

Employee Handbook

CARANA Corporation

AUGUST 2001

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No material contained in the following CARANA Employee Handbook in any way creates an expressed or implied contract of employment or terms of employment and should not be relied upon as such. Both the employee and CARANA have the right to end the work relationship at any time. Furthermore, the Management Committee of CARANA Corporation may alter the contents of this Handbook whenever it deems necessary.

Incorporated by reference are other policies and procedures included in the Practice Operations Manual.

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EMPLOYEE HANDBOOK

The following Acknowledgement Form is a copy of a form that will be signed by you and placed in your personnel file.

<h3>ACKNOWLEDGEMENT FORM</h3>

I acknowledge receipt and review of the CARANA Employee Handbook and will retain it for future reference.

I understand that I am an “at will” employee and that no material in this Handbook in any way creates an expressed or implied contract of employment or a commitment to terms of employment, and that I or CARANA may end the work relationship at any time. I understand that no material in this Handbook implies a corporate commitment to, or makes promises of, professional development or salary increases or bonuses to any CARANA employee. I also understand that the policies and procedures outlined in this Handbook are subject to change at any time.

SIGNATURE

DATE

PRINT NAME

EMPLOYEE HANDBOOK

NON WAIVER CLAUSE FOR EMPLOYEE HANDBOOK

If one policy is not enforced in CARANA's employee handbook that does not waive CARANA's right to enforce other company policies.

August 15, 2001

Dear CARANA Employee:

The **CARANA Employee Handbook** serves as the guide to CARANA's employment and administrative policies and procedures and applies to all CARANA employees. Its purpose is to clarify policies and procedures so that CARANA's operations run smoothly and effectively.

At the foundation of CARANA's policies are the "Principles of CARANA Corporation." We emphasize their importance by including them in this **CARANA Employee Handbook**. The Board of Directors and I expect you to make a special effort to conscientiously promote and practice them.

As changes or updates of policies and procedures are approved, announcements will be promulgated and revised pages of this Handbook will be distributed.

Finally, it should be noted that this Handbook contains general information about your benefits but does not include a full review. Additional information can be found in the CARANA Benefits Package and may be obtained from the Executive Vice President – Global Operations.

I encourage and welcome any suggestions you may have regarding the contents of this Handbook. The Management Committee has collaborated on the contents of this Handbook. Adjustments to previous editions reflect CARANA's view of the competitive nature of today's international consulting practice balanced with creating the right environment for all of us to work as a team. Only then can CARANA Corporation continue its tradition of excellence and meet the challenges of this decade.

Sincerely,

Eduardo Tugendhat
President and Chief Executive Officer

EMPLOYEE HANDBOOK

CHAPTER 1: INTRODUCTION

A. HISTORY

CARANA Corporation was established in 1984 to provide economic development and international management consulting services to private companies, governments, and international development agencies. CARANA specializes in creating and implementing results-oriented, market-driven solutions in developing and transition economies worldwide. The firm is focused on improving the productivity of governments, enterprises and individuals through contracts with international donor and government agencies.

With headquarters in Arlington, Virginia, CARANA Corporation maintains branch offices in Moscow and Almaty. It also has long-term project offices in countries throughout the world--in Central America, Caribbean, Eastern Europe, Russia, Central Asia, Middle East and Africa.

United States Agency for International Development, World Bank and Asian Development Bank are primary donor agencies with which CARANA has prime contracts. CARANA's Moscow and Almaty branch offices have commercial clients providing a range of consulting services from strategic planning to market research.

Corporate support to international operations is provided from CARANA's headquarters in Arlington, Virginia. Executive management, finance & accounting, contract administration, proposal development and preparation, business development, information and communication technology and project support are headquarters' functions. The Executive Management Committee is comprised of the President and Executive Vice Presidents.

CARANA maintains a website, www.carana.com, which provides up-to-date information on the firm, its people and projects.

**CHAPTER 2:
STANDARDS OF CONDUCT**

A. CODE OF ETHICAL STANDARDS

CARANA Corporation is proud of its long-standing reputation for integrity in all business matters. The importance of maintaining the highest possible standards of conduct has never been greater, and this demands personal effort from every employee.

To facilitate understanding and promote uniformity, we are reaffirming our basic policies with respect to overall ethical behavior in this Code of Ethical Standards. This code is designed to maintain a proper climate for ethical considerations within CARANA and to provide a concise framework of practical guidance for all managers and employees of CARANA.

CARANA's integrity rests upon four fundamental principles:

1. Honesty and candor in all our activities;
2. Fairness in all our dealings;
3. Confidentiality;
4. Integrity in our use of corporate resources.

If any item is not covered specifically, that does not mean it is unimportant. Questions about the propriety of any specific situation should be referred to a member of the Executive Management Committee.

High ethical standards depend ultimately on a climate that encourages them. An abiding spirit of high ethical standards can never be supplied by a piece of paper. We have historically prided ourselves on such a spirit at CARANA, and we continue to rely upon our employees and their actions to make CARANA synonymous with integrity and excellence.

Principles of Corporate Integrity

1. Honesty and Candor in All Our Activities

CARANA requires absolute honesty in all affairs, both inside and outside of CARANA. Our business is founded on trust and confidence. We bear special responsibilities for high standards in our personal and professional behavior.

The principles of personal honesty and integrity require consistent and continuous attention to the following:

- a. Employees do not offer, solicit or accept personal fees, commissions or other forms of remuneration because of any business involving CARANA.
- b. Employees do not offer, solicit or accept any gifts of significant value, lavish entertainment or other benefits to or from customers or suppliers. Special care must be taken to avoid even the impression of a conflict of interest. Legal restrictions on these activities also must be observed and may be more severe in certain circumstances.
- c. Employees should seek to identify business involving their families and customers or suppliers of CARANA and take appropriate steps to avoid any conflict of interest as well as any appearance of impropriety.
- d. Employees do not make any explicit or implicit commitments regarding CARANA, formally or informally, without proper prior authorization. All commitments are expressed clearly, promptly documented and confirmed in writing to the customer.

Personal honesty and integrity are the highest priorities at CARANA. Employees who have knowledge of any questionable or possibly illegal actions affecting CARANA are expected to report such actions promptly to a member of the Executive Management Committee.

2. Fairness in All Our Dealings

CARANA's activities are based on a commitment to total fairness and mutual respect in our dealings with one another, with customers, and with our competitors.

Employees act to maintain high standards in employment practices. CARANA prides itself on leadership in the work environment, fair compensation and benefits, and training opportunities.

Employees treat each other with respect, consideration and understanding. We discuss our job-related problems within the framework of team building, and we resolve differences promptly in the knowledge that full communication regarding matters of common concern fosters a business environment that is conducive to a high level of performance.

We treat our customers and potential customers with equal respect and without preferential treatment. This requires courteous service, ethical business conduct, and proper recognition of applicable laws and customs.

3. Confidentiality

All CARANA employees are expected to maintain the highest professional standards in the conduct of their work. This includes maintaining the strictest confidentiality regarding information deemed sensitive to the interests of CARANA, including all financial information, proposals and marketing strategies. In addition, strict confidentiality must be maintained on behalf of clients. This must include all internal information obtained from the client organizations, as well as external data specifically obtained on its behalf. Reports must be treated as property of the clients and can only be distributed with the explicit permission of the client.

4. Integrity in Our Use of Corporate Resources

In the consulting business it is vital that we treat all of our resources, including our corporate name, as precious assets and never use them in ways that are, or could be, interpreted as imprudent, improper, or for personal benefit. Personal honesty and integrity can never be sacrificed because of unauthorized use of CARANA's assets.

Our use of communication and data processing resources and the sensitive information contained within those resources is always managed and controlled in complete compliance with external regulations as well as internal policy standards.

B. FOREIGN CORRUPT PRACTICES ACT

The Foreign Corrupt Practices Act (FCPA) was enacted to combat bribery of foreign officials by U.S. companies. The Act prohibits certain payments to

foreign officials. Bribery violations are enforced criminally by the Department of Justice that has taken a very active enforcement posture.

Regulated Conduct

The payment provisions of the Act apply to CARANA as well as individuals who are U.S. citizens, or residents; and any officers, directors, employees, stockholders, or agents of any of the preceding. The Act reaches such officers, directors, employees, stockholders and agents *regardless* of their nationality. Additionally, the Act reaches any U.S. national who violates the Act outside the United States. Finally, it reaches any prohibited conduct within the United States *regardless* of the person's nationality.

Prohibited Practices

It is illegal for any person or entity described above, to corruptly make “an offer, payment, promise to pay, or authorization of the payment of any money, offer, gift, promise to give, or authorization of the giving of anything of value to foreign officials, foreign political parties; an official thereof, a candidate for a foreign political office or pass-through third party, for the purpose of:

- Influencing any act or decision in an official capacity;
- Inducing an official or party to do or omit to do any act in violation of their lawful duty;
- Securing any improper advantage or;
- Inducing an official or party to use influence with a foreign government or instrumentality of the government to affect or influence any act or decision of such government or instrumentality in order to assist in obtaining or retaining business for or with, or direct business to any person.

Exception

There is a narrow exception to the broad prohibition. The exception allows a facilitating or expediting payment the purpose of which is to expedite or to secure the performance of a routine governmental action. A routine governmental action is itself narrowly defined as an action which is ordinarily and commonly performed by a foreign official when:

- Obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country;
- Processing government papers, such as visas and work orders;

- Providing police protection, mail pickup and delivery, or scheduling inspections associated with contract performance or inspections related to the transit of goods;
- Providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products or commodities from deterioration; or
- Actions of a similar nature.

The facilitating payments exception is intended to permit *modest* payments to officials to speed up or secure the performance of essentially *clerical activities* that do not involve the exercise of discretion.

Another exception, called an affirmative defense, is for reasonable and bona fide expenditures. This defense applies to such activities as travel and lodging expenses incurred by or on behalf of a foreign official, party, party official or candidate that are directly related to the promotion, demonstration, or explanation of products or services or the execution or performance of a contract with a foreign government or agency thereof.

Penalties

Penalties for violations are harsh and can involve civil and criminal penalties.

C. MEDIA POLICY

Unless expressly authorized by the Executive Management Committee, no employee may relate any information regarding CARANA Corporation to any member of the press (newspaper, magazine, radio, television). This includes confirming or denying any statement made to an employee by another party. There is no exception to this policy. If contacted by the press, immediately refer calls to a member of the Executive Management Committee.

D. EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION

CARANA is committed to a policy and practice of deciding all matters related to employment, including compensation, advancement and promotion, solely on the basis of qualifications and merit.

CARANA provides equal opportunity in all areas of human resource management, including recruiting, employment, promotion, compensation, benefits, training, education and any other employee programs. No employee shall be discriminated against or harassed because of age, color, handicap, marital status, national origin, race, religion, sex or veteran status.

CARANA will act affirmatively to increase the participation of women, minorities, Vietnam-era and disabled veterans and the handicapped at all levels and in all segments of the workforce.

E. SEXUAL HARASSMENT

Every employee has a mandatory duty to report any form of sexual harassment or any form of improper behavior or unlawful harassment.

CARANA's equal opportunity policy includes as an absolute rule that all personnel be free to perform their duties without sexual harassment or any form of unlawful behavior. The firm's policy forbids not only threats and demands, but also unwelcome advances, sexual suggestions, implications and requests by persons with authority or co-workers.

Sexual harassment is defined as any unwelcomed sexual advance, request for sexual favors, or other verbal or physical conduct of a sexual nature provided that the conduct is employment-related if:

- Submission to the conduct is either an explicit or implicit term or condition of employment;
- Submission to or rejection of the conduct is used as a basis for an employment decision affecting the person rejecting or submitting to the conduct; or
- The conduct has the purpose or effect of substantially interfering with an affected person's work performance or creating an intimidating, hostile or offensive work environment.

Any violation should be reported to a member of the Executive Management Committee immediately. The Executive Management Committee will thoroughly and promptly investigate the report. If the report is determined to have merit, remedial or disciplinary action will be taken, including a warning, change in responsibilities, changes in future compensation, or termination of employment.

Employees can be assured that no one will be retaliated against for either filing a complaint or participating in an investigation of harassment.

F. AMERICANS WITH DISABILITIES ACT

CARANA follows the Americans With Disabilities Act (ADA), passed by Congress in 1990, which prohibits discrimination on the basis of disability. It

also requires that employers make reasonable accommodations to the known physical or mental limitations of a qualified applicant or to an employee with a disability.

ADA defines a person with a disability as one who has “a physical or mental impairment that substantially limits one or more major life activities, an individual who has a record of such an impairment, or an individual who is regarded as having such an impairment”. Under the ADA, current users of illegal drugs and those under the influence of alcohol are not protected.

If employees need assistance for any reason due to a disability, they should contact their immediate manager or the Executive Vice President – Global Operations.

EMPLOYEE HANDBOOK

CHAPTER 3: ADMINISTRATIVE ISSUES

A. EMPLOYMENT STATUS

The following terms are important because many of our Human Resources policies and procedures are predicated on employment status.

Regular full-time employee

A regular full-time employee works a minimum of 40 hours each week and receives the full complement of fringe benefits.

Regular part-time employee

A regular part-time employee works less than 40 hours, but more than 15 hours each week. (Eligibility for and extent of benefits are based on the number of hours worked each week.)

Contract employee

An individual hired on a full-time basis to staff a project or contract. The terms of their employment will be fixed and fringe benefits are limited. CARANA Corporation makes no commitment to contract employees beyond what is stated in their individual contract with CARANA.

Temporary position

An individual hired for a predetermined period. An internship is generally classified as a temporary position.

Consultants

Independent consultants will be contracted on a project or task basis for work requiring specialized skills. Consultants are not considered employees of CARANA and the scope, deliverables, fee for services and the period are stipulated in a contract agreement. Compensation is based on fixed amount for deliverables or stated daily rate.

B. WORK HOURS

Work Hours

The official CARANA work hours are from 9:00 a.m. to 6:00 p.m., Monday through Friday. Regular full-time and temporary full-time employees are required to work a minimum of 8 hours a day, for a total 40 hours per week. Each employee is entitled to one hour for lunch each day. You may choose to arrive earlier, however, unless permitted by your manager, you are expected to leave no earlier than 6:00 PM.

Overtime

Overtime is defined as hours worked that exceed 8 hours per day or 40 hours per week. Without approval, in advance by an executive officer, only 8 hours per day or 40 hours per week are authorized. Approval will be given only after written justification is provided. Only two criteria will be considered: circumstances that occur that were not predicted, and meeting a client commitment where adequate planning could not meet the deadline. If approved, the overtime hours should be reflected on the time sheet, with the overtime approval signature and written justification attached to this timesheet.

Early And Late Shift Assignments

In some divisions and/or departments (e.g., Accounting, Knowledge and Resource Management and Systems and Technology), a separate late shift may be established.

Managers may set modified work schedules to meet daily processing deadlines, or for other business reasons to ensure that CARANA's clients are appropriately served. The total number of regular work hours each week will remain at a minimum of 40 hours. Early and late shift assignments are to be approved by supervisors.

Rest Breaks And Leaving Corporate Premises During Work Hours

CARANA's offices are smoke free. Rest breaks, including smoking breaks, during the day are not specifically provided, except for lunch breaks and breaks for medical reasons. Employees, in coordination with their supervisor, can take a limited number of breaks of short duration (e.g., one in the morning

and one in the afternoon and limited to ten minutes) as necessary and appropriate.

Flextime Schedules

Employees may make arrangements to modify their work schedule to accommodate individual circumstances. Once a schedule has been determined, then adherence to this schedule must be maintained.

Flextime schedules are permitted only when it meets the needs of both the individual and the department or division. A manager may, at any time, request that the employee resume official work hours if the flextime schedule is no longer in the best interest of CARANA.

On an exception basis, and in coordination with the manager, an employee may take a shortened lunch break in order to leave early for the day (e.g., 30 minutes). This provision is intended as an occasional accommodation only and should be arranged in advance with the supervisor. This accommodation may not be possible in all divisions because of specific daily processing deadlines and telephone coverage.

Work Hours Of Field Employees

Field employees are expected to work a minimum of 40 hours per week and to follow the normal work hours consistent with local business practices.

Six Day Work Week

For employees and consultants that work on specific projects that authorize six-day workweeks, CARANA pays the regular daily rate for hours worked over 40 per week.

C. PAYDAY/TIMESHEETS/PAYCHECKS

Paydays

Paydays are scheduled on a semi-monthly basis for all employees, on the 22nd and the 8th of each month. If the payday falls on a weekend or holiday, CARANA issues payments on the preceding workday.

Timesheets

The time sheet policy objective is to ensure compliance with Defense Contract Audit Agency (DCAA) policy requirements and to provide an internal control step in accounting for payroll expenditures. DCAA considers compliance with timesheet policies as a baseline for determining the integrity of the indirect rate calculations. Likewise, CARANA places high priority on compliance.

Over the years CARANA has incorporated a set of time sheet rules into the company's timekeeping system. The rules were established to set standard procedures and controls that would enhance the timekeeping process. All employees are to comply with the following rules:

- a. Employees must fill out their time sheet *daily*, indicating the name of the project or work function, the account number and the number of hours worked.
- b. Every time sheet must have two signatures, the person who incurred the time and the "next person up" in the organizational structure for approval.

Figure 1 illustrates the time card approval requirements.

Figure 1

Position	Primary Approval Responsibility
Executive Vice President	President & CEO
Vice Presidents Global Operations /Controller	Executive Vice President Global Operations
Vice Presidents- Global Project Management	President & CEO
Global Managers-Practice Development	Executive Vice President Practice Development
Manager Global Systems/Technology	Executive Vice President Global Operations
Manager Professional Recruiting/Proposal Coordinator	Vice President - Knowledge and Resource Management
Senior Accountant/Accountant	Controller
Manager Compliance/HR Project Specialists	Vice President- Contracts
Chief-of-Party (COP)	Vice Presidents Program Management or Executive Vice Presidents
Project Staff (Expats, TCN)	COP

- c. Signed time sheets are to be turned in on the first business day after the 15th and 1st of each month. Every effort must be made to ensure that the time sheet is transmitted to Payroll on the due date. This may require faxing the time sheet from remote sites.
- d. Time sheets must be filled out in either black or blue ink.
- e. To correct an error on your time sheet:
 - Draw a line through the incorrect entry and initial the correction
 - Write in the correct entry
 - Provide an explanation for the correction on the time sheet
 - NEVER use whiteout or any form of correction fluid
- f. Do not complete time sheets in advance.
- g. Employees should record total hours worked at the end of each workday or when they have completed an assignment, whichever occurs first.

h. Do not sign a blank time sheet.

Paychecks

Automatic Deposit: If you reside within the U.S., you must have your **paycheck deposited automatically**. The automatic deposit feature enables you to receive your paycheck regardless of whether or not you are in the office. The paycheck is deposited automatically into the financial institution account of your choice. The employee should make sure that the financial institution is capable of accepting direct deposits. On payday, you will receive a pay statement, which details your earnings and deductions.

Withholding Forms: It is the employee's responsibility to revise federal, and if applicable state withholding forms, to reflect changes (e.g., marital status, number of exemptions, etc.) If we do not have your signed W-4 form, your tax rate will automatically be calculated as if you were single, with zero allowances.

Expense Reimbursement for Employees: Please see the **CARANA Travel and Expense Reimbursement Policy**.

D. PERSONNEL RECORDS

Personnel files contain information that is relevant and necessary for human resource management at CARANA. These files are maintained for all current and former employees. Access to personnel files is limited to the employee and to those with a "need to know" (including, a supervisor, manager and/or members of the Executive Management Committee, for example).

The Personnel File

A personnel file is created for each CARANA employee at the time an offer of employment is accepted. Personnel files are updated periodically. When possible, the file may include, but is not limited to, the following information:

- Signed employment application
- Current resume
- Signed employment offer letter
- Emergency notification form
- Current home address and phone number
- Salary history
- Performance planning and appraisal forms

- Documentation pertaining to promotions
- Scholastic achievements
- Official letters of commendation
- Documentation pertaining to unacceptable performance or conduct written by supervisors
- Letter of resignation or termination and all information pertaining to continuation of benefits
- Income Tax and Department of Labor required documents and forms

Managers should route information for an employee's file to the Executive Vice President – Global Operations. Information placed in a personnel file is considered permanent.

Relevant information pertaining to an employee's medical conditions (e.g., mental or physical) or non-work related legal matters are kept in a separate file. This information is held in the strictest of confidence.

Access To Information

All requests for access to a personnel file should be directed to the Executive Vice President – Global Operations and is limited to the employee and those with a “need to know”. You will review the contents of your file in the presence of a representative of the Executive Vice President – Global Operations. Field employees requesting access to their personnel file will be mailed a copy within 48 hours of their request.

The personnel file is the property of CARANA.

Confidentiality Of Records

Employees with access to personnel records (or partial information contained in the records) must maintain their confidentiality. Inappropriate disclosure of confidential information is grounds for disciplinary action up to and including termination.

E. DISCLOSURE OF EMPLOYMENT INFORMATION/REFERENCE POLICY

All employment verifications/references, calls and requests for information are to be handled by the Executive Vice President – Global Operations.

Routine Disclosure Of Information

For your protection, CARANA is stringent about what type of information it verifies and to whom information is provided. If you have executed a signed release to CARANA the Executive Vice President – Global Operations will verify the following information:

- Name and position title
- Description of responsibilities
- Date of employment and/or termination
- Social security number
- Salary/compensation

Information pertaining to any medical condition is neither confirmed nor denied. Moreover, information pertaining to race, religion, age or marital status, etc. is not disclosed.

Disclosure Of More Detailed Information

More detailed employment information is provided when requests are authorized in writing by the employee (e.g., signed mortgage application).

All CARANA employees are prohibited from providing employment and/or personal information for any current or former employee, unless expressly authorized to do so by the Executive Vice President – Global Operations.

F. DRESS CODE

Business casual attire is becoming more accepted in today's workplace and CARANA is pleased to provide the opportunity for its employees to be more comfortable during their busy week.

Full adherence to the guidelines below regarding business casual attire will help ensure that this policy will remain in effect long-term.

On occasion, there will be corporate or division events (e.g., major client meetings) that will require employees to wear a business suit, dress shirt with tie, business skirt or dress. Announcements will be made in advance to let employees know when business attire will be required. In addition, individual employees who have meetings, which involve others outside CARANA, are generally expected to wear business attire. In these cases, employees should consult their manager if unsure about appropriate attire.

Guidelines are listed below:

Business Casual Attire	Inappropriate Attire
Polo shirts, collar shirts, sweaters, vests, dress shirts without ties, blouses	T-shirts, tank tops, cropped tops, bare midriff shirts, with cartoons, silk-screen shirts with cartoons, or graphics
Pants, slacks, trousers, corduroys, khakis, dockers, dresses, skirts jumpers, culottes	Micro-miniskirts
	Running/gym shorts, cut-offs, leggings, sweat shirts & sweat pants, spandex and/or other workout clothing, jogging suits
Dress shoes, boat shoes, dress boots, dress sandals	Sneakers, tennis shoes, running or other athletic shoes, open-toe and/or casual sandals, work boots
On Fridays (casual day) denim jeans or skirts can be worn	Torn or cutout clothing,

In keeping with CARANA's corporate commitment to a work environment free from sexual harassment, of course, all sexually provocative clothing is strictly prohibited.

In an effort to ensure that employees adhere to this policy, an employee may, at the manager's discretion, be sent home to change on his/her own time and at his/her own expense.

As with all corporate policies, this policy may be revised or discontinued in the future if deemed necessary.

**CHAPTER 4:
INFORMATION AND COMMUNICATION TECHNOLOGY**

Office telephones, telephone calling cards, voice mail, Internet and Email are vital communications tools that should be used for CARANA business, and not used for personal business related activities. This section outlines appropriate use of these items.

A. GENERAL POLICIES

Ownership

All electronic communication is the property of CARANA Corporation. ***It is not private.*** Messages may be monitored, copied and forwarded without the knowledge of the sender.

Use

Internet, Email and voice mail are to be used for business-related purposes. In addition, Email and voice mail cannot be used for inappropriate communications including chain letters and racial or sexual jokes or other offensive material.

Prohibited Messages

It is prohibited to use electronic communications tools to transmit any incoming or outgoing messages that are insulting or offensive including those that refer to race, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, physical or mental disabilities or veteran status.

Solicitations

Employees may not use electronic communications to solicit outside business ventures, advertise for personal gain or distribute copyrighted materials. The Executive Management Committee does not permit solicitations of any kind of non-corporate purpose, including charitable donations, without prior approval.

Passwords

CARANA employees may not share or use each other's passwords or otherwise access a file or message without express permission either from the employee to whom the communication was addressed, or a member of the Executive Management Committee or the Manager of Global Information and Communication Technology. Employees may not send E-mail messages using any identity but their own.

Misuse

Misuse of communications tools may result in disciplinary action including termination.

B. TELEPHONES

Local and long-distance lines are provided to carry out day-to-day responsibilities of CARANA. CARANA's phone system records the number dialed on all outgoing calls, as well as the duration of all outgoing calls. Managers may limit, as necessary and appropriate, the number and duration of both incoming and outgoing personal calls. Personal long-distance telephone calls should be charged to a personal calling card.

CARANA recognizes that personal telephone calls are sometimes necessary during the course of a normal workday. Employees should use discretion in this regard. Personal calls, when necessary, should be of short duration and should not conflict with business operations.

C. TELEPHONE CALLING CARDS

If you travel for CARANA on a frequent basis, you may be issued a corporate calling card access number to make telephone work more cost effective and convenient. Please contact the Accounting Department immediately if your calling card access information is lost or stolen. All corporate calling card numbers are the property of CARANA and are to be used only by CARANA employees.

Whenever possible, the corporate calling card access numbers should be used to make business calls while traveling. This is particularly important when making calls from a hotel room because hotels often charge significantly higher long distance rates. Personal calls made while on CARANA travel should not be charged to the corporate calling card.

D. VOICE MAIL

As an important feature of our telephone system, CARANA operates voice mail, a system that allows you to record, send and receive messages from any touch-tone telephone. It is provided to enhance your telephone responsiveness in order to improve client satisfaction.

Frequency of Checking Messages: Employees should check voice mail frequently and return calls promptly.

Vacation Alert: If you are out on vacation or out for an extended period of time you should leave a “vacation alert” message notifying clients and CARANA staff of your absence. The message should include a forwarding contact name and phone number for the caller to contact.

Deleting Messages: Once messages have been retrieved, you should delete them from your voice mailbox. Messages that are “saved” create a burden on the system and may cause it to overload. This will ultimately prevent you from receiving or sending additional messages.

Confidentiality: Voice Mail is provided as a business tool. Although CARANA does not customarily listen to your messages, confidentiality cannot be guaranteed. CARANA reserves the right to listen to any messages.

Changing the Internal/External Greeting: If you are out of the office and unable to check messages for an extended period of time (e.g., a day or longer) you should inform callers that you are out of the office. It is also recommended that the new greeting include specific information as to whom the caller can contact for immediate assistance.

E. INTERNET AND EMAIL

While the Internet provides access to a wealth of valuable information and facilitates communication, it also opens the potential for others to access the company’s valuable proprietary information. Internet access and Email are valuable and costly corporate resources and must be used only to facilitate the business of CARANA. Irresponsible use of these resources reduces their availability for critical business operations; compromises corporate security and network integrity and leaves CARANA open to potentially damaging litigation. This policy covers all activities performed while using the Internet, which includes but is not limited to browsing, using Email, instant messaging, and transferring files using file transfer protocol.

Tracking Internet Use

CARANA will monitor Internet traffic by employees. The purpose of this is simply to enable CARANA to manage its Internet and Email resources in a cost effective and efficient manner. We do not currently intend to examine the content of communications over the Internet, whether Email, chat, or any other medium. The intention is to monitor the existence of the traffic being generated, much like a telephone bill tracks the calls made, the numbers called, and the time of the calls, but not the content. Because of the vulnerability companies have to litigation over inappropriate conduct in the work place, it is the company's responsibility to ensure the company resources are not being used to support inappropriate activities.

Use

Email, including Internet email, is to be used for business purposes only. Every employee has the responsibility to maintain and enhance the company's public image and to use company Email and access to the Internet in a responsible and productive manner that reflects well on CARANA. We recognize that there will be occasional personal use on lunch breaks and during non-working hours (with Executive Management Committee approval), but this must not be excessive, illegal or inappropriate.

Unacceptable Use

The company Email and Internet access may not be used for transmitting, retrieving, or storage of any communications of a discriminatory or harassing nature or materials that are obscene or "X-rated". Harassment of any kind is prohibited. No messages with derogatory or inflammatory remarks about an individual's race, age, disability, religion, national origin, physical attributes, or sexual preference shall be transmitted. No excessively abusive, profane, or offensive language is to be transmitted through the Email or Internet system of CARANA. Electronic media also may not be used for any other purpose that is illegal or against company policy or contrary to the company's best interests. Solicitation of non-company business, or any use of the company Email or Internet for personal gain is prohibited.

Communications

Each employee is responsible for the content of all text, audio, or images that he or she places or sends over the company's Email and Internet system. No Email or other electronic communications may be sent that hides the identity

of the sender or represents the sender as someone else or someone from another company. All messages communicated on CARANA's Email and Internet system should contain the employee's name. Any messages or information sent by an employee to another individual outside the company via an electronic network (e.g. bulletin board, online service or Internet) are statements that reflect on the company. While some users include personal "disclaimers" in electronic messages, there is still a connection to the company, and the statements may legally be tied to CARANA. Therefore, the company requires that all communications sent by employees via the company's Email or Internet system comply with all company policies and do not disclose any confidential or proprietary company or client information.

Software

To prevent computer viruses from being transmitted through the company's Email and Internet system, there will be no unauthorized downloading of any unauthorized software. All software downloaded must be registered to CARANA.

Copyright Issues

Employees on CARANA's Email and Internet system may not transmit copyrighted materials belonging to entities other than the company. Note that non-adherence to this policy puts the company in serious legal jeopardy and opens the company up to significant lawsuits and public embarrassment. All employees obtaining access to other companies' or individual's materials must respect all copyrights and may not copy, retrieve, modify or forward copyrighted materials, except by permission. Failure to observe copyright or license agreements may result in disciplinary action up to and including termination.

Security

Notwithstanding previous comments regarding CARANA's current intention not to monitor content, the company must reserve the right to access and monitor the content of all messages and files on the company's Email and Internet system at any time with or without notice. Employees should not assume electronic communications are totally private and should transmit highly confidential data in other ways. Email messages regarding sensitive matters should warn recipients that such communications are not intended to be secure or confidential.

Email Violations

Any employee who abuses the privilege of company facilitated access to Email or the Internet will be subject to corrective action up to and including termination. If necessary, CARANA reserves the right to advise appropriate legal officials of any illegal violations.

Email Etiquette

Email has not only replaced paper-based communication but has also become a substitute for having a conversation; therefore, the proper use of Email etiquette has become increasingly important. Communication received in an Email does not easily convey the mood and emotions of the communicator. Most messages come across as harsher than what was intended. Be brief, use the subject line wisely, do not over use incorrect grammar and punctuation, use special formatting sparingly, avoid using abbreviations that you would not normally use in paper based communication, use a salutation as in a business letter, sign your Emails.

Accessing Another Employee's Email

Before using another employee's password, retrieving his/her stored communication or accessing a file, permission must be obtained from the employee, or the Vice President for Corporate Services.

Each CARANA employee will be required to signed the following agreement:

CARANA Corporation
E-MAIL/INTERNET USER AGREEMENT

I have received a copy of CARANA Corporation's E-Mail and Internet Acceptable Use Policy, from the Employee Handbook dated August 2001. I recognize and understand that the company's e-mail and Internet systems are to be used for conducting the company's business only. I recognize that there will be occasional personal use on lunch breaks and during non-working hours (with Executive Management Committee approval), but this must not be excessive, illegal or inappropriate.

As part of the CARANA organization and use of CARANA's gateway to the Internet and email system, I understand that this Acceptable Use Policy applies to me. I have read the aforementioned policy and agree to follow all policies and procedures that are set forth herein. I further agree to abide by the standards set in the document for the duration of my employment with CARANA Corporation. I understand that e-mail and Internet usage may be monitored by the company to ensure compliance with the Acceptable Use Policy.

I am aware that violations of this Acceptable Use Policy may subject me to disciplinary action, up to and including discharge from employment. I further understand that my communications on the Internet and e-mail reflect CARANA Corporation worldwide to our competitors, consumers, customers, and suppliers. Furthermore, I understand that this document can be amended at any time.

Employee's Signature

Date

Employee's Printed Name

Manager's Signature

EMPLOYEE HANDBOOK

CHAPTER 5: OFFICE POLICY AND SAFETY MATTERS

A. SMOKING POLICY

CARANA has a **no smoking** policy at all locations. Smoking is not permitted in any office, common space, or any other CARANA property.

This policy, which includes cigarettes, cigars, and pipes, applies to all employees, guests, and consultants.

Leaving the building to smoke should be consistent with CARANA's break policy and must not interfere with the regular workday. Managers may limit the number and duration of smoking breaks.

B. EMERGENCY MEDICAL PROCEDURES

Emergency medical situations occur from time to time, which could be life threatening. These situations include, but are not limited to, an employee who incurs a head injury, falls unconscious, is semi-conscious or complains of shortness of breath or chest pains.

Emergency Situations

In an emergency situation, it is important for all employees to follow these procedures.

- Call 911 immediately.
- Give the dispatcher a description of what happened and the location of the injured employee.
- Indicate if an ambulance is needed.
- Specify the location where the ambulance attendants, or police will be met.
- Do not hang up the phone unless instructed to do so by the dispatcher.
- Assist in the identification of on-site qualified assistance personnel.
- Unless there is imminent danger, do not move the employee until trained emergency medical personnel arrive.

- While waiting for emergency medical personnel, if the individual's heart has stopped and/or they aren't breathing, begin CPR (if you are trained) or contact a trained employee.

Fire Drill Procedures

In the case of a fire or fire drill follow the emergency exit paths supplied by building management.

Non-emergency Situation

In a non-emergency situation, administer first aid and contact a supervisor and/or Human Resources.

If you have any questions, contact Human Resources. Under normal circumstances, a manager or a co-worker should accompany the employee if taken off site. The manager or co-worker should remain with the employee until the next-of-kin arrives.

C. SUBSTANCE ABUSE POLICY

Overview

CARANA Corporation is concerned about the safety and well being of every employee. CARANA recognizes that alcohol and drug abuse creates potential health, safety, and security problems. CARANA is committed to maintaining a work environment free from substance abuse.

Policy

The unlawful manufacturer, distribution, possession or use of a controlled substance on CARANA premises is strictly prohibited.

The possession and/or consumption of alcohol on CARANA premises is prohibited, except during organized social events sponsored by CARANA.

The possession and/or consumption of alcohol or any controlled substance in the workplace, or during client meetings or while on client premises, are always strictly prohibited.

Prescribed Medication

If an employee is impaired or becomes impaired due to prescription medication, the immediate supervisor should be notified as soon as possible.

Report Abuse

For the welfare and protection of everyone, employees' who are aware of substance abuse on CARANA premises and/or during any CARANA business or at a CARANA sponsor function, should contact his/her immediate supervisor or a member of the Executive Management Committee. The information will be treated with the maximum confidentiality possible.

Substance Abuse Testing

A CARANA employee may be required to take a substance abuse test if reasonable cause has been established (reported use or possession and verified by a manager, for example.) Once identified, the employee must be tested within 24 hours of notification. All test results will be maintained in the strictest confidence.

In the event of a positive test result, the employee will be subject to disciplinary action and must agree to random, unannounced testing as a condition of continued employment. Further substance abuse violations are grounds for immediate termination. If a positive result is disputed, the employee may take a second test but at his/her expense and only at a CARANA approved lab.

Any employee who fails to submit to a test within the 24-hour period will be terminated immediately.

Rehabilitation

CARANA is supportive of employees who want to overcome substance abuse problems. At CARANA's discretion, an employee with a positive test result may be required to enter a qualified treatment program as a condition of continued employment.

Available Resources

Upon request, CARANA will make every effort to provide information regarding drug and alcohol abuse awareness and rehabilitation to employees. CARANA's medical insurance carrier is a valuable source of information.

D. EXTRAORDINARY WEATHER/EMERGENCY SITUATION POLICY

Under normal circumstances, CARANA is open for business any day that the federal government operates. However, unusual circumstances such as severe and extraordinary weather, natural disasters, power outages or other circumstances may require CARANA to assess its ability to conduct normal business operations.

Objective

The objective of this policy is to maintain critical business functions, serve our clients and ensure employees safe travel to and from work.

Instructions

Possible inclement weather instructions, depending on the severity of the situation might include, but would not be limited to, the following:

- **Open/Vacation Day Request:** Corporate Headquarters is open. Employees (not designated to perform key functions) who do not believe that they can commute safely to the office may contact their manager and request a vacation day.
- **Open/Late Arrival:** Corporate Headquarters is open. The manager has the discretion to approve late arrival circumstances.
- **Closed/Key Functions Report:** Corporate headquarters is closed. However, employees designated to perform key functions should make every effort to report to work. The Executive Management Committee designates key functions. In these situations, CARANA will assist, as appropriate, with transportation, hotel and meal accommodations to help ensure safe arrival to the office. In addition, when the office is officially closed, other considerations (e.g., special compensation) may be provided to these designated employees.
- **Closed:** CARANA is closed. No employees are asked to report to the office. This would be reserved for only the most extreme and unmanageable emergency or weather situation.) If the office is officially closed, employees who do not report will be compensated for the day.

Corporate Decision and Announcement

In the event that severe weather develops overnight, CARANA will make a decision regarding the opening/closing of the office and/or the use of paid leave. The President or one or more members of the Executive Management Committee, as designated by the President, will make the decision.

Management will make every effort to broadcast the announcement on voice mail no later than 9:00 a.m. for that day. If there is no special corporate announcement, employees should assume that the office is open. Plan to arrive as safely and promptly as possible. Employees unsure about their situation should contact their manager.

If bad weather develops during the workday, information will be communicated through the employee's manager.

Employee Responsibility

In the event of extraordinary weather or an emergency situation, employees are asked to:

Plan ahead: Whenever possible, plan ahead by getting an early start to work, becoming familiar with alternate ways of commuting to work and/or arranging for alternate day care plans in the event that local schools or day care facilities are closed. If bad weather is expected, take work or laptops home, especially when deadlines cannot be moved.

Listen to voice mail: During inclement weather or other local emergency situations, listen to voice mail in the early morning and periodically throughout the day for updates and other special instructions. If you are at home because of a weather or emergency situation, make every effort to respond to internal and external messages. Where applicable, employees will be provided with a long-distance access number to make business calls from home.

EMail: Employee's who have remote access to email from home should check email periodically during the day for an update as to any important changes or other special instructions.

Manager coordination: Employees at home because of inclement weather or other emergency should coordinate with their managers via voice mail or directly by telephone. Managers and their employees should be sure that they have current home numbers for each other. All managers should maintain a current listing of all staff member's home telephone numbers both at the office and at home.

Keep emergency and inclement weather information at home: Keep a copy of CARANA's extraordinary weather policy, including important phone numbers, at home.

Business Travel

Employees traveling on business should listen to the local news media for weather forecasts, road conditions, and area closings as a guide for canceling travel plans.

E. BUILDING PROCEDURES AND OFFICE SAFETY

General Office Security

CARANA is dedicated to providing a safe and secure office environment for its employees. It is important that employees take an active role in maintaining safe surroundings for themselves and their coworkers.

Each CARANA location may have specific security procedures or policies. Employees should familiarize themselves with their building procedures.

Security Access Code (Virginia Location)

CARANA employees: The office access code is given to full- and part-time CARANA employees. Headquarter employees must use the access code when entering CARANA's facilities.

Visitors: Part-time/temporary employees, contractors, consultants or business employees (including former CARANA employees) are considered visitors. Visitors will not be given the office access code and must be accompanied by a CARANA employee at all times. Under no circumstances will visitors be granted access to CARANA facilities in the evenings or on weekends without being accompanied by a CARANA employee.

Accidents That Occur On The Premises

In the event of an accident or injury on CARANA premises, employees should contact their manager and Executive Vice President – Global Operations in person or, if necessary, via voice mail or Email. It is critical that CARANA be notified with all relevant details as quickly as possible, even during hours that CARANA is officially closed. If applicable, CARANA will file an "Employers First Report of Injury," as required under workers compensation laws.

Employees, who are either traveling or working off of CARANA premises in the course of a workday, should follow the same procedures for accidents or injuries that occur on CARANA premises.

Office Safety And Avoiding Accidents

It is important that employees keep their work areas clean, free from clutter and obstructions (e.g., boxes, piles or paper on the floor). Pushing a chair under the desk, closing a file cabinet door when it is not in use, and reporting broken or damaged furniture and office equipment are some examples of the active role employees can take to ensure that their work environment is safe for themselves and their coworkers.

Employees who work evenings and weekends should always take a few extra minutes to make sure that copier; coffeepots, etc. are turned off before leaving the building.

Lost Or Stolen Property

Instances of loss or theft of CARANA assets or personal items should be reported immediately to the Executive Vice President – Global Operations.

Reasonable Accommodation

The American with Disabilities Act (ADA) requires employers to make “reasonable accommodations” for qualified applicants or employees with disabilities. Employees who require special accommodations should contact the Executive Vice President – Global Operations.

Fire Alarms And Building Evacuation

CARANA office space is equipped with a fire alarm system that automatically notifies the fire department when activated. The alarm system is also used to evacuate the building for other emergency reasons. When the fire alarm sounds, it is each employee’s responsibility to use the designated stairwells to exit the building immediately. Please do not use the elevators.

On occasion, testing of building evacuation procedures will be conducted. The building engineers will generally notify tenants should a test be scheduled. Tests of the system should be taken seriously and employees are required to leave the building in the appropriate manner if necessary.

**CHAPTER 6:
EMPLOYMENT POLICIES AND PROCEDURES**

A. RECRUITMENT

It is CARANA's policy to recruit and hire applicants on the basis of demonstrated ability and related experience. CARANA will consider qualifications of all candidates who apply for posted positions. For more information about a position and/or the recruitment process, employees should contact the Executive Vice President – Global Operations.

B. PERFORMANCE PLANNING AND EVALUATION

The objective of the planning and evaluation process is to create an opportunity for employees and their managers to jointly establish clear expectations of performance and behavior at the beginning of the planning period and to evaluate the achievement of those objectives at the end of the evaluation period. The planning phase may also serve as a working document to ascertain mid-year progress.

The planning and evaluation process also provides an opportunity for open and candid discussions regarding strong performance, areas for improvement, professional development or any other concerns.

The annual review combines two distinct processes. The first is the performance evaluation that includes assessment of pre-established Key Results Areas and targets and definition of targets for the following year. The second is the compensation evaluation, which establishes the salary level for the coming period.

The performance process is required and directly linked to the compensation plan. It is, therefore, important to understand and be aware of the performance expectations that have been established.

In addition to the annual evaluations, progress evaluations, either performance and/or compensation, can be held at any time during the year.

Employee's Role in the Performance Planning and Evaluation Process

Employees should be familiar with the responsibilities of their job description, as well as any specific goals, objectives or performance and behavioral standards that have been established. Participation of both the employee and the manager is important for the planning and appraisal process.

The performance and compensation evaluation process begins with establishing Key Results Area (KRAs), agreed upon benchmarks to measure performance. These KRAs are established at the beginning of the evaluation period. These KRAs are a product of the manager and employee meeting together to discuss expectations.

Near the completion of the evaluation period (generally one year) the employee will complete a Self-Assessment, which is a candid reflection of how the employee views his/her performance for the period. This will be submitted to his/her manager at least one week before a scheduled review.

The manager will complete a performance and compensation evaluation and submit this to the Executive Vice President – Global Operations prior to the scheduled review. The Executive Management Committee must review all performance and compensation evaluations prior to the formal presentation to the employee for senior professionals. This review ensures compliance with CARANA's human resource and compensation policies.

The manager will meet with the employee, frequently with his/her manager also attending. The written evaluation will be the basis for the content of the meeting. At the conclusion of the meeting, the employee will be given the evaluation to sign and submit comments. It is permissible to leave the evaluation with employee for further reflection. The signed evaluation must be returned within 3 days of the review. The supervisor will submit the evaluation with the comments to the Executive Vice President – Global Operations to be placed in the employee's personnel file.

CARANA's compensation policy is based on the premise of merit payment for exceptional performance. CARANA compares each employee's salary against the current market of similar job skills. The salary ranges are obtained from reliable market surveys and are based on similar sized companies operating within the same marketplace. CARANA strives to hire at entry level of the range and attempts to stay within the mid range of the salary scale. CARANA compares the existing salary against the market and may make salary adjustments to stay competitive; this is a market rate adjustment.

CARANA will also look at performance and make a salary adjustment based on meritorious performance. CARANA does not provide automatic inflation adjustments or recognize seniority over performance. The Executive Management Committee is responsible for establishing the salary of each employee based on the above process.

Incentive payments may also be made based on achieving agreed upon benchmarks achieved within a specified time period. Incentive payments are a part of compensation and will be viewed as a part of the market determination. CARANA views incentive payments as performance based and encourage an increased portion of middle, senior and executive manager's compensation package to include incentive payments.

Profit sharing payments may also be made based on the performance results of the company. These payments are generally made in the first quarter of the year based on the previous year's results. The payment of profit sharing is discretionary and determined by the Board of Directors. Before considering profit sharing the Board of Directors will allocate net income, first to cover all debt covenant requirements, second, set aside an amount sufficient to invest for long term growth, third, determine a sufficient return on investment to meet shareholders' goals and the remaining as a pool for distribution to those employees who have demonstrated exceptional performance, dedicated to team building, and supporting the strategic goals of CARANA.

Schedule of Appraisals

The schedule for performance appraisals will normally be completed annually based on the anniversary date of employment. This is a change in 2001 from prior practice for technical staff. During this transition some employees will have an appraisal that may be more or less than 12 months. The merit increase will be amortized to equate to a 12-month period.

C. PROMOTIONS AND TRANSFERS

CARANA encourages employees to strive for professional development opportunities within CARANA. The following are policies and procedures for promotions and transfers.

Definition Of Promotions And Transfers

A promotion is advancement to a position with a higher salary range or with increased complexity or responsibility. Salaries may be adjusted as a result of the promotion.

A transfer is a placement in another job within the same salary range with equivalent level of job responsibility within or outside of the employee's current division.

Merit Increase Consideration

An employee who receives a transfer to a lateral position at the same salary is eligible for merit increase consideration on his/her corresponding anniversary date. An employee who receives a promotion with a salary increase is also eligible for merit increase consideration on his/her corresponding anniversary date, unless stipulated and documented on the Performance Appraisal completed at the time of the promotion.

D. RESIGNATION

Notice

In order to ensure smooth transition, employees are requested to give a minimum of ten working days notice when resigning. If an employee would like to be eligible for a future re-hire, the ten working days notice is mandatory. The last day of actual work is the last day on the payroll. Employees are expected to be at work during the ten-day notification period. When business needs dictate, CARANA may waive the notification period or shorten the ten-day period to make the resignation effectively immediately.

Letter Of Resignation

All resignations must be in writing and addressed to the immediate manager with a copy forwarded to the Executive Vice President – Global Operations. The letter should indicate the date the resignation will be effective, and, if appropriate, a new mailing address. (If a new address is not available at the time of resignation, it is the employee's responsibility to notify the Executive Vice President – Global Operations when the information is available. This is important for prompt delivery of year-end tax forms and other related correspondence.)

Benefits And Extended Insurance Coverage

The Executive Vice President – Global Operations or designate will normally schedule an exit interview either in person or by telephone. The exit interview will include information about the possible continuation of specific benefits. In the event that a meeting is not possible, an exit packet will be mailed promptly to the last known home address.

- *Health Insurance:* Employees are covered under the group health insurance plan through the last day of actual work.

The federal law under the Consolidated Omnibus Budget Reconciliation Act (COBRA) requires that employers provide the option to continue coverage under the group health insurance for all employees separating from employment. The continued coverage is at the employee's expense. Upon separation, the Executive Vice President - Global Operations will provide detailed information.

Regardless of whether an employee chooses to continue coverage, he/she will be asked to sign a COBRA acknowledgement form verifying that CARANA has provided information about the option. If coverage through COBRA is continued, payments are due monthly to the Accounting Department. Payments 30 days or more past due will result in automatic termination of coverage. No advance notification will be provided to the employee.

Health benefits provided through the group health plan and the cost of coverage are subject to change at any time. Benefits and rates are not guaranteed for the duration of COBRA coverage.

- *Dental:* Dental benefits are available under COBRA.
- *Life Insurance:* It may be possible to convert an employee group life insurance policy to an individual policy. Employees terminating employment with CARANA have 31 days to decide whether to convert present life insurance coverage. Please see the Executive Vice President – Global Operations for further information.

Fund Withdrawal From The CARANA 401(k) Retirement Savings Plan

Terminating employees will be entitled to receive only the “vested percentage” of their account balance and the remainder of the account will be forfeited.

Only contributions made by the employer are subject to forfeiture. (Refer to the 401(K) Summary Plan Description, Section on “Vesting in Your Plan”).

Employees may elect to keep the funds in CARANA’s plan. The account will be administered directly by Geller and Wind, LTD., which charges a quarterly maintenance fee.

For further information, please contact Geller and Wind, LTD. at (800) GELLWIND.

Terminating employees eligible for severance pay will not be eligible for 401k salary deferral, employee match or profit sharing on their severance payments.

401(k) Loan Repayments

Outstanding loans are considered due and payable on or before the employee’s last day of employment. However, there is a 90-day grace period after the day of separation, during which the employee has to pay back the loan. If an employee terminates employment and does not repay the loan within the grace period, the loan will automatically default. This default is considered a distribution, subject to applicable taxes and penalties. In the event of a default, an employee will receive a 1099-R form at the end of the tax year. A tax advisor should be consulted for further information.

Return Of All CARANA Property

On or before an employee’s last day, all CARANA property must be returned in good condition. This includes, but is not limited to the following:

- Security access card and/or office keys (if applicable)
- Personal computer, software disks
- Books, manuals, software, and other material purchased by CARANA
- All business related files, documents, correspondence, and reports
- Corporate credit card(s) and telephone card

In addition, CARANA requires that all confidential information be returned, including copyrighted materials, proprietary computer software and programs, systems analyses, paper and computerized files/lists of actual and/or

prospective clients and contacts, financial transactions, financial data, new product information, specific CARANA marketing strategies, internal administrative memos, letters, e-mail messages or any other information that could be construed as proprietary in the normal course of business.

The return of CARANA property is to be coordinated with an employee's immediate manager, unless other arrangements with the Executive Vice President – Global Operations have been made.

Exit Interview

Each employee is strongly encouraged to complete an exit interview form. The purpose of this form is to help CARANA learn more about what led to the resignation decision and gather suggestions for changes to make CARANA a better place to work. This form should be submitted directly to the Executive Vice President – Global Operations.

Final Paycheck

The Corporate Accounting Department generally prepares the final paycheck within 30 days of an employee's resignation. All time sheets must be submitted to Corporate Accounting before any earned and unused vacation is paid.

If any outstanding money is owed to CARANA it must be paid prior to depositing of the final payroll check otherwise the outstanding obligation will be deducted from this final payroll check.

If an employee has been employed by CARANA for less than 12 months, he/she will not receive payment for unused vacation.

Resignations That Take Effect Immediately

When business needs dictate, with the discretion of a manager and the approval of the Executive Management Committee, an employee who has resigned may be asked to make the resignation effective immediately.

E. TERMINATION OF EMPLOYMENT

CARANA is an "at will" employer. Employment is terminable "at will", making CARANA and its employees free to end the work relationship at any time. Although CARANA is an "at will" employer, CARANA will not discharge an employee because of his/her race, color, religion, national origin,

sex, age, marital status, personal appearance, sexual orientation, family responsibilities, physical and mental disabilities, matriculation, political affiliation, or veteran status. This section outlines some of the unacceptable job performance and personal conduct issues that may result in termination, but does not present a comprehensive list of reasons why an employee might be terminated from CARANA employment.

Unacceptable Performance and Conduct

Examples of unacceptable job performance include, but are not limited to, unsatisfactory work quality, work knowledge, and/or unacceptable work behavior.

Examples of unacceptable job-related conduct include, but are not limited to, insubordination, disclosure of confidential information, discrimination against an employee or client, sexual harassment, dishonesty, criminal activity, substance abuse, excessive unexcused absences, unsatisfactory service to a client, misuse of CARANA property.

F. PROBLEM SOLVING PROCESS

CARANA believes that open communication between employee and their manager is critical to the success of CARANA. It is especially important in the resolution of any problems or concerns that might arise.

Problem Solving Within The Division

Employees are encouraged to discuss professional problems and concerns with their manager. (If the problem directly involves the immediate manager, employees should go to the next level of management.) If the problem is not resolved, it should be discussed further with the division head and/or, if appropriate, the Executive Management Committee.

Personal problems may be discussed with an immediate manager or a member of the Executive Management Committee.

Documentation Of The Problem Solving Process

Copies of all written documentation regarding activities involving problem resolution must be submitted on a timely basis to the Executive Vice President – Global Operations by all parties of interest.

EMPLOYEE HANDBOOK

CHAPTER 7: BENEFITS

A. FRINGE BENEFITS

As mentioned in Chapter 5, CARANA's compensation includes salary incentives where applicable, and when results permit, a profit sharing. Included in the compensation package are fringe benefits as provided below.

CARANA 401k Plan

CARANA's current policy is to allow employees to participate in its established 401(k) plan upon completion of one year's full time employment, provided you have been credited with 1,000 hours of service and have attained age 21. CARANA encourages all eligible employees to participate to the maximum amount he/she can comfortably manage. 401(k) plans are viewed as the most effective method to build retirement funds because of the tax deferral aspects and the matching contribution by the employer.

CARANA's contribution to each employee's plan is based on levels of participation. CARANA will match, dollar for dollar, on the first 6% of an employee's participation.

For example, if an employee's monthly salary is \$3,000, and the employee contributes 2% or \$60 per pay period, CARANA will contribute an equal 2% or \$60 as a match. On the other hand, if this employee contributes 8% or \$240 per pay period, CARANA will match 6% or \$180.

The employee is always entitled to his/her contribution. CARANA's matching contribution is subject to a vesting period of 20% each year for 5 years. The matching component is discretionary on the part of the Board of Directors. The plan is subject to change as determined by the Executive Management Committee, and specific details on the plan are available from the Executive Vice President – Global Operations.

Medical Insurance

All full time employees are offered medical insurance under the company's group plan(s), effective the 31st day of their employment. Those employees that elect not to participate in the company plan(s) must sign a waiver form. CARANA pays 100% of the employee's share of the premium cost and 50% of the spouse's premium cost. Deductions will be made directly from the employee's paycheck for the amounts due on spouse and dependent coverage.

The primary group plan applies to U.S. citizens or permanent residents who are living in the U.S. For employees that are living overseas, the company will provide adequate medical insurance including emergency evacuation coverage. CARANA will pay 100% of the employee's premium cost and 50% of the spouse's premium cost.

Upon termination from CARANA, medical benefits end on the last day of employment. Employees have the option to continue medical benefits, unless dismissed for gross misconduct, in accordance with The Consolidated Omnibus Budget Reconciliation Act ("COBRA") regulations.

CARANA issues Health Insurance Portability Accountability Act (HIPAA) certificates of prior group health plan coverage to employees and/or dependents whose coverage under CARANA's group health plan has terminated.

Disability Insurance

CARANA offers a group disability insurance policy, available to all full time employees that qualify. CARANA pays 100% of the employee premium. Specific information is available from the Executive Vice President – Global Operations.

Dental Insurance

CARANA offers a group dental insurance policy, available to all full time employees that qualify, effective the 31st day of their employment. CARANA pays 100% of the employee premium cost; the employee pays all of the dependent coverage. Specific information is available from the Executive Vice President –Global Operations.

Upon termination from CARANA, dental benefits end on the last day of employment. Employees have the option to continue dental benefits, unless

dismissed for gross misconduct, in accordance with The Consolidated Omnibus Budget Reconciliation Act (“COBRA”) regulations.

Life Insurance

CARANA offers a group life insurance policy, available to all full time employees that qualify. CARANA pays 100% of the employee premium. The amount of the coverage is based on the amount of regular compensation up to a maximum of \$200,000.

Upon termination from CARANA, life insurance benefits end on the last day of employment. Employees have the option to convert to individual life insurance, unless dismissed for gross misconduct, in accordance with the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) regulations.

Maternity Leave

CARANA will grant a total of six weeks paid medical disability leave (thirty work days) to its female employees for maternity reasons. These days can be supplemented by taking vacation.

CARANA will grant a total of ten paid personal leave days, to be used consecutively, to its male employees whose partners have given birth to assist with the maternity and post maternity process.

Transportation Allowance

For employees based in the Arlington, VA home office, CARANA provides two types of transportation benefits:

Paid parking, located at CARANA’s corporate office facility (underground parking), for those employees that commute to work on a daily basis; and up to \$60.00 in metro rail tickets per month for employees that use public transportation to and from work.

Child Care Assistance

CARANA offers eligible employees childcare assistance as a supplemental benefit to offset day care cost. Eligible employees can receive benefits at the lesser of actual expenses or \$320 per month or a maximum of \$500 per month for all children.

Eligibility requirements for dependent care assistance are met if you answer

“yes” to all of the questions below:

- Are you a full-time CARANA employee?
- Do you keep up a home for you and your child or children? (This includes your spouse if you are married)
- Do you have earned income during the year? (This includes your spouse if you are married)
- Do you pay the expenses to allow you to work? (This includes your spouse if you are married)
- Are your payments made to someone you or your spouse could not claim as a dependent?
- Did you provide documentation with the name, tax identification number, address and contact number of the school or provider?

B. CONFIDENTIALITY OF COMPENSATION INFORMATION

CARANA expects employees to maintain confidentiality of all compensation information, including their own. Such information may only be discussed with the employee’s immediate manager, division head, and/or the Executive Vice President – Global Operations. Failure to adhere to this policy is grounds for disciplinary action.

**CHAPTER 8:
PAID LEAVE AND LEAVE WITHOUT PAY**

A. VACATION

Vacation For Regular Full-time Employees

Paid vacation time (annual leave) is one of the benefits CARANA provides to all full-time employees. Each full-time employee accrues 10 hours of vacation leave for each month of service. You are eligible to take vacation time after six month's of full time employment.

CARANA requires all employees to take their vacation time in the year earned. Vacation time will not be carried over into the next year without approval from the Executive Management Committee, and in this case based on circumstances created by workload issues beyond the control of the employee. Vacation time can also be used for personal and emergency purposes.

Scheduling Vacations

To ensure that work for our clients is completed in an efficient and accurate manner, your immediate manager must approve vacation schedules in advance. With the exception of personal emergencies, vacations requiring no more than two days require the approval of your manager at least one week in advance of the time requested. All other vacations require two months advance notice. CARANA will accommodate the vacation dates requested where possible. Conflicts with work scheduling and shortage of staff for the requested dates are examples of conditions that may require rescheduling of vacation dates.

Vacation Pay Upon Termination

Upon voluntary or involuntary termination, employees are paid for all unused vacation time earned, provided that there has been twelve months or more of employment at CARANA. A maximum of 20 days will be paid. Employees who leave CARANA employment before twelve months will forfeit vacation accrual.

B. SICK LEAVE

CARANA has no set number of sick days per year. Instead when an employee is ill the time is recorded on the timesheet. When the hours become excessive, CARANA may require vacation time to be used. Should all vacation time be used CARANA may require that time will be considered temporary leave without pay. Sick leave can only be used for the following purposes:

- Employee's own illness
- Caring for an immediate family member who may be ill. Immediate family members include a spouse, partner, child, stepchild, parent, sibling, grandchild or grandparent.
- Doctor's appointments

CARANA may require a doctor's certification of illness.

C. EXTENDED SICK LEAVE

CARANA's extended sick leave policy allows employees to take up to 12 weeks of unpaid leave during any 12-month period to care for immediate family members or because of a serious health condition of the employee.

Leave Allowed

Full-time employees are allowed extended sick leave for the following situations:

- The care of a spouse or an immediate family member with a serious health condition. Immediate family members include a spouse, partner, child, stepchild, parent, sibling, grandchild or grandparent.
- When the employee is unable to perform the functions of his/her position due to a serious health condition

The leave period begins with the first day the leave is taken. The long-term disability benefits elimination period runs concurrently with extended sick leave benefits.

After a leave period, an employee will be reinstated to the position held before the leave began or to a comparable position.

Qualifying For Leave

An employee must be employed by CARANA and have worked 1,000 hours prior to the request for extended sick leave.

Applying For Leave

If the need for leave is foreseeable, e.g., planned medical treatment, timely notice of 30 days must be given by submitting a “Request for Extended Leave Form. Extended sick leave may consist of a combination of paid sick leave, vacation time and leave without pay. Employees must use vacation leave before taking leave without pay.

As long as you remain in a “paid” leave status, you will continue to accrue vacation and holiday benefits monthly during the leave period at the previous rate of accrual.

Definitions

Immediate Family Member: Under CARANA’s policy, an immediate family member is defined as a spouse, partner, child, stepchild, parent, sibling, grandchild or grandparent.

Serious Health Condition and Health Care Provider: These terms are defined as a physical or mental condition that involves inpatient care or the continuing treatment by a qualified health care provider. CARANA requires an employee to provide certification from the health care provider to support the request for extended sick leave. CARANA has the right to obtain a second opinion as to the nature and prognosis of the medical condition. All information regarding any family relationship or medical condition is maintained under strict confidentiality.

CARANA reserves the right to require a fitness-for-duty certification upon the employee’s return from leave.

Recertification: Every 30 days, CARANA reserves the right to verify an employee’s status and intent to return to work. Medical recertification may also be required if leave extension is requested and the employee’s circumstances described in the original leave certification have changed significantly or CARANA receives information that cast doubts on the validity of the medical certification, or, the employee is unable to return to work at the conclusion of his/her extended sick leave because of the continuation or onset of a serious health condition.

Effects On Benefits- Health Care Continuation: Benefit coverage under CARANA's group plans will remain in effect for the period of leave entitlement. Employees who have a shared premium contribution are required to continue payments on a monthly basis either through payroll deduction or with a separate check if the leave is "leave without pay". If an employee does not return to work following extended sick leave for a reason other than: 1) the continuation, recurrence, or onset of a serious health condition which would entitle you to extended sick leave; or 2) other circumstances beyond your control, you will be required to reimburse CARANA for our share of health insurance premiums paid on your behalf during your extended sick leave.

Retirement Plan Benefits: As long as a paycheck continues to be received, eligible employees continue to receive a semi-monthly employer contribution into the 401k Retirement Savings Plan. If the employee is in a "leave without pay" status, contributions will be suspended until such time as you return to a "paid" status.

Long-term Disability Benefits: Disability leave runs concurrently with extended sick leave benefits.

Leave Accrual: As long as the employee remains in a "paid" leave status, vacation and holiday leave will continue to accrue.

Employee Notice To CARANA: In order to limit workplace disruptions and adequately arrange for back-up assistance, CARANA requires specific notification regarding leave requests and return dates.

- **Leave Requests:** For foreseeable events, the leave request must be submitted, in writing, 30 days in advance. In emergency situations, notice must be given as soon as possible, but no later than three days following the date the leave begins. In addition, you must separately notify your manager of your intended date of return.
- **Return Date:** Confirmation of your intended return date must be given in writing no later than (30) days before your return date.
- **Reinstatement Of Position:** Employees granted extended sick leave is reinstated upon their return to the same or equivalent position held prior to the leave. Upon return, the employee is entitled to be restored to the position held when the leave began or an equivalent position with equivalent pay, benefits and other terms and conditions of employment.

An employee who takes unpaid leave due to his/her own serious health condition must submit a “fitness for duty report” prior to returning to work. The report must state that the employee is able to perform the essential functions of his/her position.

Denial Of Restoration Rights: There are four reasons why an employee would not be restored to his/her former position at the end of extended sick leave. These are:

- The employee cannot perform the essential functions of the job, with or without accommodation.
- The employee poses a significant risk to the safety of others.
- The employee’s job was eliminated or the employee was terminated due to business conditions.

D. HOLIDAYS

CARANA provides regular full-time employees with annual paid Federal holidays. Paid Holidays include:

- New Years Day
- Martin Luther King Day
- President’s Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans’ Day
- Thanksgiving Day
- Christmas Day

In addition, employees will receive two additional days that may be used for religious holidays or vacation.

E. VOTING LEAVE

CARANA encourages its employees to participate in federal, state, general and primary elections.

Employees are expected to make every effort to vote before or after the workday. If, however, schedule conflicts are unavoidable, regular full-time employees may be excused without penalty and arrive up to one hour late or leave one hour early in order to vote.

Prior to the Election Day, you must discuss your situation with your manager so that the necessary office coverage can be arranged.

F. BEREAVEMENT LEAVE

Regular full-time employees are excused to make arrangements for or to attend a funeral or memorial service for an immediate family member. Immediate family members include a spouse, partner, child, stepchild, parent, sibling, grandchild or grandparent. Bereavement leave may also be taken for immediate family members of your spouse or partner.

Up to three days of leave with pay may be taken for a death in the family (as defined in the above paragraph). Your manager may authorize additional leave, charged to your vacation time.

Employees should record bereavement leave on the time sheet. Regular paid hours (8) should be recorded along with a notation of the number of days and the reason for the absence.

Every effort will be made to accommodate vacation leave requests for relatives outside of the immediate family.

G. JURY DUTY LEAVE

CARANA affords job protection rights to employees summoned to serve on jury duty. A copy of your summons should be given to your manager.

Reporting

During the period of jury service, you should report for work on any days or partial days that jury service is not required. You must immediately report to work at the conclusion of your service and submit all documentation to your manager.

Monetary Reimbursement

Regular full-time employees are entitled to leave with regular pay for jury duty performed during regularly scheduled work hours. Any jury service compensation over \$10 per day is to be returned to CARANA at the conclusion of your obligation, since you will be provided with your regular pay during your absence. Jury service compensation for court services performed on a regularly scheduled corporate holiday is your personal property.

H. MILITARY LEAVE

CARANA affords job protection to employees serving with the U.S. military, National Guard, and the reserves. Written notification of military obligation requiring a leave of absence must be submitted to your manager.

In accordance with state and federal laws, all regular full-time CARANA employees who are required to report for compulsory military duty are entitled to military leave without pay, reinstatement rights and accrued benefits. All qualifying criteria must be met prior to taking military leave.

Employees who are members of any reserve component of the U.S. armed forces will be allowed leave with or without pay while on such duty for a period not to exceed 10 working days during any one calendar year. In this case, you will need to determine whether CARANA pay or military pay is more advantageous to your particular situation.

Eligibility for reinstatement after completed military duty or training is determined in accordance with applicable federal and state laws.

I. LEAVE WITHOUT PAY AND LEAVE OF ABSENCE

Leave Without Pay

Leave without pay is a temporary, non-paying employment status for full-time employees. Leave without pay may be granted to employees who are on extended sick leave. At the discretion of your manager and the Executive Management Committee, leave without pay may also be required for unauthorized leave time.

If you are on leave without pay status, you must continue making your full premium contributions under CARANA's group benefit plans.

Extended Leave Of Absence

You may request an extended leave of absence (one month or more) on an unpaid basis for personal reasons that do not fall within the extended sick leave policy.

Requests for a leave of absence must be made in writing and require the approval of the Executive Management Committee. Considerations for approving a leave of absence may include the ability to fill the position temporarily or the effect of the leave on CARANA.

J. UNAUTHORIZED ABSENCES

An unauthorized absence is one in which you 1) fail to notify your manager or another CARANA officer by 8:30 a.m. of an absence due to an illness, 2) failure to report to work on time, or 3) failure to obtain prior approval for use of vacation time or leave without pay.

Reporting Late To Work

You are expected to report to work on time each day. This includes employees who are scheduled to begin work at 9:00 a.m., as well as those who follow an approved flextime schedule. If you are going to be late, it is your responsibility (except in emergencies) to make every attempt to speak with your manager in person by 8:30 a.m.

When there is no alternative, employees may send a message via e-mail or leave a message via voice mail by no later than 8:30 a.m. A return phone number must be included with your message so that you can be contacted if necessary.

If your designated reporting time is after 9:00 a.m., you must notify your manager of a pending absence at least 1 hour before you would normally begin work.

It is the responsibility of your manager to report late arrivals to the Executive Vice President – Global Operations. Repeated lateness, with or without appropriate notification, is grounds for dismissal or disciplinary action.

**CHAPTER 9:
EMPLOYEE PROGRAMS**

A. PROFESSIONAL DEVELOPMENT AND TUITION ASSISTANCE PROGRAM

The objective of CARANA's professional development and tuition assistance program is to invest in the future with our employees for their professional development, which mutually benefits employees and CARANA.

Some of the programs covered by this policy are offered in-house, others through external organizations. Some of these programs are also required for an employee's current position, while others are voluntary.

Please consult with your manager to discuss potential development opportunities.

Tuition Assistance Program (TAP)

In some cases, tuition assistance is possible for coursework voluntarily pursued through a university, college or a professional certification program. Courses for which you request assistance must be relevant to your current or prospective job responsibilities at CARANA and address subject matter relevant to CARANA's business. TAP course work is completed outside of the employee's normal work schedule. In those situations where course work must be completed during normal working hours, employees must first receive permission from the Executive Management Committee and then make up for the working hours missed while at the course.

Assistance is made only upon course completion documentation and achievement of B or better grade level. Employees must submit a separate application form for every course in which assistance is requested. In addition, every course is approved on an individual basis.

Professional Development Program (PDP)

CARANA's Professional Development Program (PDP) covers internal and external workshops, seminars, training classes, conferences and certain licensing review courses that may be required or relevant to an employee's

current duties. PDP is generally shorter in duration than TAP courses and are not graded. Moreover, employees usually participate in these programs during normal working hours.

Examples of programs covered under PDP include training classes and workshops on computer software and hardware, leadership and management skills and proposal workshops.

PDP is paid in advance upon submission of the required documentation. Employees must provide proof of attendance and share course materials with CARANA's department responsible for knowledge management.

Professional Membership

CARANA recognizes the benefits derived from membership in professional organizations that are directly relevant to our industry. Provided that prior approval is obtained from your manager, CARANA will pay for the cost associated with joining an eligible organization or renewing a current membership.

Professional Periodicals

Employees may be eligible to receive reimbursement for subscriptions to professional periodicals. Please check with your manager for authorization prior to making any commitments. Some newspapers are considered professional tools as well. Please note, however, that purchases of "over-the-counter" local newspapers and magazines (e.g., USA Today, Washington Post, Washington Times, Newsweek, Time) will not be reimbursed, nor are the costs of subscriptions to financial newspapers while traveling, unless for a specific, documented business purpose. Please check with your manager for approval on reimbursement and to find out what periodicals are available for your use.