company vehicle, in company or government facilities, or at Company sponsored functions.
- Lack of courteous treatment to customers.
- Engaging in any conduct, which is not in the best interest of the Company.

DISCIPLINARY PROCEDURES

Since SBAR is an at-will employer; employees may be disciplined, up to and including termination, due to conduct or performance problems or for infractions of established policy or procedure. Generally, most first occurrence conduct and/or performance problems will be handled by verbal or written counseling. Certain misconduct, however, may be considered intolerable and result in immediate discharge.

RESIGNATION

If you decide to leave the Company, it is normal business practice, though not mandatory to give SBAR at least two weeks notice. If you fail to report to work, or contact your supervisor and provide an explanation for three consecutive, normally scheduled workdays, it is considered job abandonment and voluntary resignation.

Prior to or on your last workday, your supervisor or Human Resources will hold an Exit Interview. You may be asked questions about your satisfaction with the job, the Company, and your reasons for resigning. This information can be of help to the Company in improving relationships with its employees.

You may also have an Exit Interview with our Security Department under certain circumstances such as possessing security passes etc. Talk to your supervisor, Human Resources or SBAR's Security Department if you have any questions.

PERSONAL APPEARANCE

Appearance guidelines are the responsibility of each department, and your supervisor will let you know the standards that have been set. These guidelines are based on working conditions, location, hours, and the effect your appearance will have on associates, business contacts, and others who see you as a representative of SBAR.

CHANGES IN PERSONAL DATA

It is to your advantage, as well as the Company's that personnel records are kept up to date. All changes such as name, address or home telephone number should be reported to Human Resources.

SBAR will not release any information about you to external inquiries other than dates of employment and job title except when required by law. If you wish to have Human Resources provide additional information to a particular company or individual, you must provide a written release.

SMOKE-FREE WORKPLACE

In compliance with California's state law, smoking is prohibited in the workplace. Employees are free to smoke outside the building in which they work.

DRUG AND ALCOHOL ABUSE

It is the goal of SBAR to maintain a safe environment for all employees to work; therefore, SBAR has established a Drug-Free Workplace Policy. The use, possession, sale or purchase of controlled substances by SBAR employees on SBAR premises, in SBAR automobiles, and/or while performing Company duties is strictly prohibited. If you are found in violation of SBAR's

Drug-Free Workplace Policy, you will be subject to disciplinary action, up to and including immediate termination.

If a supervisor has reason to suspect that an employee may be under the influence of a controlled substance he/she can order the employee to submit to a drug test and be sent home. Under no circumstances will the employee be allowed to drive him/herself home. Management will be responsible for arranging alternative transportation for the employee to ensure that the employee does not endanger him/herself or others.

The Federal Drug-Free Workplace Act of 1988 requires that employees notify the Company within five days of any arrests or criminal convictions for drug related activity.

If you need any further information on SBAR's policy on drug use, drug testing or the Drug Awareness Policy you can contact Human Resources.

OUTSIDE EMPLOYMENT

Generally, SBAR regards the off-duty activities of employees to be their own personal matters. However, certain types of off-duty activities by employees represent the potential to become a business concern of the company. For this reason, the following guidelines have been established.

Employees may engage in off-duty employment if the off-duty employment does not,

- Conflict with the employee's work schedules, duties, and responsibilities at SBAR.
- Create a conflict of interest or incompatibility with SBAR employment.
- Have a detrimental effect upon the employee's performance with SBAR.
- Involve conducting business during hours of employment with SBAR.
- Does not conflict with SBAR client regulations.

Employees wishing to pursue off-duty employment need to submit a written request explaining the relevant details to their supervisor. If approved by the supervisor, a copy will be placed in the employee's personnel file. If there is a change in the off-duty work, such as type of work performed, modified work schedule, etc., the employee will need to submit a new or revised written request.

An employee who sustains an injury or illness in connection with off-duty employment will:

- Not be entitled to workers' compensation benefits provided by SBAR.
- Not be entitled to receive sick leave by SBAR.
- Not accrue vacation, sick leave, or any other discretionary benefits during the period of absence.
- Not be entitled to the normal contribution by SBAR towards other benefit premiums such as healthcare during the period of absence. In the cases where the off-duty employment related injury or illness results in temporary disability, the employee must either obtain a leave of absence without pay, request and use previously accrued paid time off, or be subject to termination due to lack of availability for work.

An employee's authorization to engage in off-duty employment may be revoked at anytime at the discretion of SBAR if it is determined not to be in the best interest of SBAR.

SAFETY

SBAR is committed to providing a safe workplace. However, providing a safe workplace is the responsibility of the Company as well as each employee. You are responsible the following:

- Learn to apply safe work practices prescribed by the workplace.
- Promptly report all accidental injuries, hazardous conditions, and incidents that could have resulted in injury.
- Promptly report all suspicious persons that may not be authorized to be in your work area.
- Get immediate first aid for every injury.
- Wear personal protective equipment that is supplied by SBAR.

If you need more information on SBAR's Injury and Illness Prevention Program speak to your supervisor, contact the Safety Officer for your department, or see Safety Plan GSD-00-7000.

SBAR'S QUALITY PROGRAM

The company and your individual performance are measured by the company standards that we establish and implement with the concurrence of our customers. SBAR has adopted the ISO9000 Quality Program. Our standards are incorporated in detailed work instructions that are used to ensure that we consistently provide the quality of service that our customers expect and for which the company has built its reputation.

The company expects your 100% cooperation in adhering to our ISO9000 Quality Program.

ADHERENCE TO COMPANY WORK INSTRUCTIONS

Most of the work performed by our staff is documented in Quality Work Instructions. Corporate policy and procedure that are standard throughout the company may be obtained from the SBAR website. Contract-specific work instructions are normally available on the file server located at your work site.

During your initial days of employment you will be expected to become familiar with the Work Instructions relating to your position with the company. You are expected to fully comply with the requirements of our Work Instructions.

QUALITY IMPROVEMENT PROGRAM

As a company, we also recognize that there will always be opportunities for continued improvement. We encourage you to identify any problem or improvement, no matter how small, to your supervisor. Your individual contributions are essential to our continuous Improvement Program.

SECURITY AND CONFIDENTIALITY

SECURITY OVERVIEW

Many employees are entrusted with information that is vital to the United States of America Government Security. We realize that employees that are entrusted with Government sensitive and classified information will use sound judgment in its use and disbursement.

You are required to prevent unauthorized access to classified or sensitive information under your control by protecting it from both deliberate and accidental compromise and access. We must all keep in mind that much of the information that is entrusted to SBAR is of classified Government information that is vital to the protection of The United States of America and should never be taken lightly.

Following is an overview of SBAR's Security procedures, but, if you are granted a security clearance and/or are entrusted with information that is of Government Proprietary information, you will need to have an interview with SBAR's Security Department. We are sure that you understand the need for these measures and that you realize that they contribute to the national security of the United States of America.

If you have any questions relating to Company classified or proprietary information, contact SBAR's Security Department.

SECURITY CLEARANCES AND NATIONAL AGENCY CHECKS (NACs)

Certain projects or locations that you may be required to work may be designated by the Department of Defense as classified. Employees that work within these guidelines are required to obtain a Security Clearance.

If you are assigned to a military contract, you may be asked to complete an extensive background investigation for unescorted entry to certain work sites should your job require it. Additionally, the government will require you to complete this investigation should you require a computer account at the military base.

In these cases, employment is contingent upon your ability to successfully obtain the required level of clearance or national agency check. Contact the SBAR Security Department for further information.

GOVERNMENT CLASSIFIED INFORMATION

If you need access to Government classified information to perform your job, you will need to have a security clearance. SBAR will help you in filling out the necessary forms. You may be required to furnish personal documents such as your original birth certificate along with other personal information. If you have previously and recently held a security clearance SBAR's Security Office will help to coordinate the reinstatement and or continuance of such clearance.

COMPANY PROPRIETARY INFORMATION

Company proprietary information may include strategic plans, marketing information, Company trade secrets, personnel information of employees, and other Company proprietary information. If you are entrusted with this information, you are responsible for ensuring that it its not released to anyone outside the Company or to anyone inside the Company that is not authorized access to such information.

EMPLOYEE FILES

All personnel files are kept and maintained on each employee. This information is kept confidential from inside and outside sources except when required by law. Employees that have access to such files are not allowed to divulge such information to anyone within or outside the organization without express written need or requirement.

COMPUTER AND ELECTRONIC DATA SECURITY

The Computer Security Act of 1967 lays the foundation for SBAR's computer and network security practices. These practices extend to include current prevailing practices by leading authorities and The Economic Espionage Act of 1996. Should you be assigned to a government contract, you must also comply with the Government Agency computer security practices. Regardless of your assignment, SBAR may have you sign pertinent non-disclosure agreements and provide you with appropriate computer security and policy training.

USE OF COMPANY AND GOVERNMENT COMPUTERS

All SBAR computers are just that: company computers. They are not your personal computer to use as you would at home. In some instances, you may be using government computer systems. There is no "right-to-privacy" on your computer system, neither specific nor implied. All computer systems are subject to monitoring and auditing at any time. Your computer assets are for performing company and contract requirements. SBAR has zero tolerance for pornography and related blatant misuse of company and government computer systems. Such misuse will result in immediate disciplinary action up to and including termination. No employee shall display a screensaver that offends another. You may use only company authorized e-mail accounts and Internet service providers.

Your immediate supervisor determines personal use of the computers, e-mail, and the Internet. Generally, you are to keep personal use to an absolute minimum if at all.

SBAR owns all software licenses, software, and all associated data and information on your system. Under no circumstances are you to duplicate or transmit data or system software outside of company networks. Contact your supervisor for public release (release to anyone outside of SBAR) of any information on your computer.

There should be no reason for you to bring personally owned computer hardware or peripherals to work. The Company or the effort that you support will provide what you need.

PASSWORD SECURITY

SBAR requires you to use passwords to protect the information on your system. The SBAR Security Department will brief you on these requirements specific to your assignment. You are not to share these passwords and are to protect them as you would the data on the system.

USE OF UNAUTHORIZED SOFTWARE

SBAR must authorize any software you use on your PC. SBAR will assure that the software is properly licensed and necessary for your job. This is part of the computer configuration management plan and affects the government-required computer accreditation packages. You are not to install any software on your PCs.

DOWNLOADING SOFTWARE FROM THE WEB

You may need to download software or information from a website. Any download has an inherent risk for introducing malicious code into a network system. Your system administrator will work with you for assuring a clean and safe download. Downloaded data is for company or contract use only and must be from reputable sites.

DATA BACKUPS

One of the areas that would cause a work impact is the lack of tested and reliable backups. Your system administrator will work with you to develop an appropriate back-up scheme for your computer. Ultimately, each user is responsible for backing up their data files.

ANTI-VIRUS PROTECTION

SBAR takes the initiative with virus protection software. For the most part, the network server will manage your virus detection software. However, every user is responsible for their external media and any data from an external source. There is no place or time for e-mail chain letters. These serve no purpose other than to overload the system and potentially proliferate viruses. Likewise, if you receive a notice from a friend or colleague warning you of a malicious virus, do not forward the warning to other persons. Notify SBAR's Security Department that will verify such warnings and notify the employees. SBAR uses specific virus-detection software with precise settings. The users are not to modify these settings for any reason.

If your job requires that you take work home, you need to have the same virus-detection capabilities on your home machine.

VIRUS AND MALICIOUS CODE INFECTIONS

In spite of reasonable and prudent precautions, you may still be the subject of a virus or malicious code attack. These could have come into your system by way of executable files or files containing animation.

REPORTING INFECTIONS

In the very slim chance that you have detected a virus or malicious code, immediately notify your system administrator and the Security Department. They will assist you in the next steps. Do not forward your affected file to anyone.

INADVERTENT CONTAMINATION

SBAR handles classified information at some of their locations. Although you may not have the need to handle classified information, there is a slim chance that you could receive a classified document via e-mail on your unclassified computer system. Immediately contact your system administrator and the security office. Do not forward this classified e-mail and attachment to anyone. If your job necessitates that you handle electronic classified information, your supervisor will direct you to the appropriate computer systems.

VOICE MAIL, E-MAIL, AND INTERNET POLICY

You might have any one or more of these communication tools. Each offers a distinct and productive method of communicating with others. You need to use each of these tools in a professional and courtesy manner for company or contract support. Employees may not use

company-provided assets for personal gain or profit. See your supervisor or network administrator to determine the need for e-mail, Internet, and voice mail capability. There is no right to privacy, implied or otherwise on any of these methods of communication.

Voice mail (or any message recording device) is for business and contract support. You should not divulge any passwords or access codes to others.

E-Mail and the Internet offer an efficient means for managing information. SBAR expects employees with e-mail and Internet accounts to abide with prevailing policy, etiquette, and practices.

At certain Government locations, the Government may require you with an e-mail account and policy. Many Government activities may require an employee to obtain a favorable National Agency Check (NAC) or security clearance before access to a computer system is provided.

YOUR HOURS, ATTENDANCE AND PAY

GENERAL WORK HOURS

SBAR's working schedule varies based upon contract requirements. A number of our departments have elected to work on a Flexible Schedule or an alternative work schedule such as a Four Ten schedule.

Normal Schedule: Normal workweek starts on Monday and consists of five eight-hour days, from 8:00 AM to 5:00 PM.

Flexible Schedule: Employees work an 8-hour workday and a forty-hour week. The schedule will vary based upon workload and customer interface requirements.

Four Ten Schedule: (Alternative Work-Week) Employees work four ten-hour days per week. Days of the week may vary based upon workload and schedules.

The Alternative Work-Week schedule complies with all applicable State and Federal Wage Orders. Your supervisor can provide detailed information on your working schedule.

OVERTIME

The Fair Labor Standards Act and applicable state wage, and hour laws require that all Non Exempt employees be paid for all overtime that is worked. In order to comply with this important law, and ensure that you are properly paid, we require that all overtime be approved before overtime work is performed.

Your supervisor must authorize all overtime before the work is performed.

Please discuss this with your supervisor if you have any questions.

ATTENDANCE

Regular attendance and punctuality are essential ingredients in the company's operations. Poor, uncertain, or irregular attendance produces a disruption in operations, lowers overall team productivity, and can impact our overall performance.

Employees are expected to report to work and be at their designated work location on time. Tardiness, unexcused absence, leaving work early or failure to report as required, may result in disciplinary action. In the event you cannot report to work as scheduled, you must notify your supervisor no later than one hour prior to your required reporting time.

Excessive absenteeism or tardiness regardless of the reason, which affects your performance or the team's ability to meet company objectives, will be evaluated on a case-by-case basis to determine the need for disciplinary action.

PAYCHECKS AND PAYDAYS

As a normal rule, paychecks are issued every two weeks, on Friday morning. There are a total of 26 pay periods per year. Most of our employees take advantage of our Direct Deposit Program. If you enrolled in Direct Deposit your check is deposited in your personnel account at midnight on the day before payday. A summary of your pay and the amount that was deposited in your name will be provided to you on payday.

Paydays may differ for your operating unit, depending upon specific contract requirements. During your enrollment you will be advised if requirement differs for your operating group.

PAYROLL DEDUCTIONS

Deductions from your gross earnings are either mandatory or voluntary deductions.

Mandatory deductions are those we are required by law, court order, or other legal reason to deduct. They include:

- State and federal withholding taxes
- State Disability Insurance
- Social security and
- Wage garnishments.

Mandatory deductions for state and federal taxes depend on the information you provide on the Form W4 that you provide. If you wish to change your deductions, please submit a new Form W4 to Payroll.

Other Mandatory deductions include court orders garnishing an employee's paycheck for child support or other debts.

Voluntary deductions are those requested by the employee. These may include supplemental insurance you may wish to purchase, salary deferrals for our 401K plan or Cafeteria Plan.

Information and forms for changes to your voluntary deductions can be obtained from the Human Relations.

WAGE GARNISHMENTS

SBAR is required by law to recognize certain court orders, liens and wage assignments. When SBAR receives a notice of a pending garnishment or wage assignment, the Human Resources Department will discuss it with the employee in an effort to settle the matter without involving the company.

GENERAL POLICY

PERSONAL PROPERTY

SBAR is not generally responsible for any loss or damage to, or theft of any personal property you bring to the office. You should take steps to protect your personal property from damage or theft. For example, you should not leave money, credit cards, or other valuables at your desk while you are away for any period of time. You should report to your supervisor any damage or theft of any personal property you have brought to the office.

COMPANY PROPERTY

SBAR has a large investment in equipment. You are expected to protect the equipment as if it were your own. Employees are responsible for equipment assigned to them. It should be used for Company business only and not for personal use by the employee. Employees should not take any equipment, supplies or other Company property from the premises without written permission from their supervisor.

UNAUTHORIZED VISITORS

Employees must be aware that SBAR may have both a security and an insurance liability for persons visiting the Company business locations. Because of this, SBAR has established a policy intended to restrict business visitation with the exception of suppliers, vendors, applicants, business associates, and clients.

BUSINESS TRAVEL

You may be required to travel on Company business during your employment with SBAR. If so, you are required to comply with SBAR and Government travel regulations and cost limitations. SBAR has a travel procedure to comply with Government regulations.

Speak to your supervisor to obtain approval prior to your departure date and/or to get more details on SBAR's policy on business related travel.

EXPENSE REPORTS AND DOCUMENTATION

You must submit an expense report to your supervisor within three workdays after your return from work-related travel.

You are responsible for the accuracy of every entry. You need to make sure that the charge number is the same as the task it applies to. Your expense report is the basis for billing the Government for reimbursement, so it must be absolutely accurate. Any misrepresentation by you is considered fraud and can result in immediate termination.

Along with your expense report, you must submit all original receipts such as taxi, hotel, airline fees, etc.

OTHER IMPORTANT DOCUMENTS

Most of our important documents relating to day-to-day operations have been posted to our company website, <http://SBAR.com/>. The following are some of the documents you should review at your earliest convenience.

GSD-00-2000-02 Timesheets

GSD-00-2000-03 Disciplinary Actions

GSD-00-3000-02 Travel Reimbursement

GSD-00-7000 Safety Plan

QAP-0000 SBAR Quality Manual

DoD HOTLINE

EMPLOYEE REPORTING REQUIREMENTS

SBAR is required to inform employees of the existence of the DoD Hotline. If necessary, it is to be used for reporting matters of national security significance. All employees have a responsibility to report security violations regardless if they were deliberate or not. Violations are to be reported to the on-site manager and Facility Security Officer. The SBAR FSO should also be notified.

Should you believe the situation warrants, Federal agencies maintain hotlines to provide an unconstrained avenue for government and contractor employees to report, without fear of reprisal, known or suspected instances of serious security irregularities and infractions concerning contracts, programs, or projects. These hotlines do not supplant contractor responsibility to facilitate reporting and timely investigation of security matters concerning its operations or personnel, and contractor personnel are encouraged to furnish information through established company channels. However, the hotline may be used as an alternate means to report this type of information when considered prudent or necessary.

The Hotline address and telephone number is as follows:

**Defense Hotline
The Pentagon
Washington, DC 20301-1900
(800) 424-9098**

DoD HOTLINE – 800-424-9098

E-mail: hotline@dodig.mil

DoD Instruction 7050.01, "Defense Hotline Program," December 17, 2007, outlines the requirement to publicize the Defense Hotline Program and encourage the DOD community to identify and report suspected fraud, waste and mismanagement in DoD programs and operations.

As prescribed in the Defense Federal Acquisition Regulation Supplement-- Part 203.7002 certain Defense contractors must display DoD Hotline posters in accordance with DFARS--Part 252.203-7002.

Anyone, whether uniformed or civilian, who witnesses what he or she believes to be a violation of ethical standards and/or the law, including but not limited to fraud, waste, or abuse of authority, potential leaks of classified information, or potential acts of terrorism, **should report such conduct through the chain of command or either directly to his or her respective service Inspector General or directly to the Inspector General of the Department of Defense Hotline at 800-424-9098 (e-mail: hotline@dodig.mil)**

In addition to the DOD hotline you can also report any discrepancies through the NASA hotlines listed below.

<http://oig.nasa.gov/hotline.html>

NASA OIG HOTLINE 1-800-424-9183

Or Write:

NASA Office of Inspector General
P.O. Box 23089
L'Enfant Plaza Station
Washington, D.C. 20026