

Employee Handbook



May 2009 Edition

Welcome

You have been carefully selected to be a member of the Airborne Maintenance and Engineering Services (AMES) team! We are glad you have chosen to become a part of our organization.

Our primary goals are to provide customers with the highest quality service, and employees with a safe, secure, and rewarding work environment. Achieving these goals will contribute to our company's long-term success.

We all have a mutual interest in AMES' growth and success. If AMES is successful, all of us are successful together. Our shared values are reflected in our mission and culture statements. This is how we run our business, and how we treat each other and our customers. We think you will be a great fit for this culture. We welcome you!

Mission Statement

Providing unsurpassed customer service, one plane, one part, one solution at a time.

Culture Statement

- ▶ We take care of our people, our relationships, and our reputation through integrity and compliance.
- ▶ We are accountable to our customers and each other.
- ▶ We expect open and honest two-way communication.
- ▶ We work together placing the goals of our organization above our own.
- ▶ We develop our skills in order to grow as a team and as individuals.
- ▶ We support the long-term growth and profitability of our organization in everything we do.
- ▶ We conduct ourselves professionally through our words, actions, and appearance.

About This Handbook

This Employee Handbook will better inform you about AMES and help clarify what is expected of you. However, this manual cannot cover everything you might want to know. Please ask your Supervisor or the Human Resources Department if you have questions or need to refer to full policies. While the initial May 2009 version of this handbook is in print format, future versions and updates are intended to be electronic.

This employee handbook is presented for informational purposes only. AMES reserves the right to change or revise policies and procedures without notice when the company deems such an action necessary.

This handbook is not an employment contract, expressed or implied. Your employment with AMES is on an at-will basis. This means that either you or AMES can terminate the employment relationship at any time, with or without cause, with or without prior warning or notice.

No promise, statement, action, or event constitutes or provides a basis for an employment contract with you that is binding on AMES, unless it is an express promise, made in writing and signed by the General Manager of AMES. If you believe that any such promise, statement, action, or event has resulted in or provides a basis for an employment contract with you that is binding on AMES, you must immediately report this in writing to the General Manager.

By accepting employment, or by continuing in the employment of AMES, including the receipt of compensation and benefits provided by AMES, you recognize that the employment relationship between you and AMES is at-will as defined in this section of this Employee Handbook.

Company Philosophy and Employment Standards

Code of Conduct

The reputation of any company is solely dependent on the ethical conduct of its leadership and workforce. Every person associated with AMES' business is responsible for ensuring that the company's reputation and integrity are protected at all times.

The full text of the "Code of Conduct for Conducting Business" can be found at www.ATSGinc.com under Corporate Governance. The expectations under the Code of Conduct is developed and published by AMES' parent corporation, Air Transport Services Group (ATSG). Compliance with the Code of Conduct, in brief, requires following the laws and regulations that govern our business practices, as well as the policies of AMES.

Safety

One of AMES' most important priorities is to provide a safe place for everyone to work. We believe firmly that all injuries can be prevented. However, this requires never ending vigilance, and it is up to each of us to use safe practices and good judgment in everything we do. It is also important to take care of each other and look for hazards jeopardizing you or your co-workers' safety.

All employees are expected to follow AMES' safety rules and recommended practices. These may vary depending on the type of job you are doing. Specific safety training for your duties should be provided by your management. In general, remember to wear proper safety equipment, if applicable, and report unsafe conditions to your supervisor, other members of management, or Human Resources. Communicate with your supervisor when you are in doubt about the safe way to perform job duties, or when you have a suggestion on how to better perform your job.

If you are injured while at work, report your injury to your supervisor (or the nearest member of management) immediately and complete an accident report, no matter how slight your injury may seem.

Equal Employment Opportunity

AMES promotes equal employment opportunity and diversity by implementing policies and practices that designed to prevent discrimination. It is our policy that all persons are entitled to equal employment opportunity regardless of race, color, national origin, religion, sex, age, disability, military status, or any other status or condition protected by applicable local, state or

federal laws. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, transfer, leave of absence, compensation and training. It is also AMES' policy that retaliation against employees asserting rights protected by the law is prohibited.

Anti-Harassment

AMES is committed to maintaining a work environment that is free of discrimination. In keeping with this commitment, we will not tolerate unlawful harassment of our employees by anyone, including any supervisor, co-worker, or third party. Harassment consists of unwelcome conduct, whether verbal, physical or visual, that is based on a person's race, color, national origin, religion, age, sex, or disability or other status or condition protected by applicable local, state or federal laws. Harassment that affects job benefits, interferes with an individual's work performance, or creates an intimidating, hostile, or offensive work environment will not be tolerated. If you believe that you are being discriminated against or harassed, or if you believe that your employment is being affected by such conduct directed at someone else, it is your duty to report the situation immediately to management or Human Resources.

Sexual Harassment

It is our policy that employees in their work environment will be free from all forms of sexual harassment. Sexual harassment is unwelcome conduct of a sexual nature when:

- 1) submission to or rejection of the conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- 2) submission to or rejection of the conduct is used as the basis for employment decisions regarding that individual; or
- 3) the conduct substantially interferes with an individual's employment or creates an intimidating, hostile, or offensive work environment.

Examples of sexually harassing conduct can be, but are not limited to, sexual jokes and innuendoes, unwelcome sexual requests or demands, sexual gestures or sounds, display of sexually suggestive or offensive pictures, or unwanted touching or attention. If you are subjected to or witness these types of behaviors or other unwanted behaviors of a sexual nature, it is your duty to report the behaviors immediately to management or Human Resources.

Reporting and Investigating

It is everyone's responsibility to help AMES enforce our policies. Any employee who has been the victim of a policy violation, illegal or unethical conduct, or who has witnessed such conduct must immediately notify their supervisor so the situation can be promptly investigated and remedied. Employees can also report these concerns to other members of management, to Human Resources, or through an independent third-party anonymous hotline (We-Tip @ 1-800-78-CRIME).

AMES will promptly investigate complaints and take appropriate corrective action whenever inappropriate conduct is determined to have occurred. All individuals are expected to cooperate fully and honestly with the company's investigative efforts. AMES will address the matter as confidentially as is practical in view of the circumstances.

Non-Retaliation

AMES will not tolerate retaliation against anyone who, in good faith, has reported harassment, discrimination, safety, fraud or other concerns, as protected by law, or who has cooperated in the investigation of such complaints.

Disability Accommodation

It is AMES' policy to comply with local, state and federal laws to reasonably accommodate qualified individuals with disabilities. If you have a disability, as defined by law, and need accommodation to perform your job duties, you will need to inform your supervisor and Human Resources of your needs so the company can work with you in providing a reasonable accommodation.

Religious Accommodation

AMES respects the religious beliefs and practices of all employees. If an accommodation is needed, please discuss it with your supervisor and Human Resources. We will work with

you in determining if a reasonable accommodation is possible.

Open Communications

AMES welcomes suggestions and input from all of our team members. Open communication among all employees is vital to our continued success. Our goal is to encourage two-way communication between all levels of employees in order to receive input that will improve the operation of our business and the working environment for our employees.

Most company information will be provided by your direct supervisor. Information may also be provided to you through departmental or company-wide meetings, communication center postings, the AMES web site www.AirborneMX.com, the intranet, email, or letters sent to your home.

It is important for you to take an active role in communicating your ideas, thoughts and concerns. Open, honest, two-way communication is vital, as each of us plays an important role in AMES' success.

Conflicts of Interest

AMES expects all employees to act with integrity and in the best interest of the Company when dealing with co-workers, customers, suppliers, contractors, competitors, or any person doing or seeking to do business with us. You should avoid situations in which personal considerations or financial gain may compromise, or have the appearance of compromising, your professional judgment.

All offers of gifts such as tickets, entertainment, travel, favors, or any other gift, must immediately be reported to your management, who will assist in determining how such offers should be ethically handled.

Union-Free Workplace

We believe our continued success and growth can best be achieved in a union-free environment, where we deal with each other directly rather than through a third party. We believe AMES employees want to think, speak and act for themselves, and we respect their right to do so. It is not necessary for you to pay union dues to have your thoughts and opinions considered at AMES. When problems do arise, we know that we can work to resolve them together in an open and respectful manner.

Appearance and Dress

All employees are expected to present a professional image when at work. Hair should be cleaned, combed, and neatly trimmed or arranged. Body piercings (other than earrings) and inappropriate tattoos should not be visible. Clothing should have a good fit, be pressed and in good condition with no holes. Standards of appearance and dress can vary based on the work area and situation. Where uniforms are required, you are expected to wear them. AMES reserves the right to require employees to change their clothing or modify their appearance as needed.

Compensation

PAYCHECKS

All employees are paid biweekly. Paydays are every-other Friday. Non-exempt employees must record all of their worked time accurately. Any pay discrepancies must be reported to your supervisor, management, or Human Resources immediately.

Your paycheck will be deposited directly into your bank or financial institution. You may elect to have it deposited in to one account or to have it split between two accounts or two banks. If you choose deposits to two accounts, a fixed amount must be specified for deposit to the first account and the remainder will be deposited to the second account.

SHIFT DIFFERENTIAL

Employees who work on second (the majority of hours regularly worked between 4 p.m. and midnight) or third (the majority of hours regularly worked between midnight and 8 a.m.) shift will be paid a shift premium. If you are normally scheduled to work on second or third shift, you will be paid shift differential when you use PTO time or Long-Term Sick pay.

OVERTIME

From time to time, overtime may become necessary to meet the needs of our customers.

- ▶ Non-exempt employees will be paid at a rate of 1½ times the regular rate of pay for all hours in excess of 40 in a work week.
- ▶ All overtime must be pre-approved by management. Working unauthorized overtime may result in discipline.

- ▶ It is your responsibility to work overtime to which you have either voluntarily committed or to which you have been scheduled by management.
- ▶ Where state laws on overtime vary, AMES will follow applicable local, state, and federal laws.

Exempt employees will receive their full weekly salary for any week in which work is performed and without regard to the number of days or hours worked. Deductions from their salaries authorized under the law, including but not limited to deductions for sick leave use of whole days, will occur as appropriate. Employees who believe their pay has been improperly docked must contact management or the Human Resources Department. Reimbursement shall be made for any improper deductions, and the problem will be corrected.

PERFORMANCE-BASED PAY

The performance of full and part-time employees will be evaluated regularly. The purpose of this review is to formally document an evaluation of your overall performance over the review period, set goals for the upcoming period, as well as determine the amount of merit pay adjustment that may be made, based on your performance. You will be measured on a combination of job-related factors, including, but not limited to, the quality

of your overall work, cooperation and the manner in which you conduct yourself. How you compare to others in the work group may also be considered.

If you have questions about your performance or the company's expectations of you, do not wait until your review to ask them.

Job Opportunities

AMES strives to promote from within, whenever possible, while focusing on hiring the best candidate. As positions are available, we may post them on the AMES web site (www.AirborneMx.com) where on-line applications can be submitted for consideration for a position. If assistance in applying is necessary, please discuss your needs with Human Resources. Qualified applicants for available job openings will be considered. Written or hands-on assessments may be required as part of the selection process.

Positions will be awarded considering experience, competencies, abilities and qualifications to perform the job, with or without reasonable accommodation, as they relate to the position being filled and the needs of the company at the time.

Standards of Performance and Conduct

AMES believes that a high standard of behavior is important to our success. We must deal respectfully and ethically with each other and our customers.

The Desirable Behaviors table on this page contains a list of criteria that is expected of our employees and will be incorporated into performance evaluations. The list is not intended to be all-inclusive, but outlines performance standards that support our corporate culture and goals.

However, when someone's conduct falls outside of acceptable behavior and performance, it may be necessary to initiate performance counseling and/or

disciplinary action, up to and including termination. AMES reserves the right to exercise judgment and discretion in determining the appropriate counseling or discipline in any situation.

Workplace conduct that AMES considers unacceptable includes, but is not limited to, the following:

- ▶ Unacceptable absenteeism or tardiness
- ▶ Negligent or unsatisfactory performance
- ▶ Lack of effort
- ▶ Insolence or insubordination
- ▶ Publication, distribution or communication of false, inflammatory or disparaging material concerning the Company, its management, its employees, or its customers
- ▶ Fighting, threatening injury, or any other display of workplace violence

Table: Desirable Behaviors

DESIRABLE BEHAVIORS INCLUDE:	DESCRIPTIONS:
Personal accountability	Realizes that individual behavior has an impact on the success and reputation of our company. Is responsible for individual actions and overall performance. Identifies problems and contributes to developing reasonable solutions to them as well.
Performing as a Team Member	Sees other employees as working partners. Strives for understanding and productive cooperation through open communication in a team environment. Seeks to achieve group goals. Encourages productivity.
Being ethical in business and other activities	Considers the impact of individual and group actions. Avoids conflicts of interest and seeks clarification in questionable situations.
Respect	Treats co-workers with respect. <u>Does not</u> engage in or tolerate horseplay, discrimination, harassment, insolence, insubordination, intimidation, retaliation, or violations of other workplace standards.
Productivity	Meets or exceeds productivity expectations. Examines current work processes and evaluates ways to improve those processes.
Safety	Complies with safety rules and procedures. Maintains a safe and orderly work area and <u>does not</u> engage in or tolerate violation of the Drug/Alcohol-Free Workplace Policy, the FAA Anti-Drug Program, or the FAA Alcohol Misuse Prevention Program.
Attendance and Punctuality	Is prepared to work at the start of each shift and continues to work to the end of the shift.
Professionalism	Sets an example of dedication to the job and to AMES through words, actions, and appearance.

- ▶ Use of abusive, indecent or obscene language, acting in a defamatory or disrespectful manner, use of language or conduct tending to harass, embarrass, inflame, injure, offend, intimidate or humiliate
- ▶ Discrimination or unlawful harassment
- ▶ Theft or attempted theft
- ▶ Violation of the non-solicitation/ non-distribution policy
- ▶ Sleeping on the job
- ▶ Willful destruction of the property of the company, customers, visitors, or coworkers
- ▶ Acts of dishonesty, including falsification, false statements, misrepresentation or omission
- ▶ Horseplay, other unsafe acts or violations of AMES' Safety Policy
- ▶ Violation of AMES' Drug/Alcohol-free Workplace policy, FAA Anti-Drug Program, or FAA Alcohol Misuse Prevention Program
- ▶ Unauthorized disclosure of confidential or proprietary information
- ▶ Possession of a dangerous weapon, firearm, or explosive while on Company property, while performing job duties, or attending Company sponsored events
- ▶ Illegal conduct. You are required to notify management of all felony charges and all convictions (of any degree other than minor traffic citations) within 5 days of occurrence while employed.
- ▶ Ethical violations, or violation of any Company policy or rule
- ▶ Other actions considered to be detrimental to AMES employees, customers, or operations.

Problem Resolution

AMES is committed to working with you to resolve work related issues. You can handle most problems quickly by bringing them to the attention of your Supervisor. Our culture values and encourages direct communications between and among employees at all levels. You should never feel reluctant or fearful about raising an issue directly with your supervisor. Our supervisors are selected in part for their ability to listen and solve problems. Helping you deal with issues is part of your supervisor's responsibility. If the matter is not resolved, please seek resolution through your Director or the Human Resources Department.

As a further safeguard, employees can request formal problem resolution. You must contact Human Resources in order to initiate this process.

Retaliation for bringing a problem or complaint forward for resolution, in good faith, will not be tolerated at AMES. If you suspect or have concerns regarding retaliation, please discuss with your management or Human Resources immediately.

Drug/Alcohol-Free Workplace Policy

In the interest of public and employee safety, AMES is committed to a drug/alcohol-free working environment. The intent of this policy is to provide assistance to those who need it while clearly stating that the illegal use of drugs and inappropriate use of alcohol is incompatible with employment at

AMES. This policy applies to all employees, applicants for employment, vendors, customers, or visitors. Simply stated, it is strictly forbidden:

- ▶ To possess or use alcohol, illegal drugs, marijuana, or other non-prescribed controlled substances during work hours and/or on Company premises.
- ▶ To report to or be on Company premises while under the influence of alcohol, intoxicants, illegal drugs, or marijuana.
- ▶ To report to or be on Company premises while impaired by a prescription or over-the-counter medication if this creates a safety hazard to the employee or others.
- ▶ To unlawfully manufacture, distribute, possess, use, or sell any illegal drugs or other controlled substances on or off company premises.
- ▶ To receive any criminal conviction involving drugs.

Violation of any of these prohibitions will result in disciplinary action at the discretion of AMES, up to and including termination of employment.

NOTE: AMES reserves the right to require its employees to submit to blood, urine, breath, or other tests to determine the use of alcohol, intoxicants, illegal drugs, marijuana or other controlled substances in the following situations:

- ▶ Pre-employment
- ▶ Reasonable suspicion of violation of this policy
- ▶ Post-accident
- ▶ Return to duty and follow up testing
- ▶ Any testing as required or permitted by the Department of Transportation

or other regulatory agencies
(i.e. random)

It is AMES' goal to achieve and maintain a drug/alcohol-free environment in compliance with the Drug Free Workplace Act of 1988 and the Department of Transportation regulations for Drug and Alcohol programs. Our goal is to balance respect for individuals with the need to maintain a safe, productive and drug/alcohol free environment.

Employees must comply immediately with any testing request. Employees are expected to promote and contribute to a drug/alcohol-free workplace by reporting any suspected violations of this policy.

Searches of AMES employees or their property including but not limited to purses, bags, toolboxes, automobiles, and lunch boxes may be conducted when there is reasonable suspicion that there is a violation of this policy or as otherwise provided by the search policy.

All information relating to drug or alcohol testing or the identification of persons as users of drugs and alcohol will be protected by AMES as confidential unless otherwise provided by law, overriding public health and safety concerns, or authorized in writing by the persons in question. Test results will be released in defense of claims against AMES.

AMES encourages employees who believe they have an alcohol or drug problem to seek help. The medical insurance program provides for payment of certain expenses related to treatment for alcoholism and drug addiction.

Information concerning the insurance program may be obtained from Human Resources. AMES' Employee Assistance Program will provide confidential assessment with referral to appropriate treatment services. Regardless of any treatment, however, employees who violate company policy will be subject to discipline.

DEFINITIONS

- ▶ *Alcohol use*: drinking any beverage, liquid mixture, or preparation (including any medication) containing alcohol, including but not limited to Nyquil, mouthwash if swallowed, liquor, beer, or non-alcoholic beer containing ½ percent alcohol.
- ▶ *Company premises/facilities*: all owned/leased/operated property or facilities of AMES, including vehicles and equipment wherever located.
- ▶ *Drug/alcohol testing*: the scientific analysis of urine, blood, breath, saliva, hair, tissue, and other specimens of the human body for the purpose of detecting drugs, alcohol, adulterants, or substitutions.
- ▶ *Illegal drug*: any drug that is not legally obtainable, any drug that is legally obtainable but has not been legally obtained, any prescribed drug not legally obtained or not being used for the prescribed purpose or by the prescribed person, and any drug being used for a purpose not in accordance with bona fide medical therapy.
- ▶ *Legal drug*: any prescribed drug or over-the-counter drug that has been obtained and is being used for the purpose and person for which prescribed or manufactured.
- ▶ *Positive alcohol test*: alcohol test results of .04 percent or higher.
- ▶ *Positive drug test*: drug test results at or in excess of AMES' minimum testing levels.
- ▶ *Under the influence*: alcohol test results of .02 -.039 percent.

Violations of this policy will result in corrective action up to and including termination. Specifically, test results indicating:

- ▶ Being under the influence of alcohol
- ▶ A positive alcohol test.
- ▶ A positive drug test.
- ▶ Refusing to submit immediately to a requested drug or alcohol test or tampering with, altering, adulterating, masking or substituting a test specimen (or attempting any of the same).
- ▶ Refusing to allow a search.

Search

AMES reserves the right for company authorized persons to search and inspect both company property (e.g. desks, computers, lockers, etc., regardless of whether a personal lock is used), and personal items, including vehicles, brought onto company owned or operated property/facilities.

No Solicitation / No Distribution

Unrestricted solicitation or distribution often becomes financially burdensome, inconvenient, or embarrassing to the company and employees. To avoid problems, these rules will be carefully enforced:

- ▶ Solicitation of one employee by another is only permitted on non-working time in a non-working area.
- ▶ Employee distribution of literature of any kind is limited to non-working areas on non-working time.
- ▶ Solicitation of one employee by another while either person is on working time is prohibited.
- ▶ Non-employee solicitation or distribution for any reason is prohibited on company owned, leased or operated property.

Employees are required to leave company premises and other work areas at the completion of their shifts. Employees are not permitted to enter or remain on company premises or work areas unless the employee is on duty, scheduled for work, coming to or departing from scheduled work, or otherwise has specific authorization from a manager or above.

Company "premises" means property owned, leased, operated, managed or controlled by the company, including buildings, parking lots, and airport ramp areas that the company has the right to use exclusively or in common with others, aircraft and other vehicles owned or operated by the company, and any location where company-sponsored activities are taking place, such as restaurants, banquet halls, athletic facilities, parks or other recreational facilities.

Work time means any time when employees are engaged in or required to be performing work tasks. Work time does not include break periods, meal times, or other periods during the workday when employees are properly

not engaged in performing their work tasks.

Work areas are all areas controlled by the company where employees are performing work, except cafeterias, employee break areas, and parking lots (non-work areas).

AMES reserves the right to inform employees of charitable and community activities it chooses to support, including but not limited to March of Dimes, United Way, American Heart Association, American Cancer Society, and American Red Cross.

Electronic Administration Systems

It is the Policy of AMES that the administrative systems of the Company be used solely for the benefit of the Company, and pursuant to the following rules. Administrative systems subject to this policy include, but are not limited to, all desktop, laptop, and other computers and computer networks, internet access, telephone systems, the electronic mail system ("e-mail"), voice mail system, word processing system, photocopiers, and the fax system of the Company.

1. All files, e-mail messages, voice mail messages, documents and other records, which are created, received, stored, or transmitted on or through the Administrative systems, are the property of the Company and may be accessed, intercepted, reviewed or listened to, copied, deleted, and/or disclosed at any time by the Company, with or without notice.

2. Intentional accessing, reviewing, or copying of files, e-mail messages, voice mail messages, documents, and other records of the Company, or that are created, received, stored, accessed, or transmitted on or through the Company's Administrative Systems, other than by persons authorized by the Company to do so, is prohibited.
3. The Company's Administrative Systems are not intended for personal use. The Company recognizes that incidental and occasional use of the Administrative Systems for non-Company use may occur, but this use must not interfere with the Company's use of the Administrative Systems or with the performance by an employee of his or her duties for the Company. The Company reserves the right to scrutinize and refuse use of its Administrative Services for any purpose.
4. Individuals should not expect privacy for any files, messages or materials created or transmitted using or stored in the Administrative Systems (even though security may be placed on a document or file and regardless of whether passwords are employed). This is true regardless of whether a file, e-mail message, voice mail message, document or other record is related to personal or to business use. Documents, messages, and files that have been "deleted" are very often recoverable, long after having been deleted. By using the Administrative Services to send or receive messages or to author or store files or documents, an individual consents to the Company's accessing, intercepting, reviewing, listening to, copying, deleting, and/or disclosing any such message, file or document, with or without notice, at any time.
5. AMES employees shall maintain the confidentiality of information stored in the Company's Administrative Systems, including personnel and client records, to the same extent as other information that is created, kept, or used by the Company for its administrative and operational purposes. The Company retains the right to determine the use of all such information.
6. No employee may copy or distribute through the e-mail system, use of copying machines, or otherwise, any copyrighted material of a third party (including computer software, screen savers, articles, graphics files and other down-loaded information) without confirming that the Company has the right to copy or distribute these materials.
7. Administrative Systems may not be used in any way that violates any other Company policy, such as the Company's policy on anti-harassment or its policy concerning the confidentiality of proprietary and business information. Nor may any Administrative System, including the Company's access to the internet or e-mail, be used to:
 - ▶ Carry any defamatory or obscene material;
 - ▶ Communicate any sexually explicit messages, images, cartoons, or jokes' or
 - ▶ Carry profanity or ethnic, religious, sex, age, disability-

based, national origin-based, or racial slurs.

Violations of this policy may result in disciplinary action by the Company in its discretion, up to and including termination of employment.

Confidentiality

As an employee of AMES, you may become aware of information important to the Company's success. You should not discuss sensitive, confidential business matters outside the Company because it could damage AMES' competitive position or its relationship with its vendors or customers.

Furthermore, employees with access to personal information, such as social security numbers and medical information, are expected to handle that information confidentially, and only disclose to those allowed through business necessity, or as otherwise authorized by the employee.

Many AMES employees are required to sign a Confidentiality Agreement. If you have any questions about confidentiality, please talk to your supervisor or Human Resources.

Time Off

PAID TIME OFF

AMES' Paid Time Off (PTO) program provides all full- and part-time employees with paid time away from work that can be used for vacation, holidays, or illness/injury. You begin accruing PTO immediately upon hire as a full-time or part-time employee. The PTO hours are awarded to you at the end of each pay period. The amount of PTO time awarded is based on the number of hours that you were paid in the pay period. The tables on this page show the accruals for someone who is paid for 80 hours in a pay period, and 2,080 hours in a year.

PTO should be scheduled with as much advance notice as possible and use requires supervisor approval. If you miss a day, and you have PTO time

Table: Non-Exempt Paid Time Off Schedule

Years of Service	Maximum PTO Hours Earned Each Pay Period	Maximum Accumulation Per Year
1 through 5	6.769 Hours	22 Days
6 through 15	8.308 Hours	27 Days
16 through 20	9.846 Hours	32 Days
21+ Years	11.385 Hours	37 Days

Table: Exempt Paid Time Off Schedule

Years of Service	Maximum PTO Hours Earned Each Pay Period	Maximum Accumulation Per Year
1 through 5	8.308 Hours	27 Days
6 through 15	9.846 Hours	32 Days
16 through 20	11.385 Hours	37 Days
21+ Years	11.385 Hours	37 Days

available, you must use it to cover the day.

While the PTO concept gives you more flexibility in the use of your paid time off, it also makes you responsible to manage it. If the company is closed for a holiday, and you do not have enough PTO time to cover the day, you will not be paid for the day. If you have vacation scheduled and do not have time to cover it, you will generally not be allowed to take the time off unpaid.

You may accumulate up to two times the PTO shown on the table for your years of service with AMES. When the maximum is reached, further accumulation ceases until PTO time is used.

LONG-TERM LEAVE

While dependability is very important to the success of our business, AMES understands there may be times you will need to take a leave of absence. If you need to be absent from work beyond your available PTO, you may qualify for leave of absence. Please discuss your needs with your supervisor or Human Resources to determine if a leave is available for your situation.

Also, upon hire, full-time and part-time employees begin to accrue long-term sick pay which is awarded to you at the end of each pay period. The amount is based on the number of hours that you were paid in the pay period. The maximum annual accrual of long-term sick pay per year is 5 days. You may accumulate up to a maximum of 480 hours (60 days) of long-term sick pay.

Accumulated long-term sick pay can only be used after you have had 5

consecutive days of absence due to the same illness or injury.

The maximum amount of time an employee can be on leave of absence is 12 months.

ABSENCE AND TARDY REPORTING

Your attendance record is an important factor in your performance evaluation and in AMES' total team effort. However, on occasion we recognize you may need to miss work due to illness, injury, or other important reasons.

It is your responsibility to report your absence or tardiness to your supervisor prior to your starting time so arrangements can be made for coverage. You are responsible for obtaining direction from your supervisor on acceptable call-off procedures, including acceptable people to contact and associated phone numbers. Failure to report absences to your supervisor, or excessive absence occurrences or tardy occurrences, will result in corrective action up to and including termination.

Use of PTO not scheduled and approved by management in advance of the day of use will result in an attendance occurrence. Use of unpaid time off will generally result in an attendance occurrence. Should workloads permit, Directors may approve unpaid time off without occurrence.

Employees are expected to be at their workstation ready to work at their designated start time. Late arrivals and early departures of less than two hours, which were not approved in advance, will count as tardy occurrences. Non-exempt employees are paid only for

actual time worked. Late arrivals/early departures for non-exempt employees will be covered by using the employee's available PTO balance.

An absence occurrence is defined as time away from work of 2 or more hours. Consecutive days of absence attributable to a single illness will be considered one occurrence. Non-consecutive occurrences for the same medical reason may be combined if the subsequent absence is within seven (7) calendar days of the last day of the original absence.

Approved FML, Bereavement Leave, Military Leave, Jury Duty and Certified Workers Compensation Leave are not counted as occurrences for the purpose of this policy. However, FML time off will be paid only with available PTO balances.

Absence occurrences for non-exempt employees will be covered by using the employee's available PTO balance.

Six occurrences of absence or six occurrences of tardiness in a rolling 12-month period are considered excessive, and will result in termination. As stated in the standards of conduct policy earlier in this handbook, AMES will take into account all aspects of an employee's performance, including attendance, when making discipline decisions.

It is the employee's responsibility to be aware of their own attendance record. While supervisors may have a verbal discussion with the employee when they reach five occurrences, failure to do so will not exempt the employee from discharge when they reach their sixth occurrence.

Absence occurrences and tardiness occurrences are tracked separately.

Employees who have absences that appear to follow a pattern of abuse may be counseled and disciplined for "Negligent Performance". If the pattern continues, the employee may be subject to further discipline, including discharge, regardless of the number of occurrences the employee may have.

An employee who fails to report to work for two consecutive days without notifying their supervisor will be considered to have abandoned their job and will result in loss of employment.

On occasion, unforeseen circumstances or emergencies may arise that require attention during work hours. Please contact your supervisor as soon as possible when these situations occur.

FAMILY MEDICAL LEAVE

Federal regulations known as the Family Medical Leave Act (FMLA), as well as some state laws, require covered employers to provide up to 12 weeks of unpaid, job protected leave to eligible employees for the following reasons:

- ▶ Incapacity due to pregnancy, prenatal medical care or child birth
- ▶ To care for the employee's child after birth, or placement for adoption or foster care
- ▶ To care for the employee's spouse, son or daughter, or parent, who has a serious health condition
- ▶ For a serious health condition that makes the employee unable to perform the employee's job

Available PTO balance will be used for all approved FMLA time off. In cases of no available PTO balance, FMLA time off will be unpaid.

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Also, eligible employees with a spouse, son, daughter, or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions and attending post-deployment reintegration briefings.

FMLA also includes a leave entitlement that permits eligible employees to take a

leave up to a maximum of 26 weeks off to care for a covered service-member during a single 12-month period. A covered service-member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty while on active duty that renders the service-member medically unfit to perform his or her duties for which the service-member is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

To be eligible for coverage under the Family Medical Leave Act, you must give AMES 30 days advance notice of the need to take FML, or as much notice as possible if the leave is not foreseeable. Also, you must meet all of the following criteria:

- ▶ Must be a current AMES employee
- ▶ Must have worked for AMES (or one of the ATSG companies) for at least 12 months
- ▶ Must have worked at least 1,250 hours with AMES (or one of the ATSG companies) during the twelve month period immediately before the date when the leave is requested to commence
- ▶ Must work at a location where at least 50 employees are employed by AMES within a 75 mile radius from your work location.

FML is generally unpaid time off unless accrued paid time off is available and approved to be used as stipulated under AMES' paid time off provisions. The twelve month period used in determining availability of time off for FML is determined using a rolling 12 month

period measured backward from the date an employee uses any leave under this policy, with the exception of military caregiver leave, which is a rolling 12 month period measured forward. For further information on availability of time off for FML you should consult Human Resources.

Intermittent leave or reduced leave may be available under certain circumstances. However, you should make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt AMES operations.

Certification is required for the need to take leave under FML. Certification can be obtained only through Human Resources.

During FMLA leave, AMES will maintain employees' health coverage under our group plan on the same terms as if the employee had continued to work.

For more information, please refer to the federal Employee Rights and Responsibilities Under the Family and Medical Leave Act poster located at the communication centers.

WORKERS' COMPENSATION

All of our employees are covered by our Workers' Compensation program. The intent of the Workers' Compensation program is to provide compensation to an employee who is off work due to a work-related injury or illness. If you think

you have a situation that falls under this program, immediately advise your Supervisor and Human Resources.

MILITARY LEAVE

AMES grants military duty leaves of absence consistent with applicable law. Please advise your supervisor and the Human Resources Department as soon as possible regarding your need for leave. For more information, refer to the USERRA posting on the company bulletin boards.

BEREAVEMENT LEAVE

If time away from work is necessary due to the loss of a family member (parents, legal guardians, brother, sister, child, spouse, present spouse's parents or legal guardians, one set each of employee's paternal and maternal grandparents, grandchildren, current step-children), you will be able to take up to two paid bereavement days off. If you need additional days off, you may use your PTO time if these are approved and scheduled in advance with your management. Please discuss your needs for time off with your supervisor.

JURY DUTY

AMES provides income protection for employees carrying out their civic responsibility by performing jury duty. AMES will pay the difference between jury duty pay and your regular day's pay for time spent serving on actual jury duty.

