

EMPLOYEE HANDBOOK

Airbus North America Holdings, Inc.

Airbus North America Sales, Inc.

Airbus North America Customer Services, Inc.

Airbus North America Engineering, Inc.



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I. INTRODUCTION

This Handbook is designed to serve as a reference book for the employees of:

- ▶ Airbus North America Holdings, Inc.
- ▶ Airbus North America Sales, Inc.
- ▶ Airbus North America Customer Services, Inc.
- ▶ Airbus North America Engineering, Inc.

Except where specifically noted, the handbook applies equally and uniformly to all of the above companies. For ease of reference, the term “Airbus” or “Company” will be used in this Handbook to refer to the employer, no matter which of the North American companies is involved.

Note that all of the North American companies are legal entities in the United States, separate from Airbus SAS, headquartered in Toulouse, France. The term “Airbus” as used in this handbook refers to the North American entities and not to Airbus SAS.

In an attempt to keep this handbook reasonably clear and brief, we are providing guidelines rather than exhaustive policies and procedures. Therefore, the following points should be kept in mind:

- ▶ A policy guideline will not answer everyone’s detailed questions. Employees should talk to their manager or the Human Resources Department for concerns that go beyond the scope of this Handbook.
- ▶ All decisions by Airbus as to the interpretation or application of policies and all determinations of fact by the Company with respect to the application of policies will be final and binding upon the employees affected.
- ▶ Many benefit programs are administered through an insurance contract or trust agreement; other benefits are controlled by legal requirements and administered through detailed Company procedures. If there is any discrepancy between the description in this Handbook and the benefit you are entitled to under one of the plans, the plan documents govern.
- ▶ For those employees who work under secondment agreements or written employment contracts, some provisions of their contracts may differ from the policies in this Handbook. The terms of such contracts, when signed by the VP of Human Resources, supersede conflicting statements in this Handbook.
- ▶ In the case of employees subject to a Collective Bargaining agreement, the terms of that agreement will prevail in the event of an inconsistency with this Handbook.

In addition to this core Handbook, all employees will be provided with:

- ▶ A Local Supplement covering work attire, security and facility rules, time reporting procedures and other items specific to their work site,
- ▶ An Annual Supplement containing up-to-date benefit figures and contacts, and
- ▶ The Code of Ethics and Business Conduct.

Since Airbus is evolving and changing in a dynamic marketplace, you should expect this Handbook to be a dynamic document as well. Management reserves the right to alter or depart from particular policies or practices as circumstances dictate. Updates and supplements will be issued by the Human Resources Department as available and will supersede any prior Handbook statement.

II. Work Environment

Airbus provides a good working environment for its employees, competitive salaries in relation to job duties and performance, and career development guidance and opportunity.

Airbus also takes pride in offering a strong set of benefits to its employees, and a progressive set of employee policies. We hope you will see your benefits as more than just “fringes.” Your benefits are an integral part of your total compensation.

In return, Airbus has certain expectations of every employee: the competent performance of assigned responsibilities and compliance with the policies and procedures established for the effectiveness of Airbus operations.

In addition to the statements made in this Handbook, all employees are expected to read and comply with the Airbus North America Code of Ethics and Business Conduct.

A. Safe Workplace

Airbus is committed to a safe working environment for its employees. Any unsafe practice, equipment or facility should be reported immediately to a manager.

B. Free of Violence

Violence in the workplace is unacceptable. Airbus does not tolerate acts or threats of violence (including intimidation, harassment or coercion) on Airbus premises or directed at or by Airbus personnel, while carrying out their duties for the Company.

Examples of conduct prohibited by this policy include, but are not limited to, the following:

- ▶ Deliberately inflicting physical harm on an individual or members of his or her family
- ▶ Intentionally damaging or destroying communications by telephone, letter, e-mail or otherwise
- ▶ Being in possession of any kind of firearm or other weapon while on Airbus premises (including parking areas) or elsewhere while conducting Airbus business
- ▶ Threatening to do any of the above

Airbus may refuse entry to its premises or require the departure from its premises of anyone whom Airbus, in its sole discretion, believes has violated or may violate this policy.

Violations of this policy will result in disciplinary action, up to and including termination of employment.

Airbus employees must report immediately any instance of actual or threatened workplace violence to a manager or the Human Resources Department.

C. Ethical Behavior

All employees have a duty of loyalty to Airbus. The Company expects employees to devote their best effort to the performance of their duties, to give proper time and attention to Airbus

business, to conduct themselves in adherence to the highest standards of integrity and honesty, and to comply with all Airbus policies and procedures.

Specifically, employees may not engage in any investment or other activity that could limit their effectiveness in discharging their duties for Airbus or that could present the appearance of a conflict of interest. Employees should notify Airbus of any such activity and may proceed to undertake it only with the Company's express consent.

Employees also may not take personal advantage of any business opportunity that arises during their employment at Airbus that may be of benefit to the Company. Employees should notify their supervisor promptly if they become aware of potential business opportunities for Airbus. An employee may pursue such a business opportunity personally only if, after timely and full disclosure, the Company decides not to pursue the opportunity on its own account.

Other Employment

From time to time, an Airbus employee may wish to take on work, either as an employee or a contractor, for a third party in addition to the employee's job with Airbus. Such work must not conflict with the employee's work schedule at Airbus, interfere with completion of Airbus tasks or diminish the effectiveness of the employee in carrying out his/her Airbus tasks. Additionally, to ensure that Airbus's legitimate business interests are protected, any employee wishing to take on such additional work must obtain the prior approval of his/her department Vice President if one or more of the following circumstances exist:

- ▶ The additional work will be for a current supplier to Airbus or for an entity that is actively seeking to become an Airbus supplier;
- ▶ The additional work will be for a current customer of Airbus or for an entity whom Airbus is actively soliciting as a customer;
- ▶ The additional work will be in the aviation industry;
- ▶ The additional work otherwise may conflict with the employee's performance of his/her responsibilities for Airbus or present an actual or apparent conflict of interest.

In deciding whether or not to grant approval, the Company will consider, among other things, whether the outside work will interfere with the employee's performance of his/her responsibilities at Airbus, and whether it will present a conflict of interest or the appearance of a conflict of interest.

A more detailed statement of employees' ethical obligations is contained in the Airbus North America Code of Ethics and Business Conduct.

D. Free of Substance Abuse

Airbus expects every employee to work unimpaired by drugs or alcohol. Toward that end, Airbus prohibits the following:

- ▶ The unauthorized use, possession, manufacture, distribution, dispensation, or sale of alcohol or any drugs on Airbus premises, or at any location while on Airbus business.
- ▶ Coming to work or performing any job duties under the influence of drugs or alcohol on Airbus premises, or at any location while on Airbus business.

- ▶ The possession, use, manufacture, distribution, dispensation, or sale of alcohol or drugs off Airbus premises that may adversely affect the employee's work performance, the employee's or others' health or safety at work, or the Company's reputation in the community.

From time to time Airbus may sponsor a function, on or off Company premises, at which alcohol is served. Such functions are permitted at the workplace only if a Company officer is present. Employees are expected to behave in a responsible manner at any Company function at which alcohol is served and to refrain from driving to or from an Airbus function while impaired.

Employees may possess and take medication prescribed for them by a licensed physician in accordance with the prescription. Employees should keep all prescribed medicine in its original container bearing a label that shows drug identity, date of prescription and name of doctor. Improper use of medication obtained through a prescription is a violation of this policy.

Violation of the Company's substance abuse policy will result in disciplinary action, up to and including termination, at the sole discretion of management.

Drug and Alcohol Testing

Employees who are in positions covered by government required drug or alcohol testing must comply with all such regulations. Failure to comply or failure to pass a required test will result in removal from the covered position and possible termination of employment.

E. Employment At-Will

Except for those employees who have received a written contract signed by the VP Human Resources specifying an employment term, all employment with Airbus is "at will." This means that the employer/employee relationship is voluntary on both sides, and may be severed by either party at any time and for any reason. Nothing in this Handbook, other Company literature or documents (including employment offer letters) or oral statements by Company officials, other than a specific written contractual agreement signed by the VP Human Resources, is intended or should in any way be construed as forming a contract between an employee and Airbus.

F. Open Door Policy

It is an important responsibility of each manager to be concerned with the employee's success on the job and with their professional development. If employees have a job or career-related question, they should not hesitate to talk to their manager. Where that question concerns equal opportunity at Airbus, employees should follow the Complaint Procedure set forth in Section G, below.

Occasional differences of opinion and conflicts of viewpoint are recognized to be a normal part of working life. If a problem should arise on the job that is not successfully resolved between the employees, the employee should go to his/her manager.

If not resolved at the first level of management, the employee should feel comfortable in requesting a meeting with the next level of management and so on up the line of authority. The services of the Human Resources Department are available to any employee, as an option, in arranging such management meetings.

Airbus wants to maintain an open culture and a candid flow of communication. Each issue brought to management under this “open-door-policy” will be heard strictly without prejudice and without repercussions on the employee.

It is recommended that employees give their manager the courtesy of keeping them informed of the intent to go to the next level with an issue that has not been resolved with their manager.

G. Equal Employment Opportunity

Airbus is an equal employment opportunity employer and is committed to taking positive actions to ensure equal opportunity in the conduct of all its business activities without regard to race, color, religion, national origin, age, sex, sexual orientation, pregnancy, marital status, disability, veteran status or any other legally protected characteristic.

Management recognizes and is guided by moral as well as legal obligations to provide equal opportunities to all employees in all aspects of their employment.

The Airbus commitment to equal employment opportunity is reflected in Company advertising, recruitment, interviewing, testing, employment, training, transfer, compensation, promotion, and termination policies, as well as Company employee benefits, community relations, and relations with vendors. Officers of the Company are responsible for assuring that the Airbus EEO policy, programs and objectives are successfully implemented in their units. All managers are expected to support this policy as a regular part of their duties. All employees are expected and encouraged to support this equal employment opportunity policy.

The Human Resources Department is ready to assist Airbus managers and staff in understanding specific implications of the EEO policy and legal compliance requirements.

Managers engaged in recruitment interviewing should be especially sensitive to their obligations in this area and should contact the Human Resources Department for guidance and assistance.

Harassment

Harassment of Airbus employees or applicants, vendors, visitors, or contractors is prohibited. Harassment can take many forms. Some examples of impermissible behavior include making fun of an employee’s religious beliefs, using racially biased epithets, or referring to foreign-born employees using derogatory stereotypes.

Sexual harassment also is illegal and contrary to the policy of Airbus. Airbus strives to foster a work environment free of sexual discrimination, intimidation and insult. Airbus prohibits any employee of Airbus from making unwelcome sexual advances or engaging in other unwelcome verbal or physical conduct of a sexual or gender-biased nature, particularly when an individual’s submission to that conduct is made explicitly or implicitly a term or condition of that individual’s employment or when that conduct creates an intimidating, hostile or a offensive working environment. Examples of conduct prohibited by this policy include, but are not limited to, touching a coworker inappropriately, engaging in derogatory stereotypes about members of a particular gender, telling obscene jokes, discussing sexual activities, accessing pornographic internet sites while in the workplace and offering job advantages in return for sexual favors.

Complaint Procedure

Any person who believes that he or she is the victim of any type of discriminatory conduct, including sexual or other forms of harassment, or that another Airbus employee has been the subject of discrimination, should promptly advise the Human Resources Department, the Legal Department or an Airbus officer of that fact. In the case of harassment, Airbus encourages the employee who feels he or she is being harassed to express his or her concern to the perceived offender, since often the offender does not realize that his or her conduct is offensive. But, if for any reason, the employee is uncomfortable talking to the offender, or if the harassment continues despite such discussion, the employee should promptly follow the complaint procedure set forth in this paragraph. The Human Resources Department is available during all stages to assist the employee in determining the best course of action.

Airbus prohibits any kind of retaliatory act against an individual who has complained about discrimination or assisted in the investigation of a discrimination complaint. Supervisory employees who are aware of discriminatory conduct and fail to report it will be subject to disciplinary action. Airbus will conduct a prompt and thorough investigation of all the circumstances surrounding the alleged incident and will keep the complaint and investigation confidential to the extent practicable. If the investigation leads Airbus to conclude that an individual has committed an act of discrimination, that individual will be subject to appropriate disciplinary action, up to and including termination of employment.

H. Americans with Disabilities Act

Airbus strongly supports the policies of the Americans With Disabilities Act and is completely committed to treating all applicants and employees with disabilities in accordance with the requirements of that statute. Airbus judges individuals by their abilities, not their disabilities, and seeks to give full and equal employment opportunities to all persons capable of performing successfully in the Company's positions. The Company will provide reasonable accommodations to any persons with disabilities who require them, and urges employees and applicants who may be disabled and require accommodation to advise the Company of their particular needs. Information concerning individuals' disabilities and their need for accommodation will be handled with the utmost discretion.

Airbus hopes that all employees will advise the Human Resources Department or other management personnel when they become aware that persons with disabilities have special needs in our workplace. We expect our employees to treat individuals with disabilities with care, support and respect.

III. PERFORMANCE AND REWARDS

A. Performance Appraisal

All employees will receive a written performance appraisal each year. The appraisal will be written by the manager, approved by the second level manager and reviewed with the employee.

Objective of Performance Appraisal

The performance appraisal is intended to assist both manager and employee in the management of short-term performance and long-term career growth by providing:

- ▶ Key job elements and performance expectations
- ▶ An explanation of the criteria used by managers
- ▶ An evaluation of performance results obtained
- ▶ Establishment of performance expectations for the next year
- ▶ An opportunity for the employee to discuss his/her thoughts on performance over the review period

Uses of Appraisals

The performance appraisal is used as an input to:

- ▶ Individual training/development needs
- ▶ The next merit pay increase consideration

B. Pay Increases

Increases are based on employee performance, approved budget, and the employee's position in his/her salary range. While merit consideration normally takes place once each year, there is no guarantee that all employees will receive an increase each year.

To be eligible, employees must have been employed by the Company for at least six months of the period the pay increase is rewarding and still be employed on the effective date of the pay increase.

C. Bonuses

The Company strives to provide an annual bonus opportunity for all employees. Individual bonuses are at Airbus' sole discretion. Factors Airbus might consider include the budget available, the Company's performance, the level of the employee's job and individual performance. There is no guarantee a bonus budget will be available every year and no guarantee an individual will be granted a bonus in years in which bonuses are distributed.

To be eligible for bonus consideration, employees must have been employed for at least six months of the year the bonus is rewarding and still be employed on the distribution date.

D. Promotions

Promotions indicate a change of position that occurs due to significant and substantial increases in job responsibilities and actual job duties. A promotion in this sense is not a function of seniority, time in grade or effort in a different level of work.

Promotions should not be confused with merit increases, which reflect the employee's level of performance in his/her current position.

An employee may be promoted as a result of applying for a vacant position of a higher grade or due to the reclassification of a current set of duties based on changing work assignments.

There is no predetermined or guaranteed increase in salary that is awarded for a promotion or reclassification. The amount of any increase in salary is determined by review of the current salary level and the competitive range established for the new position.

E. Disciplinary Action

It is the Company's expectation that every employee performs assigned duties competently, follows Company policies and procedures and the directives of his/her manager, displays loyalty, integrity and a spirit of cooperation, and avoids conduct that is illegal, improper, or otherwise brings discredit on the Company or interferes with the Company's operations. Departure from these minimum standards may lead to the imposition of discipline, up to and including termination of employment.

In situations that do not warrant immediate termination, the employee's supervisor needs to communicate with the employee as early as possible the problem or concern interfering with performance and discuss the appropriate corrective steps in a positive and constructive manner, with the goal of improving performance. This will be deemed a Verbal Notification, and the supervisor, in coordination with Human Resources, will document the situation and the plan for improvement.

If the situation or behavior is egregious, is not corrected or continues to be repeated, the supervisor, along with Human Resources, will generally produce a document named "Written Improvement Agreement". This document will refer to the first verbal discussion on the subject, will confirm that significant improvement has not been realized and will specify the steps and the time frame the employee needs to take to maintain an acceptable level of performance.

If the employee does not comply with the requirements agreed to in the Written Improvement Agreement, other disciplinary measures may be taken, such as suspension without pay, transfer, demotion or termination of employment.

Instances of theft of equipment, money, information or other property from the Company, customers, vendors or employees will be grounds for immediate termination.

Airbus retains at all times sole discretion to determine what, if any, disciplinary action should be taken in any particular instance and may depart from some or all of the steps outlined above.

IV. BENEFITS

ALSO SEE WEBSITE AIRBUS.BENENET.NET or the HR Department

Employees who regularly work 24 or more hours per week are eligible for Company benefits except where government regulations stipulate fewer minimum work hours for eligibility.

A. Health Insurance

The Company is pleased to offer eligible employees and dependents health benefits that surpass most corporate health plans today. This plan covers medical, dental, optical and prescription needs. Eligible dependents include legal spouses, domestic partners, unmarried dependent children under age 19, unmarried dependent children between age 19 and 22 enrolled as full time students, and disabled children who are unmarried and unable to support themselves.

See the Summary Plan Document for specific coverage information. For domestic partner coverage guidelines see Airbus.benenet.net

The Human Resources Department must be informed in writing of all changes in marital status and addition of dependents.

B. Disability Insurance

The Company provides Long Term Disability Insurance to benefit employees who are unable to work for an extended period of time due to a disability.

See the Summary Plan Document for specific coverage information.

C. Life and Accidental Death & Dismemberment Insurance

Airbus provides Group Life Insurance and Group Accidental Death and Dismemberment Insurance with coverage levels in multiples of the employee's base salary. Remember to periodically review your beneficiaries for the life insurance plan.

See the Summary Plan Document for specific coverage information.

D. Optional Life and Accidental Death & Dismemberment Insurance

Employees have the option to purchase additional Life Insurance and Accidental Death and Dismemberment Insurance for themselves, their spouse and their children. All premiums are paid by the employee through payroll deductions.

Employees should periodically review their optional life insurance plan beneficiaries

See the Summary Plan Document for specific coverage information.

E. Retiree Medical Insurance

Employees who terminate employment after 15 or more years of company service and who are at least 55 years of age, and employees who terminate employment due to a certified disability at any seniority or age, may qualify for Retiree Medical Insurance Policy coverage.

See the Summary Plan Document for specific coverage information.

F. Worker's Compensation

All employees are covered by the applicable state Workers' Compensation Act which offers monetary and medical benefits to employees for accident or illness arising out of and in the course of their work for Airbus. Workers' compensation also offers benefits to dependents if the injury or illness causes the employee's death.

If an employee becomes injured or ill on the job, he/she must report the injury or illness, even though minor, to the Human Resources Department immediately so that appropriate follow-up may be conducted and claim forms filed as necessary.

G. Employee Assistance Plan

The Company provides an Employee Assistance Plan (EAP). The EAP is a 24-hour-a-day confidential telephone service connected to nurses and counselors. Airbus employees and their families may call for assistance with family and relationship problems, emotional strains, minor medical emergencies, illness, injury, substance abuse, work stresses, financial concerns or personal legal concerns.

H. Pensions

The Company provides a set of pension plans for employees to provide financial assistance during retirement.

- ▶ Eligibility: employees are eligible if they are direct hires (not seconded) and satisfy the waiting period requirements and all other plan requirements
- ▶ Pension Plans
 - a) 401(k) Plan – allows for employer and employee contributions into an account in which the employee directs the investments.
 - b) Money Purchase Pension Plan – allows for only employer contributions into an account in which the employee directs the investments.
 - c) Supplemental Pension Plan – covers employees who meet the eligibility requirements for the 401(k) or Money Purchase Pension Plan and whose pensionable wages exceed the IRS maximum allowable wages for qualified pension plans.
- ▶ Waiting Period:
 - a) 401(k) Plan – 1 year of employment
 - b) Money Purchase Pension Plan – 2 years of employment
 - c) Supplemental Pension Plan – 1 year for 401(k) Supplement, 2 years for MPPP Supplement.
 - d) Employees may earn credit toward the relevant waiting period based on eligible service with an affiliated employer or as a leased employee.
- ▶ Vesting: all money paid into these plans by the Company or by the Employee is 100% vested.

- ▶ Benefits at termination: at termination, distributions from each plan are made according to the election made by the employee.

See Summary Plan Documents for specific information.

I. Tuition Reimbursement

As part of its career development program, Airbus supports the formal education of employees in job-related fields. The employee is responsible to ensure Airbus work takes first priority and outside education does not interfere with work output or schedules.

Employees must present their request to the Company prior to enrolling in a course. The manager and Human Resources will jointly approve tuition requests and Human Resources will respond to the employee in writing.

Qualified Courses

The course content must be (1) related to the employee's current or foreseeable future career at Airbus or (2) required as part of a degree program that meets these conditions.

Benefit Coverage

Upon satisfactory completion of a course with a grade of "C" or above, Airbus will reimburse 100% of the cost of tuition and fees and 50% of the cost of required textbooks. The total amount reimbursed each calendar year will not exceed the IRS cap on tax-free tuition reimbursement. Fees may include application fees and registration fees. However the cost of qualifying tests, placement tests, entry tests and tests for credit in lieu of coursework will not be reimbursed. Reimbursement will be made upon the employee's request after the successful completion of the course. The employee must, however, be employed by Airbus at the time of completion and remain employed for one year beyond the course completion date. If the employee terminates employment before completing this year of employment, the full amount must be repaid to the Company.

Advances

An advance of up to 75% of the course tuition and fees may be granted. If the course is not completed, or the employee does not receive a grade C or above, the employee will be required to return the full advanced amount within 15 days of the intended completion date.

Other avenues for career development, such as skill improvement seminars, are handled through a different process. See your manager for additional information.

J. Fitness Program

As a part of Airbus commitment to the health and welfare of its employees, Airbus will help pay the initiation fee on individual memberships and a portion of the monthly fee for employees to join fitness exercise clubs or classes.

See current year supplement to this Handbook for reimbursement levels.

V. WORKING TIME

A. Attendance and Punctuality

All Airbus employees play an important role in the success of the Company's business. Regular and timely attendance at work is an essential element of every position. If an employee knows in advance that he/she will need to take time off, the employee should obtain his/her supervisor's approval as far in advance as possible. If an unusual situation will cause an employee to arrive late or to be absent from work, the employee should notify his/her supervisor as soon as possible, but no later than 1 hour before the employee's scheduled arrival time. If the employee cannot reach his/her supervisor, the employee should leave a voice-mail message and then try to reach the supervisor directly later in the day. Failure to notify the employee's supervisor of absences or tardiness in a timely fashion may lead to disciplinary action. If an employee is absent for three consecutive (3) days and fails to notify his/her supervisor during that time, the employee will be deemed to have voluntarily resigned.

An employee who leaves work before his/her usual ending time must also gain approval from his/her manager.

Excessive absences or tardiness impact Airbus' success and could lead to disciplinary action, up to and including termination of employment.

B. Working Hours (rev 05/2007)

Airbus' workweek is generally 40 hours of work within a 7-day period. Departments covering work activities on a shift basis may have alternative scheduling including workdays and hours. Department heads may approve alternative schedules and must inform the Human Resources Department of any new schedule. The department head may rescind his/her approval at any time.

Any employee whose work schedule is regularly less than 40 hours per week will have vacation, sick leave and holiday pay and possibly other benefits prorated.

See the local supplement to this Handbook for information on your work schedule.

Travel Time for Non-Exempt Employees

Non-exempt employees who are required to travel at the company's request will be compensated for the time spent traveling. Travel time will be paid from point of departure (home/office) to the point of travel destination. Overtime pay, if applicable, will be paid consistent with guidelines set forth under our current overtime policy.

C. Overtime

Eligibility for Overtime

The Human Resources Department makes the determination of which positions are eligible for overtime compensation (non-exempt) and which ones are not eligible (exempt) based upon the job duties of the employee. If an employee is in doubt as to his/her overtime status, he/she should contact the Human Resources Department.

Assignment of Overtime

Every attempt will be made to limit overtime to a reasonable amount, to give employees advance notice, to distribute overtime equally among qualified employees and to balance the needs of operation with the personal wishes of the employees. When overtime becomes necessary, employees will be required to work overtime as requested and authorized by their manager. All overtime must be authorized in advance by the manager.

Rate of Pay

Eligible non-exempt employees will be paid at a rate of one and one-half (1.5) times their regular hourly rate (base plus shift differential) for all hours worked on an overtime basis.

Overtime Hours

Overtime hours for eligible employees are those hours worked over forty in a work week. Holiday hours, vacation hours, sick hours and any other paid time off are not counted as hours worked in the calculation of overtime.

Recordkeeping Required

An employee working overtime must record his/her hours on the Airbus timesheet. By signing this form, both the employee and the manager are attesting to the accuracy of the information presented. Overtime is to be worked only with prior management approval. Final reconciliation will occur in the payroll office. Any miscalculations by the employee or manager will be revised upon final review.

D. Shift Differential Pay

Shift differential pay is provided to non-exempt employees for working other than the Company's regularly scheduled work hours.

A shift's starting time determines eligibility for shift differential pay:

- ▶ Starting between 5:00 am and 1:59 pm – 1st shift, no pay differential
- ▶ Starting between 2:00 pm and 6:00 pm – 2nd shift
- ▶ Starting between 6:01 pm and 4:59 am – 3rd shift

An employee who begins his/her shift early or stays beyond the normal ending time of the employee's shift will receive the differential appropriate for his/her scheduled shift and will receive the same shift differential for all hours worked during that day.

See your local supplement to the handbook for eligibility and rates.

E. Company Holidays

Airbus observes a schedule of paid Holidays each year, established in advance by management and posted in each location. Official Holidays include numerous public holidays plus ones selected each year as additional days the Company will observe.

Holidays may not be carried over from one year to the next.

To be eligible for Holiday pay, an employee must be at work or on approved vacation or sick leave status on the regularly scheduled workdays immediately preceding and following the Holiday.

Company Holidays will not be included or be counted as part of vacation or sick leave. A non-exempt employee who is required to work a holiday will receive holiday pay equal to his/her base pay for a normally scheduled workday plus 1.5 times regular pay for all hours worked on the holiday.

Exempt employees required to work on a holiday will be given an alternative day off.

F. Vacation

All employees are granted substantial vacation leave each year to provide them with a period of rest, relaxation, and time off from work.

Airbus considers it important to an employee's health and well being that he/she uses the time earned. All employees are encouraged to take their vacation leave in the year in which it is granted. The Company will not provide pay in lieu of vacation to any employee.

Eligibility in First Year of Employment

For the first 12 months of employment, full-time employees accrue vacation at a rate of 10 days per year. Part time employees accrue vacation at a rate of 10 days per year prorated based on their normally scheduled work hours.

Eligibility (After First Year)

After an employee's 1st anniversary of employment, full time employees accrue vacation at a rate of 20 days per year. Part time employees accrue vacation at a rate of 20 days per year prorated based on their normally scheduled work hours.

Employees may request an advance of up to 10 vacation days. If an employee terminates employment prior to earning all vacation days taken, repayment to the Company is required at time of termination.

Employees do not earn vacation leave during any period of unpaid leave including unpaid FLMA and unpaid Personal Leave.

Eligibility for Secondees

Secondees accrue the vacation rate included in their contract beginning at the date of secondment.

Carry Over

Employees are encouraged to use their vacation leave in the year earned, but may carry over a balance from one year to the next. Carryover balances are not to exceed 50 working days from

one year (calendar or contract) to the next. All vacation leave balances in excess of 50 working days on the last day of the year (calendar or contract) will be forfeited.

Scheduling of Vacation

Advance planning of vacations is an important priority for Airbus operations. Employees must recognize the normal business needs of their work units for continuity of services and staff planning. Vacation requests may be denied if advance notification procedures as established by the manager are not followed.

Managers are responsible for ensuring employees' vacations occur at times which are consistent with the workload of the department and convenient to the employees, if possible. Where a manager believes a requested vacation will interfere with the efficient running of department operations, he/she may deny the vacation request.

Time away from work for personal matters, including religious obligations, may be charged as vacation. The employee must give his/her manager reasonable notice.

Holiday During Vacation

Company holiday falling during a vacation is paid as a holiday, not vacation time.

Illness During Vacation

Vacation benefits for employees who become ill or injured during their vacation will be determined on a case-by-case basis by their manager and the Human Resources Department. A statement from the employee's physician may be required.

Basis of Vacation Pay

Vacations are paid at the base salary rate for regularly scheduled hours, not to exceed forty hours per week. Shift premiums and other additional compensation do not apply.

Recording Vacation

Exempt employees are required to record time taken as vacation using the form provided for their facility. Non-exempt staff record vacation time on their timesheets. Failure to accurately track and report time is a serious offense and may lead to disciplinary action including termination.

G. Sick Leave

All regular active employees are provided with salary continuation benefits for absences due to illness or injury. The benefit is 100% of regular base salary, and full eligibility for other Company benefits is maintained.

If an employee is too ill to come to work, he/she should stay home and recuperate. If an employee is well enough to come to work, Airbus expects him/her to come in. Sick leave should not be viewed as an additional allocation of time off each year.

Sick leave benefits are provided through normal Company payroll procedures and do not require the employee to file an insurance claim. Sick leave has no cash value upon termination and does not carry over from year to year.

An employee's doctor's appointments should be scheduled during non-work hours whenever possible. With advance notice to their manager, employees may take sick leave to visit a doctor.

Duration of Benefits

Benefits begin with the first regular workday of reported absence and continue for each day of medically necessary absence to a maximum of 65 working days in any 52-week period.

When sick leave benefits are exhausted, if a qualifying disability is proven, payments beyond the 90 calendar days may be made under the terms of the Long Term Disability Insurance Plan (payments from insurance Company). If no qualifying disability exists, additional leave may be considered based on other leave types.

Reporting Responsibilities

Employees have the responsibility to keep their managers informed of absences from work and their expectations of when they will be able to return to work. The manager should be contacted as early as possible on the first day of absence (no later than one hour before the employee's scheduled arrival time), and daily in the first week of absence. Airbus reserves the right to require a certificate from the treating physician to support any health-related absence.

In cases of prolonged absence, the employee must telephone the Company (Manager or Human Resources Department) on at least a weekly basis. Airbus reserves the right to request a physician's certification to support any health-related absence.

Additionally, an employee may be required to submit a note verifying that he/she can safely return to work following a health-related absence.

Absence Due to Illness of Others

Time away from work to care for someone else, or for their doctor's appointments, are not covered under the Company sick policy. Such time may be covered as Family and Medical Leave or, with the approval of the employee's manager, through use of vacation pay or other leave types.

Recording Sick Leave

Sick leave must be recorded by exempt employees on the Absence Calendar form and by non-exempt employees on their timesheet.

H. Time Off Due to Inclement Weather

Office closings, delayed openings and early closings will be communicated by the local HR Department. The guidelines are as follows:

Should conditions dictate office closing or a delayed opening, a message will be sent to all employees as early as possible (see Local Supplement for your facility for additional details).

If the office is closed for the day, all employees will receive a regular day's pay.

Lack of a message indicates your facility will open, and each employee should use his or her own judgment in determining if weather and road conditions permit the employee to come to work. It is the employee's responsibility to call his/her manager to inform the manager of problems getting to work on time or inability to come to work.

If there is a delayed opening, all employees who come to work will receive a regular day's pay. Employees who are not able to get to work will be required to use a full vacation day. If there is an early closing, all employees who are at work will receive a regular day's pay. Employees who were not able to get to work will use a full vacation day.

Reasonable lateness, in the opinion of the manager, may be forgiven on the employee's time sheet; extraordinary lateness or failure to come to work may be accepted by the manager, workload permitting, but requires use of vacation time by the employee.

Non-exempt essential personnel (those designated by manager) who are specifically required to work when the facility is closed will be paid 2.5 times regular rate of pay for all hours worked during the closure.

Note: Essential shift personnel should follow specific guidelines for their facility.

I. Other Time Off

Airbus recognizes certain civic responsibilities and personal obligations that justify other time off.

All requests for these categories of leave must be presented to the employee's manager and to Human Resources for approval. Employees should give management as much advance notice as possible of their intention to request leave. All requests will be evaluated based on the nature of the request, the business needs of the Company and applicable Federal and State laws.

Administrative Leave

Occasionally the company will close its offices early or open them late for reasons other than inclement weather. During these closures, employees who are at work that day will receive a full day of pay based on their regular work schedule. Those employees who are on vacation, sick or other leave will use a full day of vacation, sick or other leave as appropriate. Those who work during the hours of administrative closure will receive a regular day of pay without special premium.

Voting

Most election districts provide voting hours before or after normal working hours. If it is impossible for an employee to vote outside working hours, a manager may approve up to two hours of paid time off to allow an employee to vote.

Jury Duty

An employee who receives a summons for jury duty must provide a copy of the summons to his/her supervisor as soon as possible. Airbus encourages its employees to perform jury duty when called. If a call comes at a time when it is critical for the employee to be at work, however, Airbus may ask the employee to request a postponement to a more convenient date. An employee who is released from jury service after less than a full day is expected to return to work for the rest of the day. The manager must be given advance notice of the call to jury service and kept informed of any changes in the jury duty schedule.

The difference between jury pay and regular base earnings will be paid to the employee by Airbus. The total pay received by the employee from both sources will equal normal Airbus pay. Court-provided expenses, if any, (paid parking, per diem, mileage, meal allowance etc.) may be retained by the employee.

Bereavement Leave

Employees are allowed time off with pay in the event of a death in the immediate family. An employee's spouse, child, grandchild, parent, parent-in-law, grandparent, brother or sister are considered immediate family for this purpose.

Up to three days of leave may be paid. Additional time may be granted, and should be charged to vacation or Personal unpaid leave. Employees should note bereavement leave days on their time sheet or absence calendar.

Military Leave

Employees may be eligible for a military leave of absence for service in the United States Armed Forces, either on active or reserve training duty. In general, up to two weeks (ten working days) of paid leave is granted per year to employees on military leave. Employees also may elect to use accrued vacation during a military leave of absence. Employees should give their supervisor a copy of their military orders as soon as possible.

The leave is paid by Airbus at a rate equal to the difference between base military pay and regular base Airbus earnings. The total pay to the employee from both sources therefore will be normal Airbus pay.

Employees contemplating absence for any US military service should contact Human Resources to review all terms of the leave, required documentation for the absence, status of benefits during the absence and requirements for reinstatement after the leave has ended.

Family and Medical Leave

Under certain conditions as described below, employees may be eligible to take family or medical leave. Any family or medical leave, paid or unpaid, will be offset against the 12-week government specified family/medical entitlement. An employee who takes leave and returns to work at the conclusion of the prescribed leave period will be able to return to the same job or a job with equivalent status, pay, benefits, and other employment terms. Airbus will grant up to a total of 12 weeks of unpaid family or medical leave to eligible employees during a 12-month period beginning on the date an employee's first FMLA leave begins. To be eligible for family or medical leave, an employee must have been employed by Airbus for at least 12 months and have worked at least 1,250 hours in the preceding 12-month period.

Employees must exhaust any available sick leave (if absence is for employee's own health condition) and all earned vacation leave before using unpaid leave. The paid leave periods (sick and vacation) count against the 12-week Family Medical Leave entitlement.

Family or medical leave is available for the following reasons:

- a) The birth of the employee's child, or the placement of a child with the employee for adoption or foster care; or
- b) The need to care for a spouse, child or parent of the employee with a serious health condition; or
- c) The employee's own serious health condition that makes the employee unable to perform the functions of his/her job. If the employee is on leave as a result of a work-related illness or injury, absences covered by worker's compensation will offset against the 12-week family/medical entitlement. The employee must notify his/her supervisor at least 30 days before leave is to begin except in emergency situations.

Leave for the birth or placement of a child may be taken only during the 12 months immediately after birth or placement and can be taken by either parent. A leave for the birth or adoption of a child may be during one continuous period or, with Airbus' approval, on an intermittent or reduced schedule.

In the case of leave for a serious health condition of either the employee or a family member, leave may be taken on an intermittent or reduced schedule when that schedule is medically necessary. The employee must provide Airbus with timely certification of the condition by the treating health care provider. The certification must include: (1) the date on which the serious health condition began; (2) the probable duration of the condition; (3) appropriate medical facts regarding the condition; and (4) as appropriate, a statement that the employee is needed to care for a spouse, parent or child or that the employee is unable to perform his/her expected function at work.

Employees wishing to take leave on a reduced schedule or intermittent basis must provide additional information in their certification. Please contact Human Resources for details. Airbus reserves the right to obtain additional medical opinions at Airbus' expense.

If both spouses are employed by Airbus and both request leave time to care for the birth or placement of a child or to care for a parent with a serious health condition, their total leave time combined is 12 weeks. Spouses who are both employed by Airbus may each be granted 12 weeks of leave time to care for a child or spouse with a serious health condition.

During the leave period, Airbus will continue the employee's health insurance coverage on the same terms and conditions as if the employee had remained at work. Employees must make arrangements to pay for any benefits normally deducted from payroll while the employee is on unpaid leave (e.g., optional life insurance premiums). Seniority, vacation time and other employment benefits do not accrue during any unpaid portion of this leave period. In the event an employee who has taken family or medical leave fails to return from leave and that failure to return is not caused by circumstances beyond the employee's control, Airbus at its option may require the employee to repay to the Company the premiums paid by Airbus to maintain the employee's health insurance during the leave period.

Upon the employee's return from leave, Airbus will restore the employee to his/her former position or an equivalent position. If, however, the employee is a key, highly compensated staff member, or if the employee would have lost his/her position regardless of the leave, Airbus cannot guarantee the employee's reinstatement. Airbus reserves the right to ask for medical certification of the employee's ability to return to work following a medical leave of absence.

Personal Leave

Requests for unpaid personal leave are those not qualifying for any previously stated category and for which the duration exceeds the employee's available vacation balances. The length of leave approved, if any, will be at management's discretion.

If approved by management, the employee must have already used all earned vacation. When the vacation balance is exhausted, then the employee will go on unpaid status with the option to continue medical, dental and vision coverages at the employee's expense. (Some of our insurance plans have a grace period, see Plan Document for details). Seniority, vacation time and other employment benefits do not accrue during any unpaid portion of this leave period.

When granting an employee's request for personal leave, Airbus will indicate the extent to which it intends to restore the employee to his/her current or an equivalent position at the end of the leave period. In all cases, however, Airbus reserves the right to terminate the employee's employment, during or after the leave, if the employee would have lost his/her position regardless of the leave.

Hardship Leave

The purpose of the Hardship Leave Bank is to provide paid time off to a colleague in those rare situations when he/she is faced with a personal illness and is out of sick and vacation leave. An employee may be sick over several months and use up his/her sick leave but not yet satisfy the requirements for long-term disability insurance payments.

At the end of each year, Airbus transfers to the Hardship Leave Bank, for use in the following year, all vacation days over 50 days that are "lost" by employees prior to being given the next year's allotment of vacation days.

The Human Resources Department will maintain the balance of days in the Hardship Leave Bank each year and determine eligibility for withdrawing days. The employee should write to Human Resources explaining the need to use days from the Hardship Leave Bank. A letter from a physician may be requested. Human Resources will review all cases and make a determination based on the merits of the situation.

The Hardship Leave Bank is not meant to cover routine kinds of illnesses, but rather to help in those situations that are truly out of the ordinary. No general announcement will be made regarding the names of those who are utilizing the Hardship Leave Bank out of respect for the privacy of our colleagues.

VI. CONFIDENTIALITY

A. Confidential Information

Airbus employees are provided or have access to information that is confidential and proprietary to Airbus and its clients. Such information may be contained in paper, electronic or other media, and may include information on the Company's marketing plans, customer contacts, future customers, products, future products, fellow employees or Airbus finances or technical operations. Our employees are expected and required to maintain the confidentiality of that information both during and after their employment with Airbus. Consequently, employees may not disclose confidential information to any third party, including employees or consultants of Airbus without a legitimate business need to know, or copy or remove confidential information from Company premises except as required to perform their jobs. Employees may not use confidential information for their own benefit or that of any person other than Airbus. Employees who are unsure whether any information is confidential should treat it as such and seek confirmation from their supervisor. All employees are required to sign an agreement detailing their non-disclosure obligations as a condition of their employment at Airbus.

Special caution is required in transmitting any Airbus information electronically because of the possibility of erroneous distribution and the ease of redistribution. In particular, exercise care when using pre-established distribution lists, which may not always be kept current. Do not routinely forward messages containing confidential information to multiple parties. If you prepare a message that contains confidential information, mark it CONFIDENTIAL so recipients know that it should not be disclosed to anyone else.

Shredding – all paper, except magazines and newspapers, are to be shredded prior to being put out as trash. Shredding must be done daily or paper must be put in a locked room for secure storage awaiting shredding in the near future.

Clean desk – at the end of each workday, all sensitive or confidential papers should be removed from employees' desktops and secured in a locked drawer, cabinet or file room. When leaving the workplace for lunch or other breaks, confidential papers should be secured.

B. Employee Records

The Headquarters Human Resources Department maintains a personnel file for each employee. These files contain information about the individual's employment status, including his/her employment application, resume, reference information, formal performance evaluation, letters of recognition, counseling memoranda and personal status information. Current employees may review their personnel files during normal business hours at times mutually convenient to them and the Human Resources Department. Employees must keep the local Human Resources office informed regarding changes in their personal data, including changes in:

- ▶ Name, address, or telephone number,
- ▶ Federal or state income tax withholding exemption,
- ▶ Marital status or number of dependents, and
- ▶ Emergency contacts.

C. Handling Requests For Work References

Managers who receive requests from outside the Company for references on current or past Airbus employees must forward all requests to the Human Resources Department. Managers who instead respond to written or verbal requests are violating Airbus policy, are not representing Airbus and may be personally liable for any references they provide.

D. Contact with Lawyers

Requests for information or interviews by any attorney not specifically authorized by the Legal Department should be referred immediately and without comment to the Legal Department. Similarly, any employee learning of attorneys performing interviews or conducting investigations that would be detrimental to the interests of Airbus should advise the Legal Department as soon as possible.

E. Contact With News Media

Requests for information or interviews by the news media should be referred immediately and without comment to the Communications Department. Similarly, any employee learning of the media working on stories related to the interests of Airbus should advise the Communication Department promptly.

F. Copyrighted Information

Except in narrowly defined circumstances, the law does not permit reproduction of materials subject to copyright protection, such as written works or computer software. This is true even if the item being reproduced does not bear a copyright notice. Employees are prohibited from using the Systems to copy and/or transmit any documents, software or other information protected by the copyrights laws. If you have any question as to whether the copying of documents or information is proper, consult your supervisor. Additionally, it is Company policy that copyrighted software should not leave Company premises unless authorized by management as a work requirement.

G. Solicitation And Distribution

Distraction on the job can lead to unsafe working conditions, poor work performance and inefficiency. Airbus therefore has established the following rules:

- ▶ No solicitation of any kind will be permitted by employees who should be performing their assigned work tasks.
- ▶ Solicitation by employees during established rest periods, meal times or other specified break periods is permitted.
- ▶ No distribution of any kind, including circulars or other printed material, is permitted in any work area at any time.
- ▶ Non-employees are not allowed to enter Airbus property and are not allowed to solicit or distribute any materials or literature at any time on any Company property.

Any employee who violates these rules will be subject to disciplinary action.

H. Communication Systems And Equipment

Airbus provides its employees access to a variety of communication and information systems, such as office and mobile telephones, voice-mail, email, pagers, photocopiers, fax machines and computers ("Systems") as well as other office equipment (such as desks and file cabinets) for business purposes. Occasional personal use of the Systems is permissible, provided that it does not interfere with the efficient operation of the Company's business or violate this policy. Employees are expected to reimburse Airbus for any reasonable costs associated with personal use, including postage, package delivery costs, long-distance telephone, mobile phone and fax charges.

Airbus Access

Airbus has the right, at any time, for any reason and without advance notice to employees, to access, install, remove, maintain, review, copy, monitor, disclose, delete, replay, replace or inspect Airbus offices, equipment and Systems, as well as the property, information or communications contained in any work area or Systems, as it deems necessary or appropriate. This right extends to areas, materials or communications for which employees have keys, passwords or "personal folders". By using the Systems and other Airbus equipment, employees consent to this right. When deciding whether or not to receive, store, record or transmit information using the Systems, employees also should keep in mind that information contained on the Systems may be subject to mandatory disclosure in the event of a lawsuit to which Airbus is party. Employees who wish to create, send, receive or store personal and confidential information are strongly advised to do so outside Airbus' premises, Systems and equipment.

Improper Use Is Prohibited

Airbus prohibits use of the Systems to:

- ▶ Transmit or view communications that violate the Company's equal employment opportunity policy, such as sexually explicit messages or images, racial, ethnic or religious slurs, or negative comments about age or disability
- ▶ Defame or insult any individual, entity or group
- ▶ Conduct unauthorized fundraising or promulgate chain letters
- ▶ Access the files or communications of others without a valid business purpose and prior authorization
- ▶ Engage in any commercial enterprise other than Airbus business
- ▶ Engage in any illegal activity
- ▶ Engage in any conduct which violates any Airbus policy or is inconsistent with the effective and efficient operation of Airbus.

This is not intended to be an exhaustive list of prohibited uses of the Systems.

I. Computer System Safeguards

To ensure the integrity and viability of our systems, employees must not:

- ▶ Install unauthorized copies of software in Airbus computers

- ▶ Copy software, except for back-up procedures
- ▶ Give Airbus software to any unauthorized persons
- ▶ Download internet files onto the Company's computer system without first scanning them with the virus-detecting software provided by Airbus.

Storing and Deleting E-mail and Voice-mail Messages

Airbus strongly discourages the storage of large numbers of e-mail or voice mail messages. It is desirable to limit the number, distribution and availability of messages containing confidential information as a standard practice to protect the Company's rights in the information. Furthermore, as a practical matter, messages consume space on the network and server and/or individual hard drives and can slow down the performance of both the network and individual personal computers. In the event that Airbus needs to search documents, the fewer the documents that must be searched, the faster and more economical the search will be. When the phone system has too many stored messages it consumes hard drive space and the system reaches capacity. At capacity, the system can overload, causing system glitches or complete system failure.

Therefore, employees should promptly delete any e-mail and voice-mail messages they send or receive that no longer require action or are not necessary to an ongoing project. Employees should audit stored e-mail messages weekly, and delete any such messages that are no longer needed. Unless expressly instructed otherwise by management, the IT Department, or the Legal Department, messages in a user's mailbox that are older than 90 days may be deleted automatically by the Company without prior warning to the employee.

J. Cellular Telephone Use

Cell phones provide a convenient communication tool for employees away from the office, and can be extremely valuable in emergency situations. Airbus expects its employees to exercise care and good judgment if they choose to use a cell phone while driving an automobile or operating any other vehicle. Employees are strongly encouraged to use hands-free technology wherever possible and are prohibited from using cell phones for work purposes in potentially dangerous driving situations such as at high speeds or in inclement weather. As a driver, an employee's first responsibility is to pay attention to the road, for the employee's own safety and that of other motorists and pedestrians. Employees are also responsible for familiarizing themselves and complying with the laws of the state or locality in which they work. If applicable state or local law prohibits the use of cell phones while driving, such use is also prohibited by this policy.

VII. BENEFITS AT TERMINATION

Employees are expected to provide Airbus with two weeks' notice of their planned resignation from the company. Airbus reserves the right to determine the period of notice it will accept. Because of the need to effect an orderly transition, Airbus generally does not allow employees to take vacation during the notice period.

The final pay action for an employee who is leaving Airbus is calculated by the Human Resources Department, subject to clearance of outstanding accounts with the Company and completion of the checkout procedure. A settlement sheet is constructed in which any amounts due from the employee to Airbus are determined and final pay due the employee is calculated. All advances, open expense items, vacation balances and other open items will be settled prior to releasing the final check.

Insurance Coverage

Airbus provides options for extensions (with the employee paying full premiums) or conversion as follows:

Medical/Dental/Optical – extension of Airbus policy at group rates for 18 months is available through COBRA or entry to the Retiree Medical Plan if eligible.

Disability – no conversion or extension is available.

Life/AD&D – conversion to private individual policy with insurance company approval and rates set by insurance company at time of conversion.

Optional Life Insurance – the Policy may be transferred to the employee under the same terms as employee coverage. The employee is responsible for payment of all premiums.

Pension/401k, Money Purchase Pension Plan, Supplemental Pension Plan

In addition to the Company contribution for all time worked, a Company contribution will be made related to any vacation payout. For the qualified retirement plans (401(k) and Money Purchase Pension Plan), disbursement options are subject to IRS regulations. Notice and the necessary paperwork will be provided to the employee with all available options at termination.

See the Summary Plan Document for specific information relating to termination of employment.

VIII. TRAVEL

A. ROLES

Managers

Setting expectations with employees and monitoring expenditures of Travel and Entertainment expenses is the responsibility of all managers.

Administration

- ▶ Providing quality and cost-effective travel service suppliers.
- ▶ Designating and managing travel counselors from a travel agency.
- ▶ Interpreting policy provisions for purchasing travel.

Finance

The process and rules for reviewing reimbursement for travel and entertainment expenses are not included in this policy. They are governed by the Finance Department Procedures and IRS regulations.

B. AUTHORIZATION

All business trips must be authorized in advance by the employee's manager on a Travel Authorization (TA) form, which must include a copy of the traveler's itinerary, prior to ordering travel arrangements. Absence of such authorization will not allow travel tickets to be issued. The Travel Authorization (TA) form, along with the itinerary must be used for purposes of approval and be submitted to the Travel Agency with a copy to Finance.

Deviations from policy will require written approval from the level designated within this policy. Deviations that are not specifically approved in writing will be returned requiring further review and approval.

C. VENDOR

All arrangements for travel (including, but not limited to, air tickets, train, hotel, and car rental) will be ordered through the designated travel vendor in order to consolidate our travel management and to concentrate our buying power.

It is a break of policy for any travel tickets to be purchased by any other means; employees may reserve only hotels directly.

D. TRANSPORTATION

Air Travel Arrangements (rev 01/2008)

- ▶ Travel counselors will provide written minimum-cost routings (which may include non-refundable ticketing) consistent with the business objective of the trip. The traveler may decline more than one stop or connection en route. Tickets with a penalty

on refund/change may be declined if the risk is judged greater than the potential savings.

- ▶ All requests for air travel arrangements should be made as far in advance as possible to take advantage of advance-purchase fares.
- ▶ Travel counselors will suggest alternate flights where a savings can be gained. The traveler is expected to make appropriate efforts to utilize such flights whenever possible.
- ▶ When a trip involves fares with advance-purchase requirements, a change of reservations in the course of the trip may cause the loss of a discount. Travelers should incur such a cost only when necessary to accommodate a revised itinerary or save a day of travel time, not simply to depart a city a few hours earlier. It may be possible to stand-by for alternate flights without the loss of discount fares.
- ▶ All tickets will be purchased in the lowest logical airfare available. Exceptions must have written VP approval.
- ▶ All flights (within the US and Canada or between the US and Canada) with a scheduled flying time of less than 3 hours will be booked in economy class.
- ▶ All flights (within the US and Canada or between the US and Canada) with a scheduled flying time of three hours or more (not including connections) may be booked one class higher than economy (business or domestic first class if business is not offered). The use of “Y-up” and equivalent upgrade fares is encouraged when available.
- ▶ All International flights except between the US and Canada may be booked in business class.
- ▶ The CEO, Chairman and SVP’s may elect business class travel or equivalent for domestic flights; employees traveling with the executive may only fly in the same class with written approval from the CEO or Chairman.
- ▶ With a VP’s approval, employees may join one airline club of their choice.
- ▶ Employees may reap the benefits of all frequent-traveler programs of which they are a member (excluding cash rebates), as long as the travel policy is adhered to, i.e., one airline can only be favored over another as long as the airfares are equal (including applicable discounts).
- ▶ Alternate routing, which may negatively impact a regularly scheduled workday, is not acceptable.
- ▶ All unused travel tickets, (airline tickets, train tickets, etc.), must be returned to the Travel Agency for refund processing, unless being used in exchange for another travel document for the same trip.

Train Travel

Under certain circumstances, and with the permission of his/her manager, a traveler may elect to travel by train. Train tickets will be purchased only if the cost is equal or less than the lowest logical airfare, which could have been used for the trip.

Company Provided and Personal Automobile Travel (rev 09/2007)

- ▶ Travel may be accomplished using private automobile (company-provided or per-

sonal), with the manager's approval.

- ▶ Reimbursement for mileage for personal cars will be made at the current IRS rate, per mile allowed for personal vehicles. (See annual supplement to Employee Handbook for current rate).
- ▶ Mileage to the airport from your home is reimbursed when travel is during non-business hours; during a business day mileage will only be reimbursed for the miles from your office to the airport or for the miles that the trip to the airport is greater than your regular commute.
- ▶ When using a company-provided car, reimbursement will be made at the current allowable company rate per mile allowed for company provided vehicles. (See annual supplement to Employee Handbook for current rate).
- ▶ Reasonable tolls and parking fees will be covered. Traffic tickets, including parking tickets, damage and/or loss of car are not reimbursable items.

Automobile Rentals (rev 09/2007)

- ▶ Employees will be provided intermediate-sized automobiles or smaller.
- ▶ Groups of more than 2 persons are authorized full-size vehicles.
- ▶ Travel counselors will utilize best available rates in making reservations for travelers.
- ▶ Automobile rental is to be paid for by traveler and submitted on the T&E report, except in cases where direct billing has been arranged in advance.
- ▶ All employees should, whenever possible, fill gasoline tank prior to returning rental vehicle, as rental agencies charge excessive amounts to refill tanks.
- ▶ Reasonable tolls and parking fees will be covered. Traffic tickets, including parking tickets are not reimbursable. Damages and/or loss of car will be covered under the insurance provided through the automobile rental company.
- ▶ Insurance coverage must be declined for all rentals when using the company's primary rental vendor. The exception is when traveling to Hawaii, Alaska, Canada and all Latin American countries where insurance must be purchased. In addition, accept insurance for rentals when an alternate auto rental company is used. (Check with the travel agent and review your travel documents for more information).

Taxis (rev 09/2007)

Taxis should be used when anticipated taxi fares are less than the cost of renting an automobile. Taxi fares are to be paid by the traveler and then receipts submitted for reimbursement using the T&E report.

Taxis to the airport from the employee's home should be used judiciously. Low cost alternatives should always be considered when choosing transportation to and from the airport including comparing taxi costs to parking costs.

E. Lodging, Meals, Per Diem, Telephones and Personal Entertainment

Hotels

- ▶ Employees will be booked in single rooms in hotels. Concierge level rooms and suites are not authorized.
- ▶ Day rooms can be utilized for international connections that exceed 8 hours.
- ▶ Hotel laundry/dry cleaning bills are authorized only for trips greater than 5 nights, unless clothing is accidentally damaged or soiled.
- ▶ All reservations for hotels are guaranteed to the traveler's credit card. Notification of any change in plans must be given by the traveler to the hotel before the cut-off time to avoid a no-show charge. Failure to do so may result in a non-reimbursement of such expense.

Meals

- ▶ Reimbursement for meals will be limited to a reasonable level. The traveler should be cost conscious.
- ▶ Entertainment expenses and business conferences for clients will be authorized for reasonable reimbursement. Records must be retained for documentation of dates, persons present, and business discussed.
- ▶ ANA employees eating with other ANA employees when neither is traveling is usually not a reimbursable expense. VP approval is required for reimbursement.

Per Diem (rev 09/2007)

- ▶ Extended travel of 30 days or more will be reimbursed using the daily per diem rate, in effect at the beginning of the trip, for meals, taxis, laundry, parking fees, tolls, gas, sundries, etc. The city per diem rate for domestic travel can be located at: www.gsa.gov and for international travel at: www.state.gov/m/a/als/prdm.
- ▶ Lodging and Car Rentals are not included in the daily per diem rate and will require receipts for reimbursement.

Telephone

- ▶ Reasonable personal telephone calls will be reimbursed.
- ▶ All frequent business travelers will be issued a long-distance card enabling them to make long-distance calls without operator assistance. Utilizing cell phones, calling an 800 number or using local prepaid telephone cards are inexpensive options, rather than using a hotel telephone, where calls are usually expensive.

Personal Entertainment

Expenses incurred for personal entertainment while engaged in business travel will not be reimbursed. This includes theater, sports events, movies, cocktails, in-room movies, magazines, books, newspapers, etc.

F. MISCELLANEOUS/OTHER EXPENSES

Combined Business/Personal Travel

Combining business travel with a personal side trip using vacation time or a weekend is permitted as long as expenses for personal lodging and meals are separated, with only business expenses being requested for reimbursement. The employee is responsible for any extra expenses over and above those necessary for the business portion of the trip.

Family Members Accompanying Business Traveler

Expenses for spouses accompanying business travelers will not be reimbursed unless: 1) the spouses' attendance is required for business purposes; and, 2) proper authorization from CEO/Chairman has been obtained prior to the trip. If accompaniment is not authorized, costs additional to normally covered business expenses (i.e., suite instead of single rooms) will not be reimbursed. Children may not accompany employees on business travel at company expense under any circumstance.

Trip Insurance Coverage

Trip Insurance is not eligible for reimbursement.

G. CREDIT CARDS

Company-Sponsored Credit Card (rev 09/2007)

- ▶ Business travelers (any employee who travels for business at least once per year) will receive a company-sponsored credit card, which is mandatory for purchase of travel, entertainment and all other business related items. For those employees who are provided a company-sponsored-card, any charges made to a personal credit card may not be reimbursed. Exceptions for reimbursement are only with the approval of the CEO or Chairman. Charges are billed directly to the traveler who is responsible for direct payment to the card issuer. Personal charges should not be made on the company-sponsored credit card since the company guarantees the card.
- ▶ If necessary, business travelers may use company-issued credit cards to obtain cash advances. All rules applicable to the use of company-issued credit cards apply. Business travelers are reminded that cash advance fees charged by the credit card bank are significant and are encouraged to limit cash advances to reasonable and necessary amounts. Managers who approve travelers expense reports are expected to monitor the necessity for travelers to incur the costs for cash advanced against a credit card. Upon receipt of an approved expense report, the company will reimburse business travelers for bank fees paid to obtain cash advances against company-issued credit cards.
- ▶ Failure to keep credit card current is not acceptable. Interest and penalty charges are the employee's responsibility; additionally the company may cancel a credit card if employee is habitually late in making payments.

Return of Credit Cards

All credit cards issued to employees must be returned to the Manager of Administration upon resignation or termination, or at company request.

Lost Company Credit Cards

Lost company credit cards should be reported immediately to the credit card issuer as well as the Manager of Administration to avoid responsibility for fraudulent charges.